

## Staff Revised Motion (August 4, 2022)

Docket No. E017/M-22-165

### Otter Tail Power Company

***A Petition of Otter Tail Power's 2021 Demand Side Management Financial Incentive Project and Annual Filing to Update the Conservation Improvement Project Rider.***

In its July 19, 2022, response comments, the Department of Commerce (Department) recommended the Commission take the following actions. Staff offers a minor edit using red underline below:

1. Approve a DSM financial incentive of \$2,900,388 for Otter Tail's 2021 CIP achievements.
2. Approve Otter Tail's 2021 CIP tracker account, as summarized in Table 2 above, resulting in a December 31, 2021, tracker balance of \$2,870,213.
3. Approve a revised average CCRA rate of \$0.00890 per kWh effective October 1, 2022 or the first month after Commission approval, whichever is later. The revised CCRA rate will have the CCRC rate rolled into it, eliminating the CCRC per Commission Order in Docket No. G017/GR-20-719.
4. Grant Otter Tail a variance to Minnesota Rules 7820.3500(K).
5. Require Otter Tail to submit a compliance filing, within 10 days of the issue date of the Order in the present docket, with revised tariff sheets reflecting the Commission's determinations in this matter.

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Staff confirmed that Otter Tail Power (OTP) and the Department staff agree with the red-line modification to the Department's third recommendation, shown above.

Staff's modification is offered in acknowledgement that in OTP's rate case Docket No. E017/GR-20-719, OTP proposed to use its E2-E8760 allocator to distribute CIP costs to each of its ten rate classes based on the hourly energy costs to serve each class. OTP also proposed to roll the CCRC rate into the CCRA rate.

In its June 10, 2022, supplemental reply comments, OTP noted that its rate case, Docket No. E017/GR-20-719, was approved by an order dated February 1, 2022. As such, Docket No. E017/M-22-165 accounts for changes regarding rolling CCRC into CCRA and Modifying Class

Rate Apportionment. More, to reflect rate case approval and associated changes, OTP provided several exhibits of which Staff includes two, below.

**Table 1. Rate Calculation by Class.** Shows the computation of the ten class rates based on the E2-CIP allocators as approved with Docket No. E017/GR-20-719 (labeled Exhibit 3 in OTP filing).

Line No.	Class	E2-CIP Allocator <sup>1</sup>	Revenue Requirement	CIP kWh Sales	Rate
1	Residential	27.733%	\$ 3,983,259	452,419,723	\$0.00880
2	Farm	2.409%	\$ 346,073	39,350,645	\$0.00879
3	General Service	20.187%	\$ 2,899,407	324,698,423	\$0.00893
4	Large General Service	38.397%	\$ 5,514,865	614,765,913	\$0.00897
5	Irrigation	0.214%	\$ 30,681	5,639,020	\$0.00544
6	Outdoor Lighting	0.634%	\$ 91,072	7,186,690	\$0.01267
7	OPA	1.113%	\$ 159,894	21,361,828	\$0.00749
8	Controlled Service Deferred	1.720%	\$ 247,022	26,311,418	\$0.00939
9	Controlled Service Interrupt	6.777%	\$ 973,345	105,484,241	\$0.00923
10	Controlled Service Off-Peak	0.817%	\$ 117,299	18,098,028	\$0.00648
11					
12	Total Revenue Requirements		\$ 14,362,918	1,615,315,929	

1. Class E2-CIP allocation factor from Otter Tail's latest general rate case in Minnesota, E017-GR-20-719.

**Table 2. Comparison of Monthly Bill Impacts.** CIP Surcharge (CCRA) is based on the Class Rate Code shown above in Table 1 (Table 2 was labeled Exhibit 2 (revised) in OTP filing).

Rate Class	Average kWh/Bill	Average \$/Bill before CCRA	Monthly Impacts			
			Current CCRA & CCRC	Proposed CCRA	Monthly Bill \$ Change	Monthly Bill % Change
Residential	760	\$83.97	\$6.12	\$6.69	\$0.57	0.68%
Farm	2,605	\$266.33	\$20.97	\$22.89	\$1.93	0.72%
General Service	2,586	\$266.65	\$20.81	\$23.09	\$2.28	0.85%
Large General Service	133,438	\$6,118.31	\$1,074.18	\$1,196.94	\$122.76	2.01%
Irrigation	1,536	\$129.40	\$12.36	\$8.36	(\$4.01)	-3.10%
Outdoor Lighting	54	\$14.20	\$0.43	\$0.68	\$0.25	1.75%
OPA	3,266	\$282.76	\$26.29	\$24.46	(\$1.83)	-0.65%
Deferred Load and Water Heating Control	314	\$25.79	\$2.53	\$2.95	\$0.42	1.63%
Interruptible Load	131	\$7.97	\$1.06	\$1.21	\$0.15	1.94%
Fixed Time of Delivery	5,469	\$230.01	\$44.02	\$35.44	(\$8.59)	-3.73%

\*All average data comes from Otter Tail's proposed rates in Schedule-E that was filed November 2, 2020 in compliance to the ALJ's (Docket no. E017/GR-20-719).