

Bradley E. Tollerson
Evidentiary Hearing Testimony Summary
Case No. PU- 23-066 - Astoria Station On-Site Fuel Storage ADP

Good morning, my name is Brad Tollerson, and I am the Vice President of Energy Supply for Otter Tail Power Company. Thank you Judge Dawson and Commissioners for the opportunity to present testimony in support of Otter Tail’s application for an Advanced Determination of Prudence for on-site liquified natural gas fuel storage at Astoria Station. I also want to thank Staff for their time and effort to bring this matter before the Commission. I will provide a brief summary of Otter Tail’s Application and my pre-filed testimony related to the Company’s proposed fuel storage project.

Otter Tail constructed Astoria Station as part of our replacement for the Hoot Lake Station near Fergus Falls. Astoria Station is a natural gas-fired simple-cycle unit located in northeastern South Dakota near Brookings. The unit provides 285MW of dispatchable capability in the winter and 245MW of dispatchable capability in the summer. It is a key part of the Otter Tail generating fleet—providing capacity and dispatchable energy on short-term notice. The unit is capable of fast start-up, getting to full output in 10 minutes. The unit is connected to the Northern Border Pipeline getting much of its supply from the Bakken in western North Dakota.

The Company designed the original Astoria site to ensure that on-site fuel could be added if deemed necessary in the future. However, at the time of unit design and construction, we were only aware of one significant natural gas event—the Polar Vortex of 2014. Since that time, we’ve seen Winter Storm Uri and Winter Storm Elliott and the impacts they can have on the electric system. They had catastrophic reliability and economic consequences for certain regions of the United States. Furthermore, MISO has begun defining reliability attributes including fuel assurance, and NERC, FERC, and MISO have stressed the importance of reliable natural gas supply during tight system conditions/emergencies. NERC is now highlighting the increased risk of extreme weather events—leading many to believe that the recent events we’ve seen may only become more frequent. As new information is received, it is prudent that we modify our plans to meet the needs of the evolving system.

The proposed project would add a liquified natural gas storage facility adjacent to Astoria Station. This stored fuel would be used in the event that fuel is not capable of being delivered on the pipeline like during Winter Storm Elliot, and when misalignment of natural gas and electricity market creates potential significant negative economic consequences for our customers. These risks and challenges are very real, as



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demonstrated by recent winter storms. This project reduces the risk of significant event-driven costs that would need to be recovered from Otter Tail's customers.

Otter Tail will provide three additional witnesses—Mr. Phinney, Mr. Jensen, and Mr. Retzlaff. These witnesses will provide a more detailed description of the project and associated facilities, the justification for the project relative to generation attributes in relation to Otter Tail's forecasted load, and an assessment of the potential economic consequences associated with the natural gas and electric trading days.

Provided that the Company receives approvals in both North Dakota through this ADP and in Minnesota through the currently pending Integrated Resource Plan, and the necessary permits in South Dakota, the Company would plan to commence detailed design, engineering, procuring a long-term LNG supply contract, and construction. We would expect the on-site fuel supply to be available in 2027.

This concludes my opening statement.

