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August 28, 2023



Mr. Steve Kahl
Director of Administration/Executive Secretary
North Dakota Public Service Commission
State Capitol Building
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480

**Re: In the Matter of Otter Tail Power Company's Application for a Certificate of Public Convenience & Necessity for a new 115 kV Substation and 115 kV Transmission Line near Ardoch, North Dakota to the near the North Dakota Border
Case No. PU-23-228
Presentation for Informal Hearing**

Dear Mr. Kahl:

In connection with the above-referenced matter, Otter Tail Power Company enclosed for filing an electronic copy of its presentation for the August 29, 2023, informal hearing. We will bring the original and copies of the presentation to the informal hearing tomorrow.

If you have any questions, please let me know.

Sincerely,

/s/LISA M. MCFARLAND
Lisa M. McFarland
Associate General Counsel

kaw
Enclosures
By electronic filing



INFORMAL HEARING CASE NO. PU-23-228

Ardoch CPCN (115 kV substation & 115 kV line)

August 29, 2023



SUMMARY OF CASE

Application for Certificate of Public Necessity and Convenience:

- Pursuant to NDCC Chapter 49-0301: No public utility shall begin construction or operation of a public utility plant or system without first obtaining from the commission a certificate that public convenience and necessity require or will require such construction and operation.
- Otter Tail seeks to build a new 115 kV substation near Ardoch in Walsh County and six miles of new 115 kV transmission line from the substation through Grand Forks County.
- In support of this application, Otter Tail has filed on this docket:
 - Application
 - Supplemental Application
 - Current Financial Statement
 - Correspondence regarding SHPO request

CPCN FACTORS

NDCC 49-03.1-04. Factors to be considered by commission in granting or denying a certificate.

Before granting a certificate of public convenience and necessity, the commission shall take into consideration:

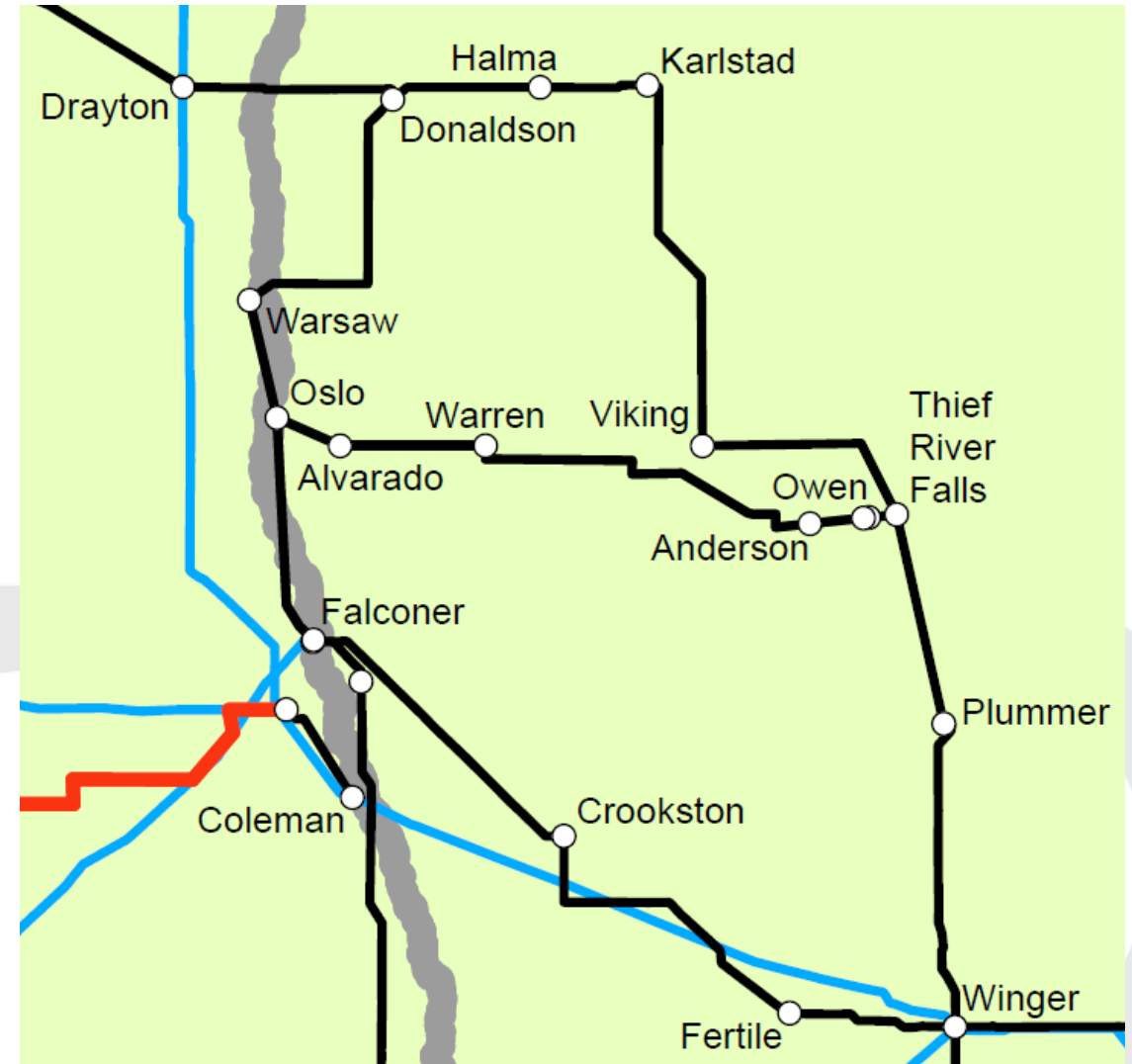
1. Need for the service.
2. Fitness and ability of applicant to provide service.
3. Effect on other public utilities providing similar service.
4. Adequacy of proposed service.
5. The technical, financial, and managerial ability of the applicant to provide service.

PROJECT BACKGROUND

- Otter Tail Power Company (OTP) and Minnkota Power Cooperative (MPC) serve customers in northeastern North Dakota and northwestern Minnesota from an integrated transmission system.
- Customer load growth in this area is causing the existing transmission system to approach its maximum capability during critical contingencies.

NE ND / NW MN TRANSMISSION SYSTEM

- This load pocket is served by three 230 kV sources:
 - Drayton (ND)
 - Grand Forks (ND)
 - Winger (MN)
- Outage of any of these 230 kV sources causes reliability concerns.
- Reliability concerns are exacerbated if there is a planned outage on the transmission system (i.e. maintenance) followed by an unplanned outage of another facility.



PHASED TRANSMISSION PLAN

OTP and MPC have developed a phased transmission plan to ensure that the transmission system continues to deliver reliable service to customers in the future.

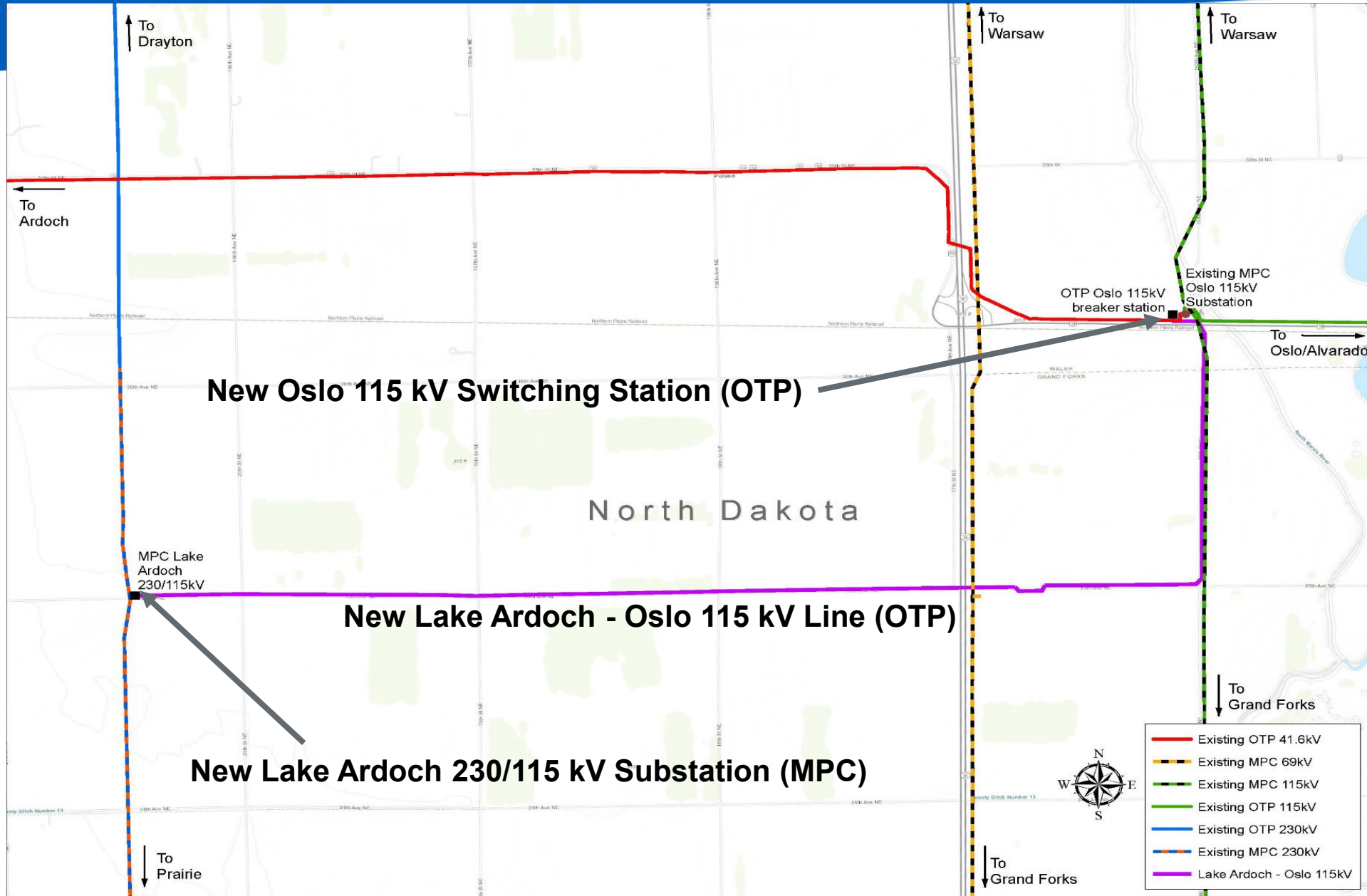
Phase	Description	Location	Entity	In-Service Year
1	115 kV Capacitor Banks	Donaldson	OTP	2019
		Thief River Falls	MPC	2019
2	Undervoltage Load Shedding	Donaldson	OTP	2020
		Plummer	OTP	2020
		Crookston	OTP	2020
		Thief River Falls	MPC	2020
3	Structure Replacements	Winger – Plummer 115 kV Line	OTP	2022
	Substation Switch Upgrade	Plummer	OTP	2022
4	Add second 230/115 kV Transformer	Winger	OTP/MPC	2023
5	Add new 230 kV Source	Lake Ardoch / Oslo	OTP/MPC	2024
6	New 115 kV Line	Winger – Plummer 115 kV Line	OTP/MPC	TBD

PROJECT COMPONENTS / DESCRIPTION

#	Description	Responsibility
1	Oslo 115 kV Switching Station	OTP
2	Oslo – Lake Ardoch 115 kV Line	OTP
3	Lake Ardoch 230/115 kV Substation	MPC

- MISO evaluated these facilities during its annual planning studies and approved the Lake Ardoch Project in 2019.

OVERVIEW OF LAKE ARDOCH – OSLO 115 KV PROJECT



NEED SUMMARY

- Customer load growth in northeastern North Dakota and northwestern Minnesota is causing the existing transmission system to approach its maximum capability during critical contingencies.
 - Reliability concerns are exacerbated if there is a planned outage on the transmission system (i.e. maintenance) followed by an unplanned outage of another facility.
- To address reliability concerns, OTP and MPC have developed a phased transmission plan to ensure that the system continues to deliver reliable service to customers in the future.
- The Lake Ardoch – Oslo 115 kV Project is part of this phased transmission plan that will add a new 230 kV source to the 115 kV system in this area.
- MISO has evaluated the Lake Ardoch 230 kV Project and approved it in 2019.

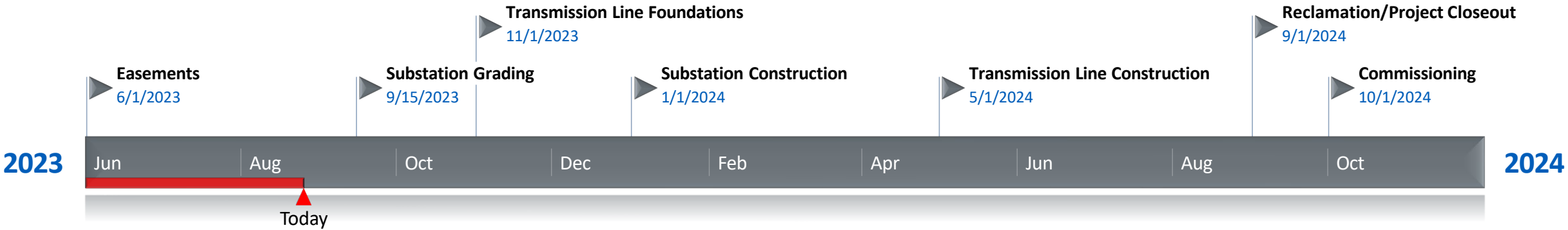
LAND RIGHTS/PERMITS

- Purchase of a 10-acre substation parcel in July 2023 and expected to close on an irregular 0.3-acre parcel adjacent to the larger parcel by the end of August 2023.
- Secured 12 voluntary easements, representing 100% of the transmission line right of way, supporting the proposed 115 kV line route.
- Secured the following permits for the proposed project:
 - 115 kV Transmission Line: Two (2) ND DOT crossing permits
 - Substation Site: Walsh County building permit, Floodplain Development Permit
- In the process of securing the necessary railroad crossing permit for the transmission line (expected Q1 2024).

PROJECT ROUTE



PROJECT TIMELINE



SHPO REQUEST

- SHPO requested a Class III survey of the project area.
- Otter Tail has committed to completing the survey in two parts:
 - (1) Proposed Substation parcel
 - Survey Report completed and sent to SHPO on 8/15/2023
 - (2) Along center line of proposed 115kV Transmission Line route.
 - Will complete survey and send report to SHPO no later than 10/1/2023
 - Delay will allow landowners adequate time to harvest crops in support of their agricultural land practices and to avoid crop damage payments
- SHPO expects to respond to each report within 30 days
- Otter Tail will wait to begin construction on each part until PSC approval of the CPCN and SHPO concurrence on survey results.

OTTER TAIL'S FITNESS AND ABILITY TO PROVIDE SERVICE

- Otter Tail is a fully integrated electric public utility in good standing in North Dakota.
- Otter Tail routinely constructs, maintains, and repairs facilities such as those proposed in this CPCN application.
- Otter Tail is not proposing to add to its service territory or acquire new customers as part of this CPCN filing, but instead seeks to enhance transmission service to its customers with this transmission upgrade.

EFFECT ON OTHER PUBLIC UTILITIES PROVIDING SIMILAR SERVICE

- Because Otter Tail is not proposing to add to its service territory or acquire new customers as part of this CPCN filing, there should be no detrimental effect to other public utilities.
- Otter Tail expects there to be beneficial impact to other public utilities providing similar service, as upgrading transmission in this area will improve the integrated transmission system.
- Otter Tail is not aware of any other public utility concerns related to the proposed facilities and the CPCN application.

OTTER TAIL'S ABILITY TO PROVIDE SERVICE

TECHNICAL—Otter Tail has sufficient qualified staff to design, build, and maintain the proposed facilities.

FINANCIAL—the Commission has already approved the Ardoch to Olso project in Otter Tail's 2022 Transmission Cost Recovery Rider on December 14, 2022, in Case Number PU-22-335. (Cost Recovery is not required in South Dakota and is pending in Minnesota—expected around mid-September.) The project cost was initially estimated at \$6.6 million but has increased due to multiple factors. Approval for the increase in estimated costs will be requested in our 2023 Transmission Cost Recovery Rider to be filed by September 15, 2023.

MANAGERIAL—Otter Tail has sufficient qualified staff to hire and supervise any contractors needed for the project, and to ensure appropriate continued service and care of the facilities.

OTTER TAIL'S REQUEST

As no requests for a formal hearing have been received, and Otter Tail has committed to working with SHPO prior to beginning construction, Otter Tail respectfully requests that the Commission enter an Order issuing the Certificate of Public Convenience and Necessity for the project.

