

OTTER TAIL POWER COMPANY  
Docket No. EL13-016

Response to: South Dakota Public Utilities Commission  
Analyst: SDPUC Staff  
Date Received: 7/10/2013  
Date Due: 8/2/2013  
Date of Response: 07/25/2013  
Responding Witness: Kim Pederson, Manager Market Planning - (218) 739-8303

---

Information Request No: SD-PUC-01-02

With the removal of VFDs from the Custom Program, what types of improvements does the Company expect to see in the Custom program? Does the budget need to be adjusted downward?

**RESPONSE:**

In 2012, variable frequency drives (VFDs) accounted for eleven of twelve total custom efficiency measures. Management of budgets limited other potential custom efficiency projects. Otter Tail's goal in removing the VFDs from the Custom Program is to simplify the application process for customers installing VFDs and to allow custom efficiency funds to be used for a wider array of energy efficiency improvements.

Since 2009 the Custom Efficiency Program incentivized customers to install a wide variety of measures, identified in the table below:

	<b>VFD</b>	<b>Building Envelope</b>	<b>Production Equipment</b>	<b>Automation Controls</b>	<b>Ventilation efficiency improvement</b>	<b>Water Treatment Efficiency</b>
2013 (YTD)	0	3	0	0	0	0
2012	11	1	0	0	0	0
2011	1	1	1	3	0	0
2010	1	6	0	0	1	1
2009	2	4	0	0	1	0

Variable frequency drives were also removed from the custom efficiency program in Minnesota into a stand-alone prescriptive rebate program, based on similar experience. The modification has been successful.

Based on past Custom Efficiency program participation data and an apparent robust market for commercial and industrial energy efficiency, Otter Tail believes that the proposed budget of \$71,000 in the Commercial Efficiency program is appropriate.