OTTER TAIL POWER COMPANY
Docket No: EL15-045

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 02/05/2016
Date Due: 02/08/2016
Date of Response: 02/08/2016
Responding Witness: Bryce Haugen, Senior Rates Analyst, Regulatory Administration

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Information Request:

1. Does the CPEC membership in SPP defray any future transmission related costs for OTP? If so, provide any such costs and a description of the cost.

Attachments: 0

Response:

Otter Tail cannot identify any future transmission related costs that will be defrayed due to CPEC membership in SPP. Instead, future transmission related costs for Otter Tail will increase due to CPEC membership in SPP as described in further detail within Otter Tail's petition in this docket and discussed more thoroughly within the Otter Tail motion to intervene and protest in SPP's filing to incorporate CPEC facilities into the Upper Missouri Zone of SPP in FERC Docket No. ER16-209. With CPEC's membership in SPP and the configuration of the transmission system within the Integrated Transmission System (ITS) between Otter Tail and CPEC, certain Otter Tail customers will now be exposed to two separate RTO tariffs. This situation arises when Otter Tail customers connected to Otter Tail owned 41.6 kV transmission lines exit CPEC owned high voltage (e.g. 115/41.6 kV) substations that are sourced from CPEC high voltage transmission facilities (e.g. 115 kV).

If CPEC had joined MISO instead of SPP, the ITS developed by Otter Tail and CPEC would all be under the MISO tariff. The license plate rate design within MISO would permit the parties to only pay the Otter Tail pricing zone rate in MISO—the loads would therefore be paying one rate. In contrast, because CPEC has decided to join SPP, the loads connected to the ITS are subjected to two rates; one from SPP for CPEC facilities transferred under SPP, and one from MISO for Otter Tail 41.6 kV transmission under MISO. Given CPEC's decision to move its facilities under SPP, Otter Tail must take MISO NITS *and* SPP NITS to serve the same load, even though that load will be served off Otter Tail transmission facilities (e.g. 41.6 kV).

Otter Tail has not been able to identify any future transmission related costs that are defrayed as a result of CPEC membership in SPP.