

CSTATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Power Company
Super Large General Service Agreement
Rates

Case No. PU-21-366

ORDER

September 22, 2021

Preliminary Statement

On August 9, 2021, Otter Tail Power Company (OTP) filed an application for approval of an Electric Service Agreement (ESA) with APLD Hosting LLC (APLD or Customer). The ESA provides that the Customer would take electric service from OTP under its Super Large General Service Section 10.06.

On August 18, 2021, the Commission issued a Notice of Opportunity for Hearing, which provided until September 17, 2021, for receiving written comments or hearing requests. No response was received. The notice identified the issues to be considered in this proceeding are:

1. What is the value of OTP's property, used and useful, for the service and convenience of the public in North Dakota?
2. What is a just and reasonable rate of return on OTP's property, used and useful for the service and convenience of the public in North Dakota?
3. What rates and charges are necessary to provide a just and reasonable rate of return on OTP's property, used and useful, for the service and convenience of the public in North Dakota?
4. Are OTP's rate schedules designed in such a manner that they result in a basis of charge to its customers that is just and reasonable without undue discrimination?
5. Whether the electric service agreement should be approved.

On September 1, 2021, the Commission discussed this matter with OTP, AB and Commission staff during an Informal Hearing.

Discussion

The ESA meets the criteria for OTP's Super Large General Service section 10.06, including:

1. A greenfield customer.

2. Expected metered demand of at least 25 MW at a single metered point.
3. Expected load factor of at least 80%.
4. Expected annual energy sales of at least 175,000 MWh's over 12 consecutive billing months.

APLD will be constructing a data center for the purpose of computation including blockchain transaction verification and processing operations. The customer expects to have a load of 100 MW's. This load and associated energy will cause OTP to incur marginal energy, transmission and customer costs. OTP has incorporated these marginal costs into the rate calculation model that was most recently filed on December 21, 2020 in case PU-17-398. The proposed rates for APLD will recover revenue that is equal to or exceeds the marginal costs demonstrated by the rate calculation model.

Having considered this matter the Commission finds that the Electric Service Agreement results in a just and reasonable rate without undue discrimination for the customer that provides OTP with an opportunity to collect a just and reasonable rate of return on its property used and useful for the service and convenience of the public in North Dakota and should be approved. Therefore, the Commission issues the following:

Order

The Commission Orders Otter Tail Power Company's Electric Service Agreement with APLD Hosting LLC is APPROVED.

PUBLIC SERVICE COMMISSION



Randy Christmann
Commissioner



Julie Fedorchak
Chair



Brian Kroshus
Commissioner