

CASE NOS. PU-06-481 & PU-06-482

BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION BY OTTER TAIL CORPORATION D/B/A

OTTER TAIL POWER COMPANY

AND

MONTANA-DAKOTA UTILITIES CO., A DIVISION OF MDU RESOURCES GROUP, INC.

FOR AN ADVANCED DETERMINATION OF PRUDENCE

FOR THE BIG STONE II GENERATING PLANT

SUPPLEMENTAL PREFILED DIRECT TESTIMONY

OF

TIMOTHY J. ROGELSTAD

Manager of Delivery Planning

OTTER TAIL POWER COMPANY

MARCH 10, 2008



SUPPLEMENTAL PREFILED DIRECT TESTIMONY OF TIMOTHY J. ROGELSTAD

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3 **I. INTRODUCTION**

4 **Q: Please state your name and business address.**

5 A: My name is Timothy J. Rogelstad. My business address is 215 South Cascade Street,
6 Fergus Falls, Minnesota 56537.

7 **Q: Did you previously submit testimony in this proceeding?**

8 A: Yes. I submitted direct testimony on December 1, 2006 and rebuttal testimony on June
9 21, 2007, OPT/MDU Exhibits 312 and 318 respectively, along with other exhibits.

10 **II. THE BIG STONE II TRANSMISSION PROJECT**

11 **Q: What is the proposed in-service date for the transmission lines?**

12 A: Right now we are anticipating that the transmission facilities will be in service in early
13 2013. This is several months prior to the commercial operation of the Big Stone Unit II
14 generating plant. The previous schedule called for the Big Stone II Transmission project to be
15 completed in 2011. However, because of delays in obtaining final regulatory approvals, the
16 completion of the interconnection facilities of the Big Stone II Transmission project has been
17 delayed by approximately a year and a half.

18 **Q: What is the current estimated cost for the transmission facilities necessary for**
19 **adding Big Stone II generation?**

20 A: The total estimated cost of the transmission facilities necessary for interconnecting and
21 delivering the generation to the project participants' load is \$249 million. This compares to a
22 cost of \$238 million that I reported in December 2006. The major reason for the cost increase is
23 inflation resulting from a delay in the in-service date.

1 **Q: Has the change in ownership had any impact on the facilities proposed to**
2 **interconnect the Big Stone Unit II?**

3 A: No, as I testified last time, interconnection studies determine what facilities are required
4 to interconnect a proposed generator to the transmission grid regardless of where the power from
5 the generator is going to be delivered. How the generation is delivered from the generating plant
6 to the load is addressed in a delivery service study. Therefore, a change in ownership of the
7 project will not have an impact on the interconnection facilities.

8 **Q: Does the change in the size of the Big Stone Unit II facility affect the need for the**
9 **proposed transmission interconnection lines?**

10 A: No. Essentially any generation facility larger than 150 MW at the Big Stone site would
11 require more than a 115 kV system. The proposed lines to Morris and to Granite Falls remain
12 the best choice for interconnecting a 500 MW facility at Big Stone.

13 **Q: Does a change in the size of the Big Stone Unit II unit affect the Applicants' position**
14 **in the MISO queue for access to the transmission system?**

15 A: No, not at all. Keeping the proposed transmission lines the same allows the Applicants to
16 retain their position in the MISO queue and not require additional studies.

17 **Q: How might the change in ownership impact the transmission delivery service study**
18 **results?**

19 A: Because SMMPA and GRE's loads are further east than the remaining participants, their
20 withdrawal from the project may actually result in some of the facilities that are further away
21 being removed from the list of facilities impacted by Big Stone II. Further study will determine
22 whether that is the case.

1 **Q: Would a change in the Big Stone Transmission project have an impact on other**
2 **generation projects that are in the interconnection queue after Big Stone?**

3 A: Yes. If the Big Stone Transmission project does not go forward, it will have a significant
4 impact on the generation projects that are queued after Big Stone II in the region. Almost all of
5 the transmission studies for projects queued after Big Stone II would need to be restudied
6 because they assumed Big Stone II and its associated transmission would be in-service. MISO
7 has indicated that it will take up to an additional year to perform a restudy of those projects that
8 had assumed the Big Stone II Transmission project in their base case. Not only will the projects
9 after Big Stone II be subject to restudy, they will likely be subject to additional costs associated
10 with transmission upgrades.

11 To put this into perspective, there are more than 50,000 MW of interconnection requests
12 in the MISO queue in the tri-state region that were filed after Big Stone II. There are 59 projects,
13 accounting for nearly 11,000 MW, in North Dakota. Of these 59 projects, there are nine that
14 would have to be restudied because they assumed that the Big Stone II Transmission lines were
15 constructed. Of these nine, two are already in service. Even those projects that are already in-
16 service are at risk if Big Stone II Transmission lines are not constructed, because they would still
17 have to do additional studies. If the additional studies (without the Big Stone transmission
18 facilities) identify the need for additional facility additions, those projects would be on the hook
19 for cost-sharing those additional upgrades

20 **Q: Does this conclude your testimony?**

21 A: Yes.