

November 15, 2013

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E017/M-13-971

Dear Dr. Haar:

Attached are the *Comments* of the Minnesota Department of Commerce, Division of Energy Resources (Department), in the following matter:

A Request by Otter Tail Power Company (Otter Tail) for Approval of a Modification to its Air Conditioning Control Rider, Section 14.08.

The *Petition* was filed on October 23, 2013 by:

Debra K. Opatz
Pricing Analyst
Otter Tail Power Company
215 South Cascade Street, PO Box 496
Fergus Falls, Minnesota 56538-0496

As discussed in greater detail in the attached *Comments*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** Otter Tail's Petition. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rates Analyst

MNZ/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E017/M-13-971

I. BACKGROUND AND SUMMARY OF THE UTILITY'S PROPOSAL

On January 12, 2012, Otter Tail Power Company (Otter Tail or the Company) petitioned the Minnesota Public Utilities Commission (Commission) to add a Commercial Air Conditioning Control Rider Pilot Program (Pilot Program) to the existing Air Conditioning Control Rider, Section 14.08 (Docket No. E017/M-12-46). The Commission issued its written Order on this matter on April 6, 2012, requiring that the Commercial Air Conditioning Control Rider Pilot Program be effective from June 1, 2012 through September 30, 2013.

On May 31, 2013, Otter Tail filed its 2014-2016 Triennial Conservation Improvement Program (CIP) Plan. This plan included expanding the Air Conditioning Cycling program to all eligible Commercial customers. On October 10, 2013, the Minnesota Department of Commerce's (Department) Deputy Commissioner approved Otter Tail's 2014-2016 Triennial Conservation Improvement Program Plan (Docket No. E017/CIP-13-277).

On October 23, 2013, Otter Tail submitted a filing requesting that the Commission approve a modification to its Air Conditioning Control Rider, Section 14.08, to remove the pilot status. Otter Tail stated that approval will allow the Company to advance its 2014-2016 Triennial Conservation Improvement Program targets for summer control capabilities.

The Company requested that the Commission make the following changes to the Air Conditioning Control Rider, Section 14.08:

1. Description: Remove "Pilot – effective June 1, 2012 through September 30, 2013."
2. Availability: Delete references to the pilot program and the participation limit.

3. Terms and Conditions: Remove the word “Pilot” from number 6.

The Company proposed that the modified Commercial Air Conditioning Control Rider go into effect on June 1, 2014. Otter Tail requested an approval date in January 2014 to enable it to commence marketing efforts prior to the summer of 2014. If the program is approved as part of the Company’s CIP, Otter Tail indicated that it would file a project evaluation each April 1 as part of its CIP Status Report.

II. DEPARTMENT’S ANALYSIS

Since its initial approval in Docket No. E017/M-12-46, the Pilot Program has operated with limited success due to low participation.¹ The Department notes that the Pilot Program is limited to Commercial customers with a Fergus Falls, MN service address. Nevertheless, through its April 1, 2013 CIP Status Report, the Company demonstrated that the Pilot Project was cost effective in 2012, with net benefits of \$23,694.² The Residential Air Conditioning Control project was even more successful, with net benefits of \$164,220.³

As previously noted, the Company’s approved Triennial Conservation Improvement Program Plan includes a full, unlimited version of the Pilot Program. The October 10, 2013 *Decision* in Docket No. E017/CIP-13-277 states, “Based on Staff’s review of the Company’s descriptions of its proposed projects, policies, and incentive structures, the Deputy Commissioner generally finds these to be reasonable.” Given the measurable savings achieved by the Pilot Program, and the Deputy Commissioner’s *Decision* that incorporates the full version of the Pilot Program, the Department expects that expansion of the program would lead to further cost-effective savings for both the customer and the Company.

The Department asked Otter Tail to confirm the need to retain language included in the Air Conditioning Control Rider regarding charges for non-standard facilities.⁴ In response to questions on the average costs of non-standard facilities due to the Air Conditioning Control Rider the Company stated:

According to our Electric Rate Schedule Section 5.03, “Special Facilities” are non-Standard Facilities or the non-standard design or non-standard location of facilities. To date, there have been no

¹ In its April 1, 2013 CIP Status Report (Docket No. 10-356.02), Otter Tail indicated that only 4 businesses had participated in the Pilot Program. Energy savings were achieved, however, and Otter Tail stated that the program reduces energy demand while satisfying customers.

² See Otter Tail’s April 1, 2013 CIP Status Report in Docket No. E017/CIP-10-356.02, Appendix A, Table 3.

³ *Ibid.*

⁴ See Department Information Request No. 1, attached to these *Comments* as Attachment 1.

non-standard facilities associated with any of the 4 Commercial Air Conditioning Control Pilot Program participants.

There have been no “non-standard facilities” costs requested or required for any of the current program participants. We do not anticipate any non-standard facility costs to future participants since facilities of this nature are very infrequent. The “non-standard facilities” language protects the program and other participants from paying for costs that would likely not provide cost effective benefits to the program.

We have approximately 1,056 participants on the residential air conditioning control program. No non-standard facilities have been installed.

The Department concludes that it is appropriate to retain the language regarding non-standard facilities as the language ensures that a customer is responsible for the cost of any special facilities required in order for the customer to participate in the Commercial Air Conditioning Control Rider, in the unlikely event special facilities are needed.

In conclusion, the Department recommends that the Commission approve Otter Tail’s request to remove the pilot status from the Commercial Air Conditioning Control Rider.

III. THE DEPARTMENT’S RECOMMENDATION

The Department recommends that the Commission approve Otter Tail’s *Petition* as filed in the present docket.

/ja

Resp

OTTER TAIL POWER COMPANY

Docket No. E017-M-13-971

Response to: Minnesota Department of Commerce

Analyst: Michael Zajicek

Date Received: 10/29/2013

Date Due: 11/8/2013

Date of Response: 11/06/2013

Responding Witness: Brenda Sandahl, Sr Market Planning Specialist - (218) 739-8539

Information Request No: MN-DOC-001

Reference: Ottertail Power Company Electric Rate Schedule, Section 14.08: Air Conditioning Control Rider, page 2 of 2.

The Company will install, own, and maintain the standard load management devices controlling the customer's central cooling equipment. The Customer shall be responsible for any additional costs for the installation of non-standard facilities associated with the Company's load management control devices.

1. Please provide the costs to Customers of the installation of any non-standard facilities associated with the Company's load management control devices for each of the 4 Commercial Air Conditioning Control Pilot Program participants.
 - a. Please include an analysis of how the company expects these costs to compare to the costs for future participants to the program.
 - b. Due to the low participation in the Commercial Air Conditioning Control Pilot Program, please provide the average non-standard facilities cost per participant for the Residential Air Conditioning Control Program.
 - c. Please provide a narrative explaining how the costs of the non-standard facilities compare to the savings for participants in the Air Conditioning Control Program?

RESPONSE:

1. According to our Electric Rate Schedule Section 5.03, "Special Facilities" are non-Standard Facilities or the non-standard design or non-standard location of facilities. To date, there have been no non-standard facilities associated with any of the 4 Commercial Air Conditioning Control Pilot Program participants.

- a. There have been no “non-standard facilities” costs requested or required for any of the current program participants. We do not anticipate any non-standard facility costs to future participants since facilities of this nature are very infrequent. The “non-standard facilities” language protects the program and other participants from paying for costs that would likely not provide cost effective benefits to the program.
- b. We have approximately 1,056 participants on the residential air conditioning control program. No non-standard facilities have been installed.
- c. We are unable to provide the requested narrative because there are no non-standard facilities installed for any participants in the Air Conditioning Control Program.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E017/M-13-971

Dated this 15th day of November, 2013

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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