

Otter Tail Power Company
Informal Hearing - Public Session
September 1, 2021

Super Large General Service Tariff
Rate and Service Approvals
Case Nos. PU-21-364; PU-21-365; PU-21-366

11	PU-21-366	Filed 09/01/2021	Pages: 13	11	PU-21-365	Filed 09/01/2021	Pages: 13
	Informal Hearing Presentation				Informal Hearing Presentation		
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				10	PU-21-364	Filed 09/01/2021	Pages: 13
					Informal Hearing Presentation		
					Otter Tail Power Company		

AGENDA

1. Confidentiality
2. Review Request
3. Service Area Agreement Overview
4. Super LGS Rate Review & Compliance
5. Electric Service Agreement Overview

CONFIDENTIALITY / TRADE SECRET STATUS

The following data are considered confidential:

1. Load Factor / Anticipated Energy Use
2. Proposed Rates
3. Allocation of benefits
4. Certain terms of Electric Service Agreement with Customer
5. Certain terms of Service Area Agreement with Northern Plains

The need for confidentiality is increased in this instance because the requesting customer is operating in an emerging industry that is energy intensive and highly competitive nationally and globally. If specific terms of service were to be made public, it would diminish the customer's ability to compete in its industry (and therefore diminish its ability to locate in North Dakota) and it would diminish our ability to attract such a customer to North Dakota. Also, making this information public would diminish Otter Tail's ability to attract future customers on terms advantageous to Otter Tail's existing customers. Attracting this kind of customer to North Dakota for the benefit of existing customers and the public was among the primary objectives of the approved Super LGS rate program.

SUMMARY OF OUR REQUEST

Otter Tail, Northern Plains Cooperative, and the Customer have reached agreements that will allow this customer to locate its facility in North Dakota. In these Cases, Otter Tail requests:

1. Approval of the Service Area Agreement and CPCN as it relates to the service location of this customer (Case Nos. PU-21-364 and PU-21-365)
2. Approval of the Electric Service Agreement and rate proposed by Otter Tail and agreed to by the customer to take service. (Case No. PU-21-366)

SERVICE AREA AGREEMENT

- Customer desires service from Otter Tail under the previously approved Super Large General Service rate schedule.
- Otter Tail and Northern Plains Electric Cooperative operate adjacent electrical distribution systems in and around central North Dakota.
- Customer's preferred location adjacent to substation with existing capacity to serve.
- Specific details are described in the confidential portion of the agreement.

SERVICE AREA AGREEMENT

Otter Tail's Service to Customer

- Otter Tail's ability to serve within desired time frame for commercial operation makes this site optimal.
- Discussions between Otter Tail and Northern Plains yielded mutually beneficial agreement to bring Customer to this location.
- Location minimizes investment needed to serve.
- As outlined in initial filings, Otter Tail and Northern Plains have executed a Service Area Agreement regarding Otter Tail's service to this customer at this location.

Location next to Existing Substation



SUPER LGS RATE SCHEDULE – SECTION 10.06

Otter Tail’s Super LGS Rate Schedule was approved in 2018 in Case Nos. PU-17-398 and PU-18-106

Eligibility Criteria:

- 1. Available to new greenfield customers ✓
- 2. > 25 MW and 80% Load Factor ✓
- 3. Expected annual energy sales of at least 175,000 MWhs over 12 months ✓
- 4. Written ESA between Company and Customer – Min of 5 years ✓
- 5. Rate shall cover at least incremental marginal costs to serve ✓
- 6. Rate was developed using proprietary model provided to the Commission ✓



North Dakota, Section 10.06
ELECTRIC RATE SCHEDULE
Super Large General Service
Applications and Eligibility Requirements
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**SUPER LARGE GENERAL SERVICE
APPLICATIONS AND ELIGIBILITY REQUIREMENTS**

DESCRIPTION	RATE CODE	
Primary Service	N618	N
Transmission Service	N620	N

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider. N

APPLICATION OF SCHEDULE: This rate schedule is applicable to greenfield Customers who meet certain conditions described herein. N

The rate schedule will be available to greenfield Customers who reasonably demonstrate to the Company (1) an expected Metered Demand of at least 25 MW at a single Metering point, (2) an expected load factor of at least 80%, and (3) expected annual Energy sales of at least 175,000 MWh’s over 12 consecutive billing months. Customers seeking service under this rate schedule shall provide the Company data and written assurances supporting the Customer’s application. Customers shall meet the above criteria to obtain and maintain service on this rate. Customers who are served on this rate and do not meet the above criteria will be moved to the most applicable rate schedule. The Company will require, a written electric service agreement (“ESA”) between the Company and the Customer. N

This schedule is not applicable for Energy for resale. Emergency and supplementary/standby service will be supplied only as allowed by law. N

PURPOSE & SCOPE OF RATE SCHEDULE: To attract new large and high load factor Customer loads that provide net benefits the Company’s North Dakota Customers and communities served by the Company. N

The marginal cost estimates that form the basis of the Super Large General Service rate capture the marginal/incremental costs the utility expects to incur serving the Customer’s load during the period the rate is in effect. There may be additional costs that were not anticipated when the rate was set. These incremental costs will be recovered through the corresponding Mandatory Rate Riders applied to the Customer. N

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Case No. PU-17-398 and PU-18-106
Approved by order dated September 26, 2018

RATES EFFECTIVE with bills rendered on or after February 1, 2019, in North Dakota
APPROVED: Bruce G. Gerhardson
Vice President, Regulatory Affairs

RATE PROVIDES GROWTH OPPORTUNITY

- The Commission's prior approval of Otter Tail's Super LGS rate schedule provides opportunity to attract new load and spur economic development in ND.
- North Dakota, Jamestown Area, Otter Tail and its current customers, will all benefit from this new customer locating in North Dakota.

PROPOSED RATE COMPLIES WITH RATE SCHEDULE 10.06

- Customer has accepted proposed rate and terms of service as outlined in Electric Service Agreement (ESA).
 - Certain provisions in the ESA allow the Customer to be interrupted for Reliability and for Economics.
- Proposed rate is based on the incremental cost to serve and the specific benefits conferred to other ratepayers.
- Benefits will accrue to other customers over time.
 - Near-term: Rider updates – costs spread over greater number of kW and kWhs
 - Longer-term: Future rate cases - system costs spread over greater number of kW and kWhs, which will postpone the need for future increases and result in smaller increases when they occur

ADDITIONAL BENEFITS OF ESA – INTERRUPTIBLE LOAD

- Customer provides significant, flexible curtailability.
- No additional capacity resource additions needed because of capacity control.
- Specific details described in the confidential portion of the ESA.
- Standard Operating Procedures will finalize communication and coordination details.

ADDITIONAL TERMS OF ESA – PROTECTIONS FOR EXISTING CUSTOMERS

- Otter Tail utilizes its Commission-approved General Rules and Regulations for existing customer protections.
- Specific ESA terms were negotiated between Otter Tail and Customer to provide appropriate protections and assurances for existing customer.
- Specific details are described in the confidential portion of the ESA.

RECAP OF ESA AND RATE REQUEST

- Otter Tail has attracted this load to North Dakota utilizing its Commission-approved rate schedule.
- The acquisition of this new load will provide economic benefits to the local and state economies.
- Otter Tail's other customers will benefit as the Customer will provide positive contributions toward system costs.

Otter Tail requests Commission approval of:

1. Proposed Rates offered to and agreed to by the Customer.
2. Electric Service Agreement as executed between Otter Tail and the Customer.



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