

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Otter Tail Power Company
Economic Development
Rates**

Case No. PU-22-322

ORDER

October 27, 2022

Preliminary Statement

On July 14, 2022, Otter Tail Power Company (OTP) filed an application for approval of an Electric Service Agreement (ESA) with North Dakota Soybean Processors, LLC (NDSP). The ESA provides that the Customer would take electric service from OTP under its Economic Development Rate Rider - Large General Service section 14.13.

On August 17, 2022, the Commission issued a Notice of Opportunity for Hearing, which provided until September 28, 2022, 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 27, 2022, the Commission discussed this matter with OTP during an Informal Hearing.

Discussion

The ESA meets the criteria for OTP's Economic Development Rate Rider – Large General Service section 14.13, including:

1. A greenfield customer.
2. Expected metered demand of at least 500 kW at a single metering point.
3. Seasonal Load Factor that is above the seasonal system average load factor and above the seasonal class otherwise applicable rate code.

NDSP will be constructing a soybean crusher with a capacity to crush up to 42.5 million bushels per year and be operational by 2024. It is expected to have a load of 7.5 to 10.0 MW. 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 filed in case PU-17-398. The proposed rates for NDSP 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 North Dakota Soybean Processors, LLC is APPROVED.

PUBLIC SERVICE COMMISSION


Randy Christmann
Commissioner


Julie Fedorchak
Chair


Sheri Haugen-Hoffart
Commissioner