

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



October 13, 2017

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

**RE: Otter Tail Power Company application for Advance Determination of Prudence for the Astoria NG2020 Project (Case No. PU-17-140); Advance Determination of Prudence for the Merricourt Wind Project (Case No. PU-17-141); and Merricourt CPCN (Case No. PU-17-143)
Proposed Order Adopting Settlement**

Dear Mr. Nitschke:

Please find an original and seven (7) copies of the Proposed Order Adopting Settlement by Otter Tail Power Company (Otter Tail).

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

Sincerely,

/s/Cary Stephenson
Cary Stephenson
Associate General Counsel

ljh
Enclosures
CC via Email:
ALJ Patrick Ward
Illona Jeffcoat-Sacco
Mitch Armstrong
Jerry Lein
Victor Schock

66 PU-17-143 Filed 10/13/2017 Pages: 5
Proposed Order Adopting Settlement
Otter Tail Power Company
Cary Stephenson, Assoc. General Counsel

62 PU-17-141 Filed 10/13/2017 Pages: 5
Proposed Order Adopting Settlement
Otter Tail Power Company
Cary Stephenson, Assoc. General Counsel

57 PU-17-140 Filed 10/13/2017 Pages: 5
Proposed Order Adopting Settlement
Otter Tail Power Company
Cary Stephenson, Assoc. General Counsel

**STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION**

Otter Tail Power Company
Advance Prudence – Astoria
Project Application

Case No. PU-17-140

Case No. PU-17-141

Otter Tail Power Company
Advance Prudence - Merricourt
Project Application

Otter Tail Power Company
Certificate of Public Convenience &
Necessity – Merricourt Project Application

Case No. PU-17-143

PROPOSED ORDER ADOPTING SETTLEMENT

Appearances

Commissioners Randy Christmann, Julie Fedorchak, Brian Kroshus.

Mitchell D. Armstrong, Special Assistant Attorney General for Public Service Commission, 122 East Broadway Avenue, P.O. Box 460, Bismarck, North Dakota 58502, Public Service Commission Advocacy Staff.

Cary Stephenson, Associate General Counsel, Otter Tail Power Company, 215 S. Cascade Street, Fergus Falls, Minnesota 56537, attorney for Otter Tail Power Company.

Illona A. Jeffcoat-Sacco, General Counsel, Public Service Commission, 600 E. Boulevard Avenue, Department 408, Bismarck, North Dakota 58505, Public Service Commission Advisory Staff.

Preliminary Statement

On April 10, 2017, Otter Tail Power Company (OTP or Applicant) applied to the Commission for an Advance Determination of Prudence (ADP) for the Astoria Natural Gas Project (Case No. PU-17-140). On the same day, OTP applied to the Commission for an ADP for the Merricourt Wind Project (Case No. PU-17-141) and a corresponding Certificate of Public Convenience and Necessity (Case No. PU-17-143) (OTP's applications in Case Nos. PU-17-140, PU-17-141, and PU-17-143 are collectively referred to as the Applications and the projects included therein as the Merricourt and Astoria Projects). With its Applications, OTP provided direct testimony of supporting witnesses and related project documentation supporting the need and prudence of each project, the selection process for each project, and the estimated costs for each project.

On June 30, 2017, the Commission issued its Notice of Consolidated Hearings which consolidated the Applications for hearing on October 6, 2017. The Commission's Notice provided that the issues to be determined in Case Nos. PU-17-140 (Astoria ADP) and PU-17-141 (Merricourt ADP) are whether the proposed resource additions are prudent. The Notice further provided that the issues to be determined in Case No. PU-17-143 (Merricourt CPCN) are: (1) whether public convenience and necessity require or will require the construction and operation of the public utility plant or system; and (2) whether the applicant is fit, willing, and able to provide service.

On August 18, 2017, Advocacy Staff filed the Direct Testimony and supporting schedules of Advocacy Staff witness Mr. James Heidell, who recommended that the Commission grant ADPs for the Merricourt and Astoria projects subject to certain qualifications. Thereafter OTP and Advocacy Staff engaged in negotiations resulting in a Settlement Agreement.

On October 2, 2017, OTP filed an executed Settlement Agreement agreed to by OTP and Advocacy Staff, subject to Commission approval. A copy of the Settlement Agreement is attached to this Order.

On October 6, 2017, a hearing was held in the Commission Hearing Room at the State Capitol in Bismarck, North Dakota, with Case Nos. PU-17-140, PU-17-141 and PU-17-143 consolidated for hearing. During the hearing OTP and Advocacy Staff presented the Settlement Agreement and testimony in support thereof for consideration by the Commission.

Having considered this matter, and having allowed all interested persons an opportunity to be heard and having heard, reviewed and considered all testimony and evidence presented, the Commission concludes the following:

1. The Commission has jurisdiction in this matter.
2. OTP has demonstrated a need for the Astoria Project. The Astoria Project is a reasonable resource addition considering the alternatives, and therefore the Astoria Project is reasonable, prudent and in the best interest of customers.
3. OTP has demonstrated a need for the Merricourt Project. The Merricourt Project is a reasonable resource addition considering the alternatives, and therefore the Merricourt Project is reasonable, prudent and in the best interest of customers.
4. Public convenience and necessity will be served by the Merricourt Project.
5. OTP has demonstrated it is fit, willing, and able to provide service.
6. The Settlement Agreement is reasonable and should be approved.

ORDER

1. The Settlement Agreement filed October 2, 2017, executed by Advocacy Staff and Applicant and entered into the hearing record as Exhibit OTP-17, a copy of which is attached to this Order and made a part of this Order, is APPROVED.
2. Subject to the terms and conditions of this Order and the Settlement Agreement, an advance determination of prudence for the Astoria Project (Case No. PU-17-140) is GRANTED.

3. Subject to the terms and conditions of this Order and the Settlement Agreement, an advance determination of prudence for the Merricourt Wind Project (Case No. PU-17-141) is GRANTED.

4. Subject to the terms and conditions of this Order and the Settlement Agreement, a Certificate of Public Convenience and Necessity for Merricourt Project (Case No. PU-17-143) is GRANTED.

PUBLIC SERVICE COMMISSION

Julie Fedorchak
Commissioner

Randy Christmann
Chairman

Brian Kroshus
Commissioner