

Hamre, John G.

From: Schock, Victor F.
Sent: Tuesday, September 6, 2022 9:14 AM
To: Hamre, John G.
Subject: FW: ND Misc Tariff Revisions - PU-22-190: Follow up on your questions

Hi John,

Can you please file this as response to question's from staff in the above case?
I know we don't always docket these, but I need to provide the response to a Commissioner, so it needs to be docketed.

Thanks,

Victor Schock

From: Prazak, David <DPrazak@otpc.com>
Sent: Wednesday, August 24, 2022 10:25 AM
To: Schock, Victor F. <vschock@nd.gov>
Cc: Fedje, Svetlana <sfedje@otpc.com>; Haagenson, Michael D <MHaagenson@otpc.com>; Olson, Wendi <wolson@otpc.com>
Subject: ND Misc Tariff Revisions - PU-22-190: Follow up on your questions

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Victor

Good morning. At long last, we completed our analysis on the questions you asked on a portion of the referenced docket. Your questions (**in bold**) were focused on kVAR – and their impact on past and expected revenues. Additionally, as you directed, OTP is including its proposal to include a notification to customers who may be impacted.

Do you know how long you have not been billing for the kvar, and approximately how many customers that would impact?

Yes. We have not been billing kVAR since February 2019, when final rates were implemented - except for one customer on a contract rate. We essentially "shut off" the capability due to our discovery of the missing language (i.e. this docket). However, Otter Tail did bill for kVAR penalty prior to February 2019.

Also, what is the approximate max amount of kvar adjustment you would expect to be billed once this change goes into effect?

We expect approximately \$76,000 increase in LGS revenues. This is about 0.17% of an increase in revenues as compared to our rate case test year revenues (\$46.67 M, from our Compliance Filing, 11/28/18, Attachment 2A, Table 3, page 1 of 1).

From a historical perspective, the revenue associate with kVAR penalties is consistent, (contract customer impact removed). The average amount of kVAR billing occurring in 2019-2021 was about \$72k per year.

Update-Proposal on customer notification

We will work with our Customer Information System Team to implement these changes in our system as soon as feasibly possible, upon approval, and will contact impacted customers individually prior to implementation.

Let us know if you require further information – thanks for your patience.

Dave



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