

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Power Company
115kV Substation and Transmission Line - Walsh&GF
Public Convenience & Necessity

Case No. PU-23-228

ORDER

September 6, 2023

Preliminary Statement

On June 16, 2023, Otter Tail Power Company (OTP) filed an Application for a Certificate of Public Convenience and Necessity (Application) to construct and operate a 115kV Substation and Transmission Line in Grand Forks and Walsh Counties.

On July 12, 2023, the Commission issued a Notice of Opportunity for Hearing providing until August 25, 2023, for receiving comments or requests for hearing. No requests for hearing were received. The notice identified the following issues to be considered:

1. Is there a need for the service?
2. Is OTP fit and able to provide service?
3. What is the effect on other public utilities providing similar service?
4. Is the proposed service adequate?
5. Is OTP technically, financially, and managerially fit and able to provide the service?

On July 28, 2023, the North Dakota State Historical Preservation Office filed comments.

On August 29, 2023, the Commission discussed these matters with OTP and Commission Staff in an informal hearing.

Discussion

OTP is a foreign corporation authorized to do business in North Dakota with principal address of 215 South Cascade Street, Fergus Falls, Minnesota 56537. OTP is engaged in the business of generating, transmitting, and selling electric power and energy

related services and provides electricity to residential, industrial, farm, commercial, and municipal customers over a 70,000 square-mile area within Minnesota, North Dakota and South Dakota. OTP presently serves more than 133,000 retail electric customers throughout its service territory.

This project includes a newly constructed 115 kV substation near Ardoch, North Dakota and approximately six (6) miles of 115 kV electric transmission line which will run through Grand Forks County and will terminate at an existing Minnkota substation located in Walsh County. OTP noted the load growth in northeastern North Dakota and northwestern Minnesota is causing the existing system to approach its maximum capability, causing reliability concerns. OTP is part of the Midcontinent Independent System Operator (MISO). This project will provide a new power source into the area and provide additional support to the integrated system and was approved by MISO in 2019.

OTP identified this project as Phase 5 of the multi-year combined OTP and Minnkota Power Corp. (MPC) phased transmission plan. As part of this plan, OTP and MPC have agreed to share the costs of portions of these projects on a roughly 50/50 basis. OTP also noted that this project is intended to serve load in existing service territories only.

As part of this project, OTP has purchased a 10-acre parcel for the construction of the substation as well as an irregular 0.3-acre parcel adjacent which was identified as required as part of the titling process. The portion of the 10-acres that are not utilized for the substation will be leased out to be farmed. OTP has secured all of the easements necessary for the 115kV line route as well as all required permits except a railroad crossing permit for the line, which is expected to be in place by Q1 2024.

This project was originally estimated to cost a total of \$6.25 million but OTP noted in the informal meeting that costs will likely be in excess of \$10 million. OTP also noted that the 115kV line portion costs will be shared with MPC as noted above. The OTP share of the costs will be recovered through rates from OTP electric customers, with approximately 40% of the project paid by North Dakota customers.

The State Historic Society recommended a Class III survey of the project area. While similar surveying and reporting requirements are common under the locational siting of the Commission, issuance of a certificate of public convenience and necessity is directed toward the orderly development of capital-intensive utility investments. The Commission finds that this request is beyond the purpose of the statute.

Pending approval, this project will begin in the 3rd quarter of 2023 and be completed in 2024.

Based on the record and having received no objections, the Commission finds:

1. There is a need for the service.

2. OTP is technically, financially and managerially fit and able to provide the service.
3. There is no effect on other public utilities providing similar services.
4. The proposed service is adequate.
5. It is in the public interest that a Certificate of Public Convenience and Necessity be issued to OTP to construct and operate a 115kV Substation and Transmission Line in Grand Forks and Walsh Counties as identified in OTP's application.

Order

The Commission orders:

1. OTP's application for a Certificate of Public Convenience and Necessity to construct and operate a 115kV Substation and Transmission Line in Grand Forks and Walsh Counties as described and depicted in its June 16, 2023, filing, is granted.
2. Certificate of Public Convenience and Necessity No. 5981 is issued to OTP to construct and operate a 115kV Substation and Transmission Line in Grand Forks and Walsh Counties, North Dakota as described and depicted in its June 16, 2023, filing.

PUBLIC SERVICE COMMISSION



Sheri Haugen-Hoffart
Commissioner



Randy Christmann
Chair



Julie Fedorchak
Commissioner

**PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

Certificate of Public Convenience and Necessity

Certificate Number 5981

This is to certify that public convenience and necessity require, and permission is granted for Otter Tail Power Company to construct and operate a 115kV Substation and Transmission Line near Ardoch, North Dakota in Grand Forks and Walsh Counties, North Dakota.

This permit is issued in accordance with the Order of this Commission dated September 6, 2023, in Case No. PU-23-228, and is subject to the conditions and limitations noted in the Order.

This certificate is conditioned upon Otter Tail Power Company securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.

Bismarck, North Dakota, September 6, 2023.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary



Commissioner