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February 13, 2014



Darrel Nitschke
Director of Administration/Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard Dept. 408
Bismarck, ND 58505

**RE: In the Matter of Small Power Production and Cogeneration Rates for
Otter Tail Power Company.
Case No. PU-14-35**

Dear Mr. Nitschke:

On January 29, 2014, the North Dakota Public Service Commission (“Commission”) approved Otter Tail Power Company’s (“Otter Tail’s”) updated Small Power Producer rates in Case No. PU-14-35. Attached to this letter you will find the final version of Otter Tail’s Small Power Producer rate schedules Section 12.01, Page 1 and Page 3; Section 12.02, Page 1 and Page 4; and Section 12.03, Page 1, Page 2, and Page 5 reflecting Commission approved changes.

Enclosed are an original and seven copies of this filing. An electronic copy of this filing is being sent to you at dnitschk@nd.gov and to ndpsc@nd.gov.

If you have any questions regarding this filing, please contact me at 218-739-8606 or dopatz@otpc.com.

Sincerely,

/s/ DEBRA K. OPATZ
Debra K. Opatz
Pricing Analyst
Regulatory Administration

wao
Enclosures
By electronic filing

**SMALL POWER PRODUCER RIDER
OCCASIONAL DELIVERY ENERGY SERVICE**
(Commonly identified as Net Energy Billing)

Base Avoided Costs Code 50-9020
Base Avoided Costs plus Renewable Energy Credit Code 50-9021

AVAILABILITY: Available to any qualifying facility not exceeding 100 kW of generating capacity.

METERING CHARGE: \$1.40 per month

PAYMENT SCHEDULES: Base Avoided Costs: 3.296¢ per kWh **I**
Base Avoided Costs plus Renewable Energy Credit: 3.394¢ per kWh **I**

SPECIAL CONDITIONS OF SERVICE: The Customer will be required to sign a contract, agreeing to terms and conditions specified for small power producers. The minimum term of the contract is 12 months.

RULES AND REGULATIONS: Terms and conditions of this rider and the General Rules and Regulations govern service of this schedule.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

TERMS AND CONDITIONS:

The use of this rider requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned small qualifying facilities (SQF).

1. The Customer will be compensated monthly for all net energy received from the SQF less the metering charge. Net energy is that energy delivered by the SQF to the Company in excess of that received by the SQF from the Company during the same billing period. The schedule for these payments is subject to annual review.

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13. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors.
 14. Equipment shall be provided by the Customer that provides a means of preventing feedback to the Company during an outage or interruption of that system as well as a visible means to disconnect the generator from the Utility that is readily accessible by Utility employees.
 15. The Customer shall install, own, and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
 16. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$0.98/MWh (\$0.00098/kWh), as shown in the payment schedule. **I**



**SMALL POWER PRODUCER RIDER
 TIME OF DELIVERY ENERGY SERVICE**

Base Avoided On-Peak Costs	Code 50-9030
Base Avoided Off-Peak Costs	Code 50-9031
Base Avoided On-Peak Costs Plus Renewable Energy Credit	Code 50-9032
Base Avoided Off-Peak Costs Plus Renewable Energy Credit	Code 50-9033

AVAILABILITY: This rider is available to any Qualifying Facility not exceeding 100 kW of generating capacity. This rider is available to any Qualifying Facility exceeding 100 kW upon the approval of the Company. The Company reserves the right to require the Qualifying Facility to sign an Agreement.

METERING CHARGE: \$12.85 per month

PAYMENT SCHEDULE:

ENERGY:

Base Avoided Costs	<u>On-Peak 50-9030</u>	<u>Off-Peak 50-9031</u>	
Summer	4.118¢ per kWh	2.677¢ per kWh	I
Winter	3.759¢ per kWh	2.883¢ per kWh	I
Base Avoided Costs Plus Renewable Energy Credit	<u>On-Peak 50-9032</u>	<u>Off-Peak 50-9033</u>	
Summer	4.216¢ per kWh	2.775¢ per kWh	I
Winter	3.857¢ per kWh	2.981 ¢ per kWh	I

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

SPECIAL CONDITIONS OF SERVICE: The minimum contracted term of service is 12 months.

RULES AND REGULATIONS: Terms and conditions of this tariff and the General Rules and Regulations govern use of this schedule.

NORTH DAKOTA PUBLIC
 SERVICE COMMISSION
 Case No. PU-14-35
 Approved by order dated January 29, 2014

EFFECTIVE with bills rendered on
 and after March 1, 2014, in North Dakota

 APPROVED: Thomas R. Brause
 Vice President, Administration



16. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$0.98/MWh (\$0.00098/kWh), as shown in the payment schedule.

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**SMALL POWER PRODUCER RIDER
 DEPENDABLE SERVICE**

Base Avoided On-Peak Costs	Code 50-9040
Base Avoided Off-Peak Costs	Code 50-9041
Base Avoided On-Peak Costs Plus Renewable Energy Credit	Code 50-9042
Base Avoided Off-Peak Costs Plus Renewable Energy Credit	Code 50-9043

AVAILABILITY: Available to any qualifying facility which is capable of delivering power and energy to the Company on a dependable basis.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

METERING CHARGE: \$12.85 per month

PAYMENT SCHEDULE:

ENERGY:

Base Avoided Costs	<u>On-Peak 50-9040</u>	<u>Off-Peak 50-9041</u>	
Summer	4.118¢ per kWh	2.677¢ per kWh	I
Winter	3.759¢ per kWh	2.883 per kWh	I
Base Avoided Costs Plus Renewable Energy Credit	<u>On-Peak 50-9042</u>	<u>Off-Peak 50-9043</u>	
Summer	4.216¢ per kWh	2.775¢ per kWh	I
Winter	3.857¢ per kWh	2.981¢ per kWh	I

CAPACITY:

	Monthly \$/kW	Monthly \$/kW	
Contract	Net Capacity	Levelized	
<u>Term</u>	<u>Rate</u>	<u>Rate</u>	
60 mos.	\$0.00	\$0.00	R
120 mos.	\$9.20	\$2.76	R
180 mos.	\$9.84	\$5.25	R
240 mos.	\$10.47	\$6.80	R

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300 mos.	\$11.10	\$7.99	R
360 mos.	\$11.73	\$8.99	R

Energy payment will be adjusted annually to reflect energy costs.

Total capacity payment equals (accredited capacity value of the Qualifying Facility) times (capacity ratio) times (appropriate levelized capacity rate).

Capacity Ratio equals (Qualifying Facility on-peak capacity factor) divided by 65%.

The Capacity Ratio shall not exceed a value of 1 **or** if the Qualifying Facility is dispatchable by the Company and tested under the Mid-continent Independent System Operator (MISO) guidelines, then the capacity ratio automatically equals 1. **C**

SPECIAL CONDITIONS OF SERVICE:

1. A qualifying facility, desiring dependable service compensation shall execute a contract agreement for a term of 5, 10, 15, 20, 25, or 30 years.
2. In the event that a qualifying facility terminates service, the Dependable Service severance penalty payment will be determined as follows:

The remaining percentage of the contract term will be multiplied by the average capacity compensation per month and the result multiplied by six months. The average capacity compensation per month will be determined for the last three years or from the contract's initiation, whichever is the shorter period.

In addition, capacity compensation from the initiation of the contract will be recalculated at the capacity payment of the longest contract term filled. The following table illustrates the longest contract term filled given the number of months that payments were made:

<u>Months of Payments</u>	<u>Contract Term Filled</u>
0 - 119	60
120 - 179	120
180 - 239	180
240 - 299	240
300 - 360	300

10. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other Company Customers.
11. The Customer is required to follow the Company's interconnection process which requires that prior to installation, a detailed diagram of the generator and related equipment must be furnished to the Company for its approval.
12. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service and generator capacity rating.
13. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors.
14. Equipment shall be provided by the Customer that provides a means of preventing feedback to the Company during an outage or interruption of that system as well as a visible means to disconnect the generator from the Utility that is readily accessible by Utility employees.
15. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
16. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$0.98/MWh (\$0.00098/kWh), as shown in the payment schedule.

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