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February 12, 2018



Darrell 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-18-022
Compliance Filing**

Dear Mr. Nitschke:

On January 31, 2018, 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-18-022. Attached to this letter you will find the final revisions 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.

I would like to note that the price per kWh for the Base Avoided Costs plus Renewable Energy Credit on page 1 of Section 12.01 is being corrected to 2.452¢ due to a mathematical error. This price would be the approved Base Avoided Cost of 2.392¢ per kWh plus the approved renewable energy credit of 0.06¢ per kWh.

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

If you have any questions, please contact me at (218) 739-8890 or tmortenson@otpc.com.

Sincerely,

/s/ TAMMY MORTENSON
Tammy Mortenson
Pricing & Tariff Administration Analyst
Regulatory Administration

jch
Enclosures
By electronic filing and U.S. mail

An Equal Opportunity Employer

7 PU-18-22 Filed 02/12/2018 Pages: 8
Compliance filing - final revisions of the Small Power Producer rate schedules
Otter Tail Power Company
Tammy Mortenson



**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: 2.392¢ per kWh

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Base Avoided Costs plus Renewable Energy Credit: 2.452¢ per kWh

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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.

INTERIM RATE ADJUSTMENT:

A 10.44 percent increase will be added to the Metering Charge.

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.



9. The Customer will provide equipment to maintain a unity power factor + or - 10% during periods of generator operation.
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.
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 \$0.60/MWh (\$0.00060/kWh), as shown in the payment schedule.

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**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	2.826¢ per kWh	1.779¢ per kWh	R
Winter	2.919¢ per kWh	2.004¢ per kWh	R
Base Avoided Costs			
Plus Renewable Energy Credit	<u>On-Peak 50-9032</u>	<u>Off-Peak 50-9033</u>	
Summer	2.886¢ per kWh	1.839¢ per kWh	R
Winter	2.979¢ per kWh	2.064¢ per kWh	R

INTERIM RATE ADJUSTMENT:

A 10.44 percent increase will be added to the Metering Charge.

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.



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 \$0.60/MWh (\$0.0006/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.

INTERIM RATE ADJUSTMENT:

A 10.44 percent increase will be added to the Metering Charge.

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	2.826¢ per kWh	1.779¢ per kWh	R
Winter	2.919¢ per kWh	2.004¢ per kWh	R
Base Avoided Costs Plus Renewable Energy Credit	<u>On-Peak 50-9042</u>	<u>Off-Peak 50-9043</u>	
Summer	2.886¢ per kWh	1.839¢ per kWh	R
Winter	2.979¢ per kWh	2.064¢ per kWh	R

CAPACITY:

	Monthly \$/kW	Monthly \$/kW	
Contract	Net Capacity	Levelized	
<u>Term</u>	<u>Rate</u>	<u>Rate</u>	
60 mos.	\$5.86	\$2.34	R



120 mos.	\$6.30	\$4.41	R
180 mos.	\$6.73	\$5.39	R
240 mos.	\$7.16	\$6.08	R
300 mos.	\$7.58	\$6.67	R
360 mos.	\$8.00	\$7.20	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.

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:



8. The generator output must be compatible with the Utility system. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer.
9. The Customer will provide equipment to maintain a unity power factor + or - 10% during periods of generator operation.
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 \$0.60/MWh (\$0.0006/kWh), as shown in the payment schedule.

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