

OUR VISION

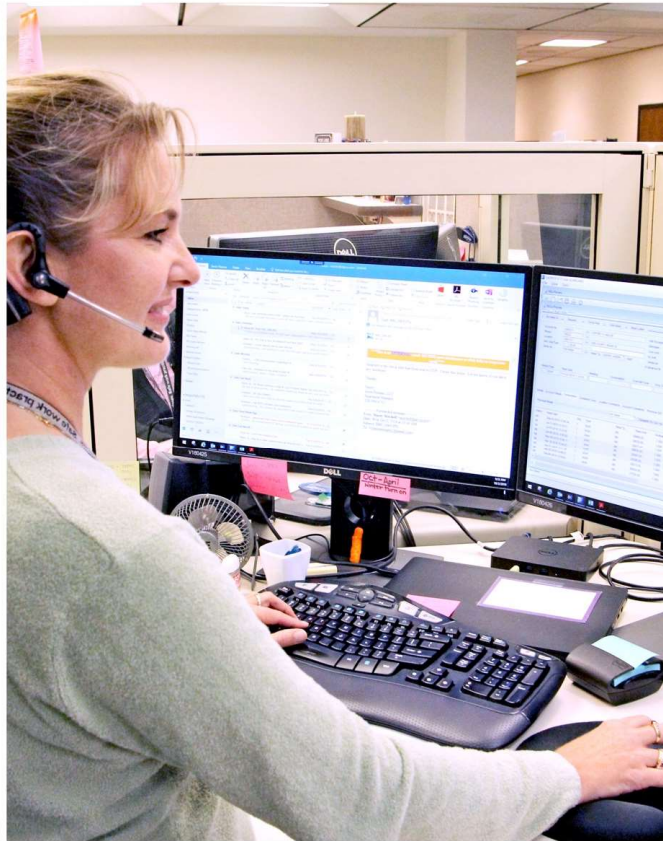
**Growth and success—for our company
and the rural communities we serve.**

We collaborate and prosper through
responsible, resourceful action. We balance
community, economic, and environmental
commitments. **Always.**



OTP AMDT IMPLEMENTATION AND OPT-OUT

Public Service Commission Informal Hearing September 27, 2023



INFORMAL ON AMDT IMPLEMENTATION AND OPT-OUT

Agenda

- 1.AMDT Implementation / Tariff Changes / Billing Variance
- 2.New AMI Meter Functionality/Communication Capabilities
- 3.Communication Plan
- 4.Opt-Out

AMDT IMPLEMENTATION

Advanced Metering and Distribution Technology

Includes:

- Advanced Metering Infrastructure (AMI)
- Outage Management System (OMS)
- Demand Response (DR) systems

Customer Experience Enhancements

- Bill Redesign
- Customer Engagement Portal and Website
- App
- Potential for rate designs

CUSTOMER ENHANCEMENTS

Customer Enhancements

- Communications, status
- Granular data
- Improved rate designs and options
- Remote capabilities

VARIANCE REQUEST

Current:

Account Detail		
01.Residential Serv Winter		
P	04/04/23 Reading	67016
	03/02/23 Reading	66638
	Kilowatt Hours Used	378
	Customer Charge	
	(14.00 x 12/365) x 33	15.19
	378 kWh at .05446	20.59
	Fuel and Purchased Power	
	332 kWh at .03949	13.12
	46 kWh at .04348	1.99

Modified Sample (Interval):

Account Detail		
01.Residential Serv Winter		
P	Billing Period:	
	03/02/23 - 04/04/23	
	Kilowatt Hours Used	378
	Customer Charge	
	(14.00 x 12/365) x 33	15.19
	378 kWh at .05446	20.59
	Fuel and Purchased Power	
	332 kWh at .03949	13.12
	46 kWh at .04348	1.99

69-09-02-10. Meter readings.

1. **Readings of all meters used for determining charges to customers shall be made each month. The term "month" means the period between any two consecutive regular meter reading dates, which shall be as nearly as practicable at thirty-day intervals. The meter reading date may be advanced or postponed not more than five days without adjustment of the billing for the period.**

69-09-02-11. Billing.

1. **Bills for electric service shall be rendered monthly, unless otherwise authorized by the commission, or unless service is rendered for a period of less than a month. The term "month" as used for billing purposes means the period between any two consecutive regular meter reading dates, which shall be as nearly as practicable at thirty-day intervals. Bills shall be prorated for periods of less than one month when service is begun or terminated between regular meter reading dates. Bills shall be prorated for a fraction of a month on a daily basis, unless a different basis for proration of bills for fractions of a month is provided in the utility's service regulations on file with the commission.**
2. **Each bill shall show the present meter reading; the date of the present meter reading; the number of kilowatt hours consumed; the demand, if used for billing purposes; the date or time when the bill is due; the gross and net amounts of the bill and the date or time after which the gross amount must be paid, or the net amount of the bill and the date or time after which the penalty applies and the amount thereof; and identity of the class of service or rate schedule under which the bill is computed. Estimated bills and prorated bills shall be distinctly marked as such.**
3. **Bills for service shall be rendered within thirty days from the present meter reading date. A record of all bills for electric service rendered to customers shall be maintained for a period of six years.**

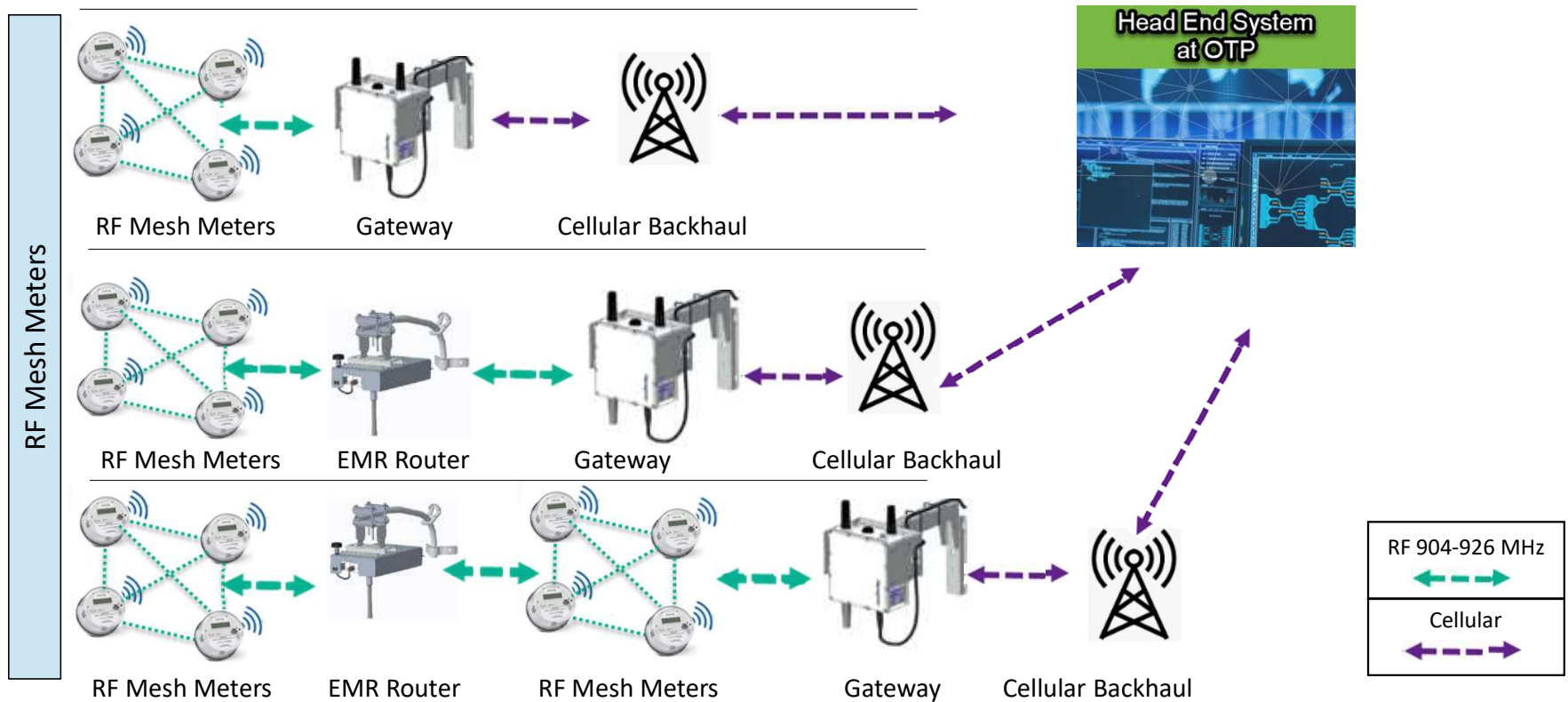
METER FUNCTIONALITY/COMMUNICATION CAPABILITIES



AMI METER FUNCTIONALITY

- Energy Sensor for an Endpoint technologies
 - Advanced metrology
 - Increase accuracy
 - Power quality sensor
 - Better visibility to our distribution system
- Two-way communication
 - Request information from the meter
 - Energy consumption information
 - Meter notifications
 - Power Quality
 - Meter health

COMMUNICATION CAPABILITIES – FIELD AREA NETWORK



AMI METER FUNCTIONALITY

- OTP Future proofing to support industry and customer needs
 - Flexibility to meet customer needs
 - Residential Time-of-Use rates
 - Use of interval data to transition between rate easier
 - Reduces the deployed field technology
 - Separate interruption monitoring equipment
 - DRMS support
 - Interoperability between systems
 - WiFi enabled meter
 - ▶ Future flexibility
 - ▶ New ways to offer load control

CUSTOMER COMMUNICATIONS PLAN



Providing information customers need when they need it:

- Focusing on customer benefits
- Proactively addressing customer concerns

CUSTOMER COMMUNICATIONS PLAN

Strong and seamless customer experience.

Audiences include:

- Communities
- Customers
- Customer Care employees
- All Otter Tail Power employees

CUSTOMER COMMUNICATIONS PLAN

Long-term engagement relies on:

- Thorough and timely communications.
 - Pre-installation, focused on customer benefits.
 - Post-installation, focused on new services or options.
- Efficient and effective addressing of customer concerns.
- Ongoing and extensive review of customer and employee feedback.

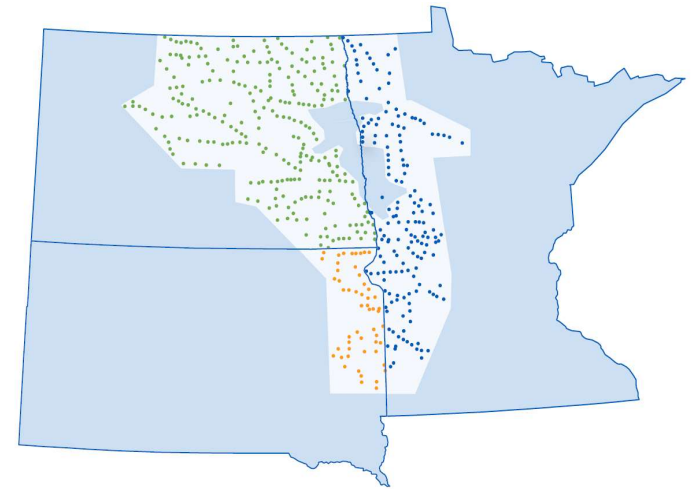
OPT-OUT IMPACT ON AMI SAVINGS

Otter Tail Power Company Service Territory

70,000 square miles covering portions of three states

Average distance from a Service Rep to a customer is a little over 6 miles

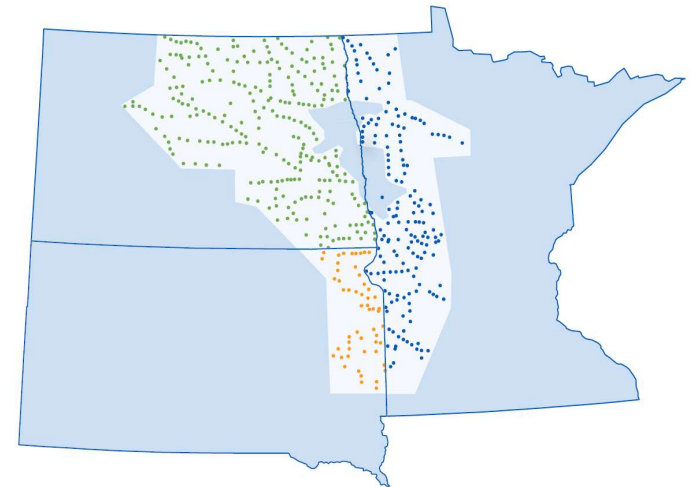
	Number of meters	Average distance from meter to closest service rep	Percent of meters	Weighted average miles
Meters within city limits	95,211	0.65	55.41%	0.36
Meters outside city limits	76,612	12.86	44.59%	5.73
	<u>171,823</u>			<u>6.09</u>



OPT-OUT IMPACT ON AMI SAVINGS - PAULA

The number of customers who opt out of AMI communications will directly affect the business plan.

- Manual processes will still exist for opt-out customers only
- Otter Tail will be unable to reduce the Service Rep count through attrition
- Meters act as network extenders for a Mesh AMI Network to reach endpoints outside the reach of the Gateway.
 - Can traffic usage and outage information for up to 20-30 meters
 - If one of these locations is an opt-out customer, Otter Tail may need to add unplanned network infrastructure to support the automated meter reading process.



OPT-OUT PRICING

Customers who opt out will pay up front to:

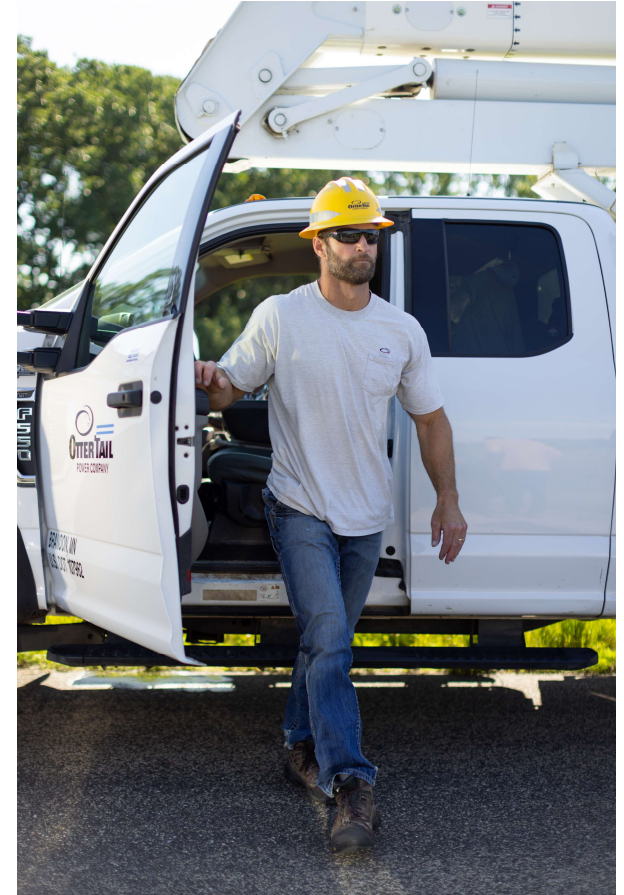
- remotely disable communications in the meter and
- replace the meter with a communicating meter when customer moves or chooses to opt in.

Total Opt-out Charge	Total Cost
Initial opt-out costs	\$ 62.29
Back-end opt-out costs	
OTP labor	\$ 135.99
Truck costs	\$ 11.70
Meter return shipment	\$ 16.84
Total	\$ 226.82

Monthly Meter Read Charge	Total Cost
OTP labor	\$ 68.40
Truck costs	\$ 11.70
Total	\$ 80.10

Payment up front ensures payment of back-end costs and helps keep bad debts lower.

Otter Tail will work with customers as needed using the payment arrangement policies currently in place.



OPT-OUT CUSTOMER COUNT - PAULA

Total ND Residential Customers		46,489
Customers with ineligible rates	(15,967)	
Customers with two or more missed payments	(10,397)	
Customers with inaccessible meters	(8,095)	
Customers counted more than once above	<u>5,421</u>	
Total ineligible customers		<u>(29,038)</u>
Estimated total ND customers eligible for opt out		17,451
Estimated percent of customers who may choose to opt out		<u>.5%*</u>
Estimated number of ND customers who may choose to opt out		87

*Per vendor estimates based on industry averages

OPT-OUT SECURITY CONCERNS

- Opt-outs reintroduce the safety
 - Increased travel
 - Backing
 - Equipment/property damage
 - Slips, trips and falls
 - Dog and insect encounters
- Property access
 - Increased security
 - Less comfortable



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PU-23-290 ADMINISTRATIVE TARIFF CHANGES IN RATE SCHEDULES 14.02 AND 14.03 (LANA)

On August 17, 2023, Otter Tail Power Company (OTP) filed an application for approval to change the Rate Schedules 14.02 and 14.03.

- We are asking to close the rates that are using Real Time Pricing and System Marginal Energy Pricing for new customers.
- The current software required for these tariffs reaches end of life in 2025
- OTP is selecting new software and would like to avoid causing confusion to new customers that might result from methodology changes in this process.
- This tariff revisions would have no impact on the rates for any North Dakota customers.

PU-23-290 ADMINISTRATIVE TARIFF CHANGES IN RATE SCHEDULES 14.02 AND 14.03 (LANA)

1. Whether the proposed tariff changes are reasonable:

The proposed changes are necessary for the future implementation of a new Real Time and System Marginal Pricing Methodology.

We are asking to close these rates to new customers to avoid customer confusion, uncertainty and continuity of the current methodology versus the pending proposed methodology.

2. Whether the tariff changes should be approved.

Otter Tail does not have an approximate date for the new methodology proposal, but we expect it to occur before Q2 2025. We are asking to add “CLOSED TO NEW CUSTOMERS” until we have the developed methodology, which will be presented in a separate filing for Commissions approval.

OUR VALUES



Integrity.

We conduct business responsibly and honestly.



Safety.

We provide safe workplaces and require safe work practices.



Customer focus.

We provide reliable electricity and timely, courteous customer service.



Resourcefulness.

We draw on the ingenuity and expertise of various resources to create strategic, balanced plans.



Community.

We improve the quality of life in the areas in which we do business.



People.

We build respectful relationships and create an environment where all people can thrive.