

Before the North Dakota Public Service Commission
State of North Dakota

In the Matter of the Application of Otter Tail Power Company
For Authority to Increase Rates for Electric Utility
Service in North Dakota

Case No. PU-23-342

Exhibit____

SALES FORECAST

Rebuttal Testimony and Schedules of

TAMMY K. MORTENSON

**PUBLIC DOCUMENT –
NOT PUBLIC (OR PRIVILEGED) DATA HAS BEEN EXCISED**

November 4, 2024

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ATTACHED SCHEDULES

Schedule 1 – Pro Forma 2024 Sales by Class_NOTPUBLIC

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND CURRENT EMPLOYER.

A. My name is Tammy K. Mortenson. I am employed by Otter Tail Power Company (OTP).

Q. DID YOU PREPARE DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes. On November 2, 2023, I filed Direct Testimony in this proceeding. My Direct Testimony discusses OTP's energy forecasting process and presents the results of OTP's sales forecast.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. My Rebuttal Testimony provides information regarding Large Commercial sales in response to the October 4, 2024 Direct Testimony of Kavita Maini on behalf of Midwest Large Energy Consumers (MLEC).¹ I also provide information comparing OTP's actual sales for January through August 2024 to the forecast amounts included in my Direct Testimony.

Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

A. Since filing Direct Testimony, OTP has learned information that indicates Large Commercial sales could be approximately 93 gigawatt hours (GWh) (approximately 3.6 percent) higher, on an annualized basis, than the amount of Large Commercial sales in the 2024 Test Year. At the same time, actual sales for January – August 2024 were lower (approximately 4.2 percent) than what was included in Direct Testimony for the same months.

II. UPDATES REGARDING LARGE COMMERCIAL AND 2024 SALES

Q. IS OTP RECOMMENDING A CHANGE TO ITS 2024 TEST YEAR SALES IN ITS REBUTTAL TESTIMONY?

A. No. As discussed below, OTP has learned information regarding three Large Commercial customers that indicates Large Commercial sales could be greater than the amount of Large Commercial sales included in the 2024 Test Year. OTP witness Mr. Bruce G. Gerhardson explains the three large customer sales changes

¹ Maini Direct at 12:19-21.

are relatively new with little to no operating experience, and that accordingly, OTP recommends they be handled through the sales adjustment proposal. Further, while actual sales for January through August 2024 are lower than what was included in Direct Testimony, Mr. Gerhardson explains the initial forecast remains reasonable for purposes of establishing rates in this case.

A. Large Commercial Sales

Q. PLEASE DESCRIBE THE INFORMATION LEARNED REGARDING FUTURE LARGE COMMERCIAL SALES SINCE OTP FILED ITS TESTIMONY IN NOVEMBER 2023.

A. Since filing its Direct Testimony in November 2023, OTP has received information regarding three Large Commercial customers that could result in an increase in sales going forward. First, North Dakota Soybean Processors, LLC (ND Soy) has opened a new soybean processing facility. Second, Customer 2², came online in early 2024. Third, [PROTECTED DATA BEGINS...

...PROTECTED DATA ENDS] Customer 3³
[PROTECTED DATA BEGINS...

...PROTECTED DATA ENDS].⁴

These three changes have increased the load of OTP's Large Commercial customers compared to expectations supporting the Direct Testimony sales forecast.

Q. WAS ND SOY'S LOAD INCLUDED IN THE DIRECT TESTIMONY SALES FORECAST?

A. No, ND Soy's load was not originally included in the sales forecast I presented in my Direct Testimony. The sales forecast for OTP's Direct Testimony was prepared in August 2023. At that time, we did not expect ND Soy to achieve full load in 2024.

Q. IS ND SOY'S 2024 ACTUAL LOAD TO-DATE REPRESENTATIVE OF ITS EXPECTED ANNUAL LOAD?

A. No. The ND Soy facility was under construction during the first three quarters of 2024 and only achieved commercial operation in October 2024. Construction power is a fraction of the expected ND Soy load. Since achieving commercial

² Customer 2 is [PROTECTED DATA BEGINS... ENDS].

...PROTECTED DATA

³ Customer 3 is the large customer discussed at page 22:1-5 of Mr. Gerhardson's Direct Testimony.

⁴ Mortenson Direct at 15:12-27.

operation, the ND Soy facility is not yet up to its full anticipated load. In fact, ND Soy has not yet reached 10 percent of what we would expect for their full load.

Q. HAS OTP DEVELOPED A SALES FORECAST FOR ND SOY?

A. Yes. We developed a manual forecast of ND Soy's anticipated load by incorporating information provided by ND Soy. We anticipate that once ND Soy reaches full processing it will have an annual load of **[PROTECTED DATA BEGINS...
...PROTECTED DATA ENDS]**.

Q. WHEN DOES OTP EXPECT ND SOY TO REACH ITS FULL EXPECTED ENERGY USAGE?

A. We currently expect ND Soy to be at full load beginning January 2025. That expectation, however, is subject to uncertainty given ND Soy's actual energy usage to date is far below what we expect when it is fully operational.

Q. DID OTP INCLUDE CUSTOMER 2'S LOAD IN THE DIRECT TESTIMONY SALES FORECAST?

A. No. The Direct Testimony sales forecast did not include load associated with Customer 2. When we developed the Direct Testimony sales forecast, there was uncertainty as to the timing of Customer 2's anticipated load.

Q. HAS OTP DEVELOPED A SALES FORECAST FOR CUSTOMER 2?

A. Yes. While Customer 2 came online in February 2024, the sales for the first half of the year were not representative of our expectations for Customer 2's annual load. We therefore developed a manual forecast using information provided by Customer 2 and monthly load from July, August, and September. Using this method, we determined that Customer 2 will have an annual load of **[PROTECTED DATA BEGINS...
...PROTECTED DATA ENDS]**.

Q. PLEASE DESCRIBE THE REASONS FOR CUSTOMER 3'S LOAD CHANGE.

A. As I discussed in my Direct Testimony, Customer 3 **[PROTECTED DATA BEGINS...**

...PROTECTED DATA ENDS].⁵ When we developed the Direct Testimony sales forecast,

⁵ Mortenson Direct at 15:12-27.

B. Actual January – August 2024 Sales

Q. HOW DO OTP'S 2024 ACTUAL SALES THROUGH AUGUST 31, 2024

COMPARE TO THE AMOUNTS INCLUDED IN YOUR DIRECT TESTIMONY?

A. Table 2 below provides a comparison of the January to August portion of OTP's 2024 Test Year sales forecast with actual 2024 sales through August 31, 2024. As shown below, actual sales for January through August were lower (approximately 4.2 percent) than initially forecast.

Table 2

Comparison of January through August 2024 Forecasted and Actual Sales
2024 Test Year – North Dakota Sales
(Weather Normalized)⁷

	[a]	[b]	[c] = [b]-[a]	$\frac{[d]}{([b]/[a])}-1$
Customer Class	2024 Test Year Sales Forecast January – August (kWh)	Actual Sales January – August (kWh)	Difference (kWh)	Difference (%)
Residential	397,592,811	395,683,692	(1,909,119)	(0.5%)
Farm	23,725,653	23,041,024	(684,629)	(2.9%)
Small Commercial	303,938,508	300,881,661	(3,056,847)	(1.0%)
Large Commercial and Pipeline ⁸	969,305,992	904,782,675	(64,523,318)	(6.7%)
Street Lighting	5,084,454	5,101,747	17,293	0.3%
OPA	12,801,300	11,802,386	(998,915)	(7.8%)
Total Sales	1,712,448,719	1,641,293,184	(71,155,534)	(4.2%)

Q. WHAT ARE YOUR OBSERVATIONS REGARDING TABLE 2?

A. Over the first eight months of the year, the majority of the discrepancy between the Direct Testimony sales forecast and actual results is in the Large Commercial and Pipeline classes. Further, even if the Large Commercial sales changes discussed in Section II.B., above, were to be included, overall sales remain very similar to the amount included in the Direct Testimony sales forecast, as shown in Exhibit____(TKM-2), Schedule 1.

⁷ Large Commercial load changes discussed in Section II.A. are excluded from both columns [a] and [b].

⁸ Large Commercial and Pipeline sales are aggregated to protect the sales figures for the Pipeline class, which includes only one customer.

1 **III. CONCLUSION**

2 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

3 A. Yes, it does.

Pro Forma Weather Normalized Sales

	[a]	[b]	[c]	[d]	[e]	[f]	[g]
Customer Class	Direct Testimony kWh Sales ¹	Actual Sales (Jan-Aug) ²	Forecasted Sales (Sep-Dec) ³	ND Soy Forecasted Sales	Customer 2 ⁴ Forecasted Sales	Customer 3 ⁵ Forecasted Reduction to Statistically Modeled Sales	Rebuttal Testimony kWh Sales
				[PROTECTED DATA BEGINS...			
Residential	591,642,942	395,683,692	194,050,131				589,733,823
Farm	41,513,920	23,041,024	17,788,267				40,829,291
Small Commercial	467,433,150	300,881,661	163,494,642				464,376,303
Large Commercial and Pipeline ⁶	1,433,405,558	904,782,675	503,989,333				1,461,483,537
Street Lighting	7,202,486	5,101,747	2,118,032				7,219,779
OPA	18,713,442	11,802,386	5,912,142				17,714,528
Total Sales	2,559,911,498	1,641,293,184	887,352,547				2,581,357,260

...PROTECTED DATA ENDS]

¹ Mortenson Direct 19:25.

² Weather normalized actual energy sales from January through August less sales of the Large Commercial customers in columns [d], [e] and [f].

³ Represents the same sales included in OTP's 2024 Direct Testimony kWh Sales, less portion attributable to Large Commercial load in column [f].

⁴ Customer 2 is [PROTECTED DATA BEGINS ...
...PROTECTED DATA ENDS].

⁵ Customer 3 is the large customer discussed at page 22:1-5 of Mr. Gerhardson's Direct Testimony.

⁶ Large Commercial and Pipeline sales are aggregated to protect the sales figures for the Pipeline class, which includes only one customer.