

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)



November 7, 2017

Darrell Nitschke
Executive Secretary
ND Public Service Commission
600- East Boulevard Avenue
Bismarck, ND 58505-0480

**RE: Otter Tail Power Company
Case No. PU-17-96
Minn-Kota Ag Products, Inc. - Richland County
Public Convenience & Necessity
Post Hearing Argument**

Dear Mr. Nitschke:

Otter Tail Power Company respectfully submits the enclosed Post Hearing Argument.

An electronic copy of this filing is also being sent to you at dnitschk@nd.gov and to the North Dakota Public Service Commission at ndpsc@nd.gov.

Please feel free to contact me at (218) 739-8956 or by email at cstephenson@otpco.com if you have any questions.

Sincerely,

/s/Cary Stephenson
Cary Stephenson
Associate General Counsel

ljh
Enclosures
Cc:
ALJ Patrick J. Ward
Kimberly J. Radermacher
Zachary Pelham

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Otter Tail Power Company
Minn-Kota Ag Products, Inc. - Richland County
Public Convenience & Necessity**

Case No. PU-17-96

OTTER TAIL COMPANY POST HEARING ARGUMENT

Otter Tail Power Company (OTP or Company) respectfully asks the North Dakota Public Service Commission (Commission) to grant the Company's Application for a Certificate of Public Convenience and Necessity (CPC&N) to permanently serve Minn-Kota Ag Products, Inc.'s (Minn-Kota) commercial grain handling facility under construction in Richland County near the small communities of Barney and Mooreton, as detailed in OTP's Application and OTP Exhibit 1.

This matter is governed by the North Dakota Territorial Integrity Act, N.D.C.C. 49-03 et. seq. The Act specifically provides a process where public utilities such as OTP may serve customers located outside of franchised municipal service areas by obtaining a CPC&N. In that sense, North Dakota law recognizes that there will be circumstances where the public interest is best served by allowing an investor-owned utility to extend service outside municipal boundaries. While there may be a perception that local cooperatives have priority in such cases, the North Dakota Supreme Court has never said the Act gives a preference to rural cooperatives. Capital Electric Cooperative v. Public Service Commission, 534 N.W.2d 588, 589, (1995).

In this case, Minn-Kota approached OTP about serving Minn-Kota's new facility. OTP provided Minn-Kota its Commission-approved rates – rates that are available to all OTP customers. OTP also provided Minn-Kota a description of how OTP would extend service and ultimately serve Minn-Kota. Minn-Kota carefully evaluated its needs and concluded that OTP electrical service is a far better fit than service from Dakota Valley Electric Cooperative (DVEC).

OTP has requested a CPN&C in this case because Minn-Kota's request for service is reasonable, demonstrably beneficial to OTP's other North Dakota customers, and in the public interest. Specifically, OTP service to Minn-Kota will allow Minn-Kota to operate its new facility

to its full potential. This ultimately benefits producers and the area as a whole – including areas served by DVEC.

The Notice of Hearing issued on July 26, 2017 sets forth the issues to be considered by the Commission. OTP has listed these issues (a/k/a factors) below with a summary of how the record relates to each factor. That some factors weigh in favor of DVEC is to be expected. When properly weighted, the balance of factors strongly supports the Commission issuing a CPC&N to OTP.

1. From whom does the customer prefer electric service?

This factor strongly supports OTP service. While not controlling or determinative, the Commission should give this issue significant consideration because of the reasons *why* Minn-Kota seeks OTP service.

Minn-Kota is a family-owned grain elevator and ag supply company serving the southern Red River Valley. Mr. George Schuler IV testified on behalf of Minn-Kota. Schuler is Minn-Kota's Grain Division & Logistics Manager and the team leader for the development of the new facility. He is also a minority owner of Minn-Kota and a member of its board of directors.

Minn-Kota is constructing a large, state of the art, commercial grain handling facility with a connected load of approximately 5,000 horsepower, or approximately 3.7 megawatts. The new facility will be capable of receiving 20,000 bushels of grain per hour, which equates to receiving 60 semi-tractor loads per hour. The facility will have a storage capacity of approximately 3 million bushels, and is specifically designed to load Burlington Northern & Santa Fe (BNSF) 120 car unit trains. Mr. Schuler testified that the facility will be part of the BNSF shuttle train network, and that the ability to load 120 car unit trains allows for lower rail transport rates than rates available to traditional elevators. This gives area producers a competitive advantage.

Minn-Kota's commercial grain handling facility will operate year-round at uneven times with market conditions dictating the pace and intensity of operations. To be clear, this is not a farm-based grain drying and storage operation common in the southern Red River Valley. Minn-Kota is constructing a very large commercial facility that will provide area producers a competitive market in which to sell their product.

Mr. Schuler testified that Minn-Kota, a family owned business, is making a capital investment of \$20 million in this facility. Mr. Schuler noted that Minn-Kota has carefully studied inputs and operational needs, and considered OTP and DVEC service to other Minn-Kota facilities in the area. In this context, Mr. Schuler cited the following as reasons why Minn-Kota strongly favors OTP service:

- a. OTP rate structure is better suited to Minn-Kota's operational needs than DVEC's rate structure. OTP's Commission-approved General Service rate (Rate Code 401, Section 10.02 of OTP's rate schedules), will allow Minn-Kota's commercial grain handling facility to function as designed, without operational constraints. If DVEC provides service, Minn-Kota will likely need to mitigate DVEC's high demand charges by operating the facility to conform to DVEC's charges rather than operating the facility as it was designed to operate. Evidence at hearing established that the Minn-Kota facility will be especially sensitive to high demand charges because it will operate at peak levels at uneven times based on market conditions. Mr. Schuler detailed the negative impact DVEC's high demand charges have had on Minn-Kota's smaller Wahpeton facility, where to avoid high demand charges Minn-Kota limits output, in part by not running all drying fans at the same time. Mr. Schuler was especially concerned that that Minn-Kota may need to operate the new facility sub-optimally to minimize the impact of DVEC's high demand charge. This could include limiting drying operations to certain times, limiting the intensity of loading operations, and otherwise restricting operations that make sense commercially but for triggering high demand charges. This was not speculation – Mr. Schuler cited Minn-Kota's experience at its Wahpeton facility served by DVEC. Mr. Schuler also noted the adverse impact these steps can have on Minn-Kota's net margin, its ability to invest in and expand its facility, and employment of staff.
- b. OTP electric service is less expensive than DVEC electric service. Mr. Schuler estimated that DVEC service would cost approximately \$100,000 a year more than OTP service. This aligned with OTP's analysis. *See* OTP Exhibit 10, p. 3. This cost differential may force the facility to operate sub-optimally as noted in the preceding

paragraph. Whether the facility operates sub-optimally to reduce demand charges, or operates as designed while incurring significant demand charges is harmful to Minn-Kota and its ability to serve area producers.

- c. OTP service presents less risk to Minn-Kota. Mr. Schuler testified that the new facility is powered exclusively by electricity except for gas powered heaters used to dry grain (these heaters are useless without electric powered fans). Consequently, voltage interruptions and outages that interfere with the facility's operations are a significant concern. Mr. Schuler described the severe economic consequences in the form of fines and lost business that can result from delays in loading unit trains. He testified that Minn-Kota has a limited amount of time to load 120-unit BNSF trains before Minn-Kota is subject to fines. He also described the process of moving grain and how electric service interruptions can damage equipment causing substantial down time. In this context, Mr. Schuler was adamant that any reduction in electric service risk is important and worthwhile. Mr. Schuler explained that OTP service is likely to be more reliable than DVEC service because OTP will have significantly less distribution line footage exposure than DVEC, and that for the foreseeable future Minn-Kota will be the only customer served off a step-down transformer OTP intends to install on-site. Mr. Schuler's testimony is supported by the testimony of OTP engineering witness Ritchie Wolf.

- d. OTP service offers Minn-Kota more flexibility on soft start devices. Hearing testimony established that Minn-Kota will install and operate many electric motors, most of which will require soft start devices if DVEC provides electric service. DVEC provided a list of these motors as DVEC Exhibit 2. It was established at hearing that DVEC has a policy requiring installation of soft start devices for motors of 30 horsepower and higher. Absent these soft start devices, Minn-Kota's electric motors risk causing voltage dips to DVEC's other customers served from DVEC's Mooreton substation. OTP engineer witness Ritchie Wolf testified that OTP had conducted a distribution study confirming that under OTP's service plan soft start devices were necessary for motors exceeding 100 horsepower. Mr. Schuler testified

that this higher threshold gave Minn-Kota greater flexibility and potential cost savings since soft start devices average about \$2,000 per motor. Mr. Schuler also testified that soft start devices are not favored in certain applications for operational reasons. OTP service will give Minn-Kota added flexibility with respect to soft start devices.

- e. OTP service is rate regulated. Mr. Schuler testified that OTP's regulated rates reduce business risk and uncertainty. Noteworthy here is that Mr. Schuler confirmed that DVEC never offered Minn-Kota a written contract assuring Minn-Kota that DVEC's proposal (OTP Exhibit 8) would not change. DVEC witness Seth Syverson testified that DVEC usually limits written contracts to larger loads. Instead of offering a contract to Minn-Kota, DVEC proposed to serve Minn-Kota under a nine-year declining discount policy. *See* DVEC Exhibit 7. This policy, like any cooperative policy, is subject to change or elimination at the discretion of DVEC's board. In contrast, rate changes by OTP require Commission review and approval with customers having the ability to comment and in some cases to intervene in rate case proceedings.

All the reasons cited by Mr. Schuler are reasonable and based on fact and experience. The Commission can reasonably find that this factor strongly favors OTP service. The Commission can also find that Minn-Kota's reasons for requesting OTP service support other factors in the Commission's analysis.

2. What electric suppliers are operating in the general area?

Both DVEC and OTP operate in the general area. As depicted in OTP Exhibit 1, OTP serves the communities of Barney and Mooreton, and many rural customers in the general area, especially to the north of Minn-Kota's site. The hearing record makes clear that this is not a matter of an investor-owned utility venturing into cooperative served areas. OTP is well established in the general area, including rural areas outside of the communities of Barney and Mooreton. The Commission can reasonably find that this factor favors neither OTP or DVEC.

3. What electric supply lines exist within at least a two-mile radius of the location to be served, and when were they constructed?

OTP engineering witness Richie Wolf testified that OTP intends to serve Minn-Kota by tapping OTP's 41.6 kV transmission line adjacent to the Minn-Kota property. *See* OTP Exhibits 1 & 2. This line runs parallel to and on the north side of North Dakota Highway 13. This line came into service as a 41.6 kV facility in the early 1970's. The other facilities that OTP will use to provide electric service to Minn-Kota will be new construction, albeit some equipment including a step-down transformer will come from OTP stock and be partially depreciated.

DVEC will serve Minn-Kota from DVEC's Mooreton substation which is outside the two-mile radius of the location to be served. *See* OTP Exhibits 1 & 5. The transmission facilities serving DVEC's Mooreton substation and OTP's transmission line adjacent to the Minn-Kota property are of the same vintage. OTP and DVEC will make use of used step-down transformers to serve Minn-Kota, with DVEC's transformer having been put in service in 1977 and OTP planning to use a depreciated transformer first put in service in the 1990s. OTP will install approximately 1000 feet of new underground distribution line to serve Minn-Kota. DVEC has underground distribution facilities in the two-mile radius that were put in place in 2013. DVEC intends to tie into these facilities with $\frac{3}{4}$ miles of new underground to service Minn-Kota.

Since the transmission systems serving DVEC and OTP are of the same general age, and the distribution systems that will serve Minn-Kota will be new or relatively new, the Commission can reasonably find that this factor favors neither OTP or DVEC.

4. What customers are served by electric suppliers within at least a two-mile radius of the location to be served?

OTP Exhibit 1 indicates OTP has two to three customers in a two-mile radius of Minn-Kota facility, whereas DVEC has over a dozen customers in this area. Consequently, this factor favors DVEC. This factor, however, should be given little weight in the Commission's analysis. OTP serves many rural customers just beyond the two-mile boundary, and overall many more customers in the general area, including three-phase service to grain elevators in Barney and Mooreton. DVEC's service points in the two-mile radius are rural residences and farmsteads. DVEC service to these customers is materially different than the service required by Minn-Kota's commercial grain handling facility.

5. What are the differences, if any, between the electric suppliers available to serve? the area with respect to reliability of service?

OTP and DVEC may both be reliable service providers, but the issue is what *differences* are there between OTP and DVEC with respect to reliability. The evidence at hearing established that there are differences, and that those difference favor OTP serving Minn-Kota.

OTP and DVEC reliability indices provided at hearing demonstrate that OTP service is more reliable than DVEC service. OTP reliability indices (OTP Exhibit 6) are from OTP's 2016 annual report filed with the Commission. This report included Customer Average Interruption Index (CAIDI) figures, System Average Interruption Frequency Index (SAIFI) figures, and System Average Interruption Duration Index (SAIDI) figures.

DVEC's reliability information (OTP Exhibit 7) is DVEC's response to an OTP Information Request. It provides CAIDI and SAIDI figures. Testimony at hearing established that both DVEC and OTP indices are system indices that incorporate but are not limited to the Minn-Kota site. Testimony at hearing also established that the indices are calculated using the same or very similar methodologies.

While OTP and DVEC five-year weather normalized SAIDI figures are comparable, OTP's CAIDI figures are substantially better than DVEC's CAIDI figures. Specifically, DVEC five-year weather normalized CAIDI average is 114.18. OTP's five-year weather normalized CAIDI average is 64.6, nearly half that of DVEC.

There is also ample testimony for the Commission to conclude that OTP's plan to serve Minn-Kota is inherently more reliable than DVEC's service plan. OTP intends to serve from an on-site substation where Minn-Kota will be the only customer in the foreseeable future. DVEC intends to serve Minn-Kota from DVEC Mooreton substation that serves over 250 other DVEC customers. The transformer feeder DVEC intends to use for Minn-Kota serves approximately 52 other DVEC customers, some of which likely have farm-based grain drying operations. OTP engineering witness Ritchie Wolf testified that faults, voltage depressions and related problems at any DVEC distribution service point connected to the transformer feeder can disrupt Minn-Kota's electric service. OTP service does not carry this risk.

There is also a difference in exposure to faults based on the length of distribution line serving Minn-Kota. Both OTP and DVEC plans call for service through underground

distribution lines. In OTP's case, there will be approximately 1,000 feet of underground distribution line extending from the on-site substation to the point of service. In DVEC's case, it will have approximately four miles of underground distribution line extending from its Mooreton substation to the point of service. Testimony at hearing established that the greater the length of distribution line to serve Minn-Kota the greater the risk of a fault along that line.

In addition to the distribution line exposure as measured from each electric service providers substation, DVEC has significantly more distribution exposure overall. DVEC intends to extend service to Minn-Kota from an existing three phase cabinet located to the west of the Minn-Kota property. *See OTP Exhibit 5.* That cabinet will connect Minn-Kota to miles and miles of DVEC distribution lines extending to the northwest and southeast. A fault or interruption at any point on this connected distribution system can impact Minn-Kota's service. In contrast to this risk, OTP will serve Minn-Kota with 1,000 feet of distribution line where Minn-Kota is the only distribution customer.

Another consideration is the time required to locate and repair an underground fault. This is not a matter of comparing overhead and underground service because both OTP and DVEC intend to install underground distribution to Minn-Kota's point of service, and both OTP and DVEC substations are fed by overhead transmission. This is a matter of the length of the parties' respective underground distribution lines. OTP will have much less underground distribution line to examine in the event of a suspected fault than will DVEC. In addition, all of OTP's distribution line will be located on readily accessible areas on Minn-Kota's site, whereas DVEC's distribution lines are in easements adjacent to public road right-of-way that may not have ready access points during the winter.

Finally, OTP engineering witness Ritchie Wolf testified that OTP can readily serve Minn-Kota's site given the facts (1) OTP has a central warehouse in Wahpeton with spare transformers and any necessary parts, and (2) OTP has ample line crews in the immediate area, including transformer technicians, that can respond quickly to any problems.

The record supports a Commission finding that there are material differences in reliability between OTP and DVEC, particularly as applied to service to Minn-Kota, and that these differences favor OTP serving Minn-Kota.

6. Which of the available electric suppliers will be able to serve the location in question more economically and still earn an adequate return on its investment?

The driving force behind this differential is DVEC's demand charge of \$12.00 per kW, compared to OTP's Facilities Charge of 0.52 per kW. OTP witness Christopher Waltz and Minn-Kota representative George Schuler testified that Minn-Kota will be especially sensitive to high demand charges given the fact the facility will operate at peak levels at uneven and often difficult to predict times. Mr. Schuler described the negative impact DVEC's demand charges have had on Minn-Kota's Wahpeton facility. He was especially concerned that to avoid high demand charges Minn-Kota may be compelled to structure its operations around DVEC demand charge, rather than operating the facility as it was designed to operate. This could include limiting drying operations to certain times, limiting the amount grain moved during certain hours, spreading operations out over longer periods of time, and otherwise limiting output. Mr. Schuler noted that this will have a negative impact on Minn-Kota's net margins, its ability to reinvest in and expand the facility, and on the employment of staff.

DVEC witness Seth Syverson testified that the 23 percent load factor used by OTP to calculate the \$100,000 annual difference in electrical costs was not reasonable. He supported the 33 percent load factor set forth in DVEC's proposal to Minn-Kota. *See* OTP Exhibit 8. This argument, however, is undermined by DVEC's own analysis. Mr. Syverson testified that he calculated an average load factor for Minn-Kota using seven similar or somewhat similar facilities, resulting in an estimated 33 percent load factor. *See* DVEC Exhibit 13. The mean of the facility load factors examined by DVEC, however, is not 33 percent; it is 26.71 percent. DVEC data also contains a significant outlier skewing DVEC's analysis. Specifically, Elevator 3 in DVEC's analysis has a load factor of 49.1 percent, a remarkably high load factor for an elevator. If this outlier is removed the average load factor of DVEC's benchmark facilities is 22.89 percent. Mr. Syverson also testified that DVEC did not discuss load factor with Minn-Kota. In contrast, OTP consulted Minn-Kota when estimating the facility's likely load factor. In view of this record, the Commission should give little weight to DVEC's load factor analysis.

OTP also demonstrated that it will earn an adequate return on its investment along with a substantial net contribution to its system costs benefiting all OTP customers. OTP witness Christopher Waltz testified to OTP Exhibit 10, which calculates OTP's rate of return and net contribution to system under two scenarios. OTP Exhibit 10, page 1 is based on estimated annual revenues assuming a Minn-Kota load factor of 33 percent. OTP Exhibit 10, page 2 is based on estimated annual revenues assuming a Minn-Kota load factor of 23 percent. In both

scenarios OTP easily recovers its Commission-authorized rate of return of 8.62 percent, which reflects the weighted cost of capital deployed to extend service to Minn-Kota. In both scenarios, OTP receives a substantial annual contribution to its system costs (\$172,705 with a 33 percent load factor, and \$158,234 with a 23 percent load factor).

In contrast to the clear rate of return evidence provided by OTP at hearing, DVEC could neither provide an estimate of its rate of return nor describe how it would calculate a rate of return. DVEC purported to provide evidence of net revenue it anticipated from Minn-Kota, *See DVEC Exhibit 9*, but this calculation did not use DVEC's fully loaded costs – it included only DVEC's power supplier costs (i.e. what DVEC must pay Central Power Electric Cooperative for power). DVEC's late filed exhibits purporting to demonstrate rate of return were prepared with after-the-fact knowledge and have not been subjected to cross examination, and should be viewed skeptically by the Commission. That said, the rate of return and net contribution to cost information provided by DVEC post-hearing indicates an extremely low annual net contribution to DVEC system costs – approximately \$17,000. *See DVEC Late Filed Exhibit 3*. This thin contribution depends on numerous assumptions, where a slight change can eliminate any contribution to margin and render DVEC unable to recover the cost of capital deployed to extend service to Minn-Kota. It should be noted to achieve this precarious margin DVEC's other customers are absorbing the following costs: DVEC's annualized discount to Minn-Kota of \$25,218.96, DVEC's waiver of \$53,000 in line extension cost, DVEC's waiver of \$8,704.80 annual on-site facilities charge, and DVEC's waiver of a \$23,142 annual power factor penalty. The Commission can reasonably question whether DVEC is offering Minn-Kota a loss leader in hopes of recovering a reasonable rate of return in later decades.

DVEC has also cited the possibility of capital credits lowering Minn-Kota's overall costs. This argument should be given little, if any weight. While DVEC customers earn capital credits, the amounts vary significantly from year to year, and customers do not receive cash payment until those credits are retired. DVEC witness Bruce Garber testified that capital credit retirement is determined by DVEC's board of directors, and currently DVEC is following a fifteen-year retirement cycle. As such, Minn-Kota would not see any payment of capital credits until 2033. This is far too speculative to use as an offset to DVEC rates.

DVEC will argue that its cost to extend service to Minn-Kota demonstrates it can provide service more economically. This argument is focused narrowly on only one aspect of the

question. OTP's cost to extend service to Minn-Kota is approximately \$235,000. See OTP Exhibit 3 and 4. This cost reflects the fact that OTP intends to construct an on-site substation on a 40 x 60 footprint, with a step-down transformer fed by OTP's adjacent 41.6kV transmission line. DVEC extension costs are approximately \$95,000, and reflect the fact that DVEC intends to serve Minn-Kota from DVEC's Mooreton substation.

Even though OTP's cost to extend service is more than DVEC cost, OTP's overall *cost of service* is still more economical than DVEC's. The question of who can serve more economically necessarily includes costs to be incurred and paid by the customer. As noted above, OTP can serve Minn-Kota more efficiently than can DVEC, saving the customer between \$650,000 to \$1 million over the next decade. Also, OTP's cost to extend service should be viewed in relation to the ability to earn an adequate rate of return. In this case, OTP could invest nearly three times the current cost to extend service to Minn-Kota and still earn an adequate rate of return. See OTP Late Filed Exhibit 1.

7. Which supplier's extended electric service would best serve orderly and economic development of electric service in the general area?

There will be little need for the orderly and economic development of electric service in the general area absent economic growth and investment. George Schuler testified that OTP service will make it easier for Minn-Kota to reinvest in and expand its facility. Minn-Kota is more likely to be successful if it can operate its facility with the enhanced flexibility and reliability provided by OTP service while avoiding output constraints imposed by DVEC high demand charges. Minn-Kota's new facility, if operated as designed, will benefit area producers, who in turn may invest in and grow their operations. This kind of growth benefits the general area, including Barney and Mooreton, as well as areas served by DVEC. The same cannot be said for DVEC service.

It is important to note this issue examines the orderly and economic development of electrical service to the *general area*; not the two-mile radius or immediate vicinity of the new Minn-Kota facility. As noted above, OTP serves the general area, including service to the communities of Mooreton and Barney, as well as to many rural customers. See OTP Exhibit 1. OTP currently serves elevators in Barney and Mooreton. Service to Minn-Kota would be

consistent with OTP's current service and the orderly and economic development of electrical service in the area.

8. Would approval of the applications result in wasteful duplication of investment or service?

On its face OTP service appears to result in duplication because OTP's plan calls for installing a new on-site substation that will serve Minn-Kota while DVEC intends to serve Minn-Kota from an existing substation several miles away. Duplication, however, implies an apples-to-apples comparison of facilities, and wasteful duplication implies unnecessary redundancy. Under these measures, OTP service is not duplicative and certainly not *wastefully* duplicative.

OTP's plan to extend service to Minn-Kota is fundamentally different than DVEC's plan. OTP's plan connects Minn-Kota to a transmission source with the least amount distribution line distance, resulting in less distribution line exposure and with little or no chance of OTP's current distribution customers affecting Minn-Kota service, or Minn-Kota service affecting other OTP distribution customers. OTP believes this is a materially better plan than DVEC's plan, which calls for Minn-Kota to be served on a shared feeder from a substation located miles away, with four miles of underground distribution line between the substation and Minn-Kota's point of service, and with Minn-Kota connected to miles and miles of other DVEC distribution. In this context an apples-to-apples comparison with DVEC facilities is not possible.

With respect to OTP's other substations in the area, OTP engineering witness Ritchie Wolf testified that OTP's internal analysis indicated its Minn-Kota plan was by far the lowest cost and best service option. In that sense OTP plan does not duplicate other OTP facilities.

9. Is it probable that the location in question will be included within the corporate limits of a municipality within the foreseeable future?

The testimony at hearing indicated it is unlikely that the Minn-Kota site will be incorporated into municipal boundaries of Barney or Mooreton in the foreseeable future. This factor has limited relevance to OTP's CPC&N request. This is not a case where the Commission need plan for or consider the impact its decision will have on service as nearby communities expand. The Commission can reasonably find this factor is either not directly relevant or that it favors neither party.

10. Will service by either of the electric supplier in the area unreasonably interfere with the service or system of the other?

Service as planned by OTP will not cross over or under DVEC facilities or interfere with DVEC's existing service. Likewise, service as planned by DVEC will not cross over or under or interfere with OTP's existing service. The Commission can reasonably find that this factor favors neither provider.

CONCLUSION

OTP respectfully requests that the Commission determine that public convenience and necessity requires OTP to serve Minn-Kota's commercial grain handling facility. The weight of the ten factors favors the issuance of a CPC&N. The record demonstrates that OTP service will allow Minn-Kota to operate its new \$20 million facility more efficiently, with more flexibility, and with less risk than DVEC service, all to the benefit of Minn-Kota's customers and future investment in the general area.

Respectfully submitted this 7th day of November 2017.

OTTER TAIL POWER COMPANY

By /s/ Cary Stephenson
Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 S. Cascade Street
Fergus Falls, MN 56538-0496
(218) 739-8956
cstephenson@otpc.com