

OTTER TAIL POWER COMPANY

Docket No: EL15-001

Response to: South Dakota Public Utilities Commission

Analyst: SDPUC Staff

Date Received: 01/23/2015

Date Due: 02/06/2015

Date of Response: 02/05/2015

Responding Witness: David G. Prazak, Supervisor, Pricing & Tariff Administration - (218) 739-8595

Information Request:

Otter Tail Power indicates in the 'Deposits' section of the South Dakota Customer Information that "Otter Tail Power Company pays annual interest on all deposits at a rate of 7 percent. Interest begins accruing the day the company receives the deposit and ends either the day of disconnection or when Otter Tail Power Company refunds the deposit. Interest earned is applied as a credit on a customer's December bill. After 12 months of prompt payments, Otter Tail Power Company will refund the deposit plus any accrued interest" How is Otter Tail Power in compliance with ARSD 20:10:19:11 if interest is applied on the December bill and not promptly refunded as required in the Administrative rule?

Attachments: 0

Response:

Otter Tail Power Company ("Otter Tail") believes it complies with ARSD 20:10:19:11 by promptly applying accrued interest when a deposit is refunded. In addition, customers that have an active account with a deposit - Otter Tail applies accrued interest as a credit on customer's December bill, in compliance with ARSD 20:10:19:08.

Our response below includes an illustration of our compliance as well as proposed clarifying changes to the South Dakota Customer Information Brochure.

To illustrate our compliance process, consider an example of a customer that successfully made timely payments for 12 consecutive months. Otter Tail collects a deposit from the customer in May 2014. The customer receives a bill credit a) only for accrued interest on their December 2014 billing statement and b) for the deposit and remaining accrued interest on their April 2015 billing statement.

Otter Tail recognizes the text in the "deposit" section of the South Dakota Customer Information Brochure, does not adequately describe this process. We offer the following as proposed text (changes in red) to help clarify the process:

"Otter Tail Power Company pays annual interest on all deposits at a rate of 7 percent. Interest begins accruing the day the company receives the deposit and ends either the day of disconnection or when Otter Tail Power Company refunds the deposit. Interest **accrued** is applied

as a credit on a customer's December bill and any subsequent accrued interest balance will be paid when the deposit is refunded. After 12 consecutive months of prompt payments and without having received three or more disconnect notices, Otter Tail Power Company will refund the deposit plus any accrued interest.”

Otter Tail will provide a revised South Dakota Customer Information Brochure once all changes are approved.