

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\_\_\_\_\_

**ALLOCATORS, CLASS COST OF SERVICE,  
REVENUE ALLOCATION AND OTHER REGULATORY ITEMS**

Surrebuttal Testimony and Schedules of

**AMBER M. GRENIER**

**PUBLIC DOCUMENT –  
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November 25, 2024

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## **ATTACHED SCHEDULES**

Schedule 1 – OTP Response to DR ND-MLEC-137\_NOTPUBLIC

# I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND CURRENT EMPLOYER.

3     A.     My name is Amber M. Grenier.<sup>1</sup> I am employed by Otter Tail Power Company  
4           (OTP or the Company).

6 Q. DID YOU PREPARE DIRECT TESTIMONY, SUPPLEMENTAL DIRECT  
7 TESTIMONY AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

8     A.     Yes. I filed Direct Testimony, Supplemental Direct Testimony and Rebuttal  
9             Testimony in this proceeding. I also have adopted the Direct Testimony of OTP  
10            witness Mr. David G. Prazak, who has since retired.

12 Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

13     A.     My Surrebuttal Testimony responds to the Rebuttal Testimony of Midwest Large  
14            Energy Consumers (MLEC) witness Kavita Maini. Specifically, I address the  
15            following issues:

- 16 • Revenue and Cost Impacts of Large Commercial Sales Changes; and  
17 • Special Facilities Charge Rate.

## 18 II. CONTESTED ISSUES

19      **A. Revenue and Cost Impacts of Large Commercial Sales Changes**  
20      **(MLEC-Maini)**

21 Q. WHAT IS MS. MAINI'S RECOMMENDATION REGARDING LARGE  
22 COMMERCIAL SALES CHANGES?

23 A. Ms. Maini recommends that 2024 Test Year sales to the Large Commercial class  
24 be adjusted to: (1) include sales to North Dakota Soybean Processors, LLC (ND  
25 Soy) and Customer 2<sup>2</sup>; and (2) increase Large Commercial sales because Customer  
26 3's<sup>3</sup> **[PROTECTED DATA BEGINS...**

28 **...PROTECTED DATA ENDS].<sup>4</sup> Ms. Maini**

<sup>1</sup> Since filing Direct Testimony and Supplemental Direct Testimony, I have changed my name from Amber M. Stalboerger.

<sup>2</sup> Customer 2 is [PROTECTED DATA BEGINS... ENDS].

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

<sup>4</sup> Mortenson Direct at 15:12-27.

1 contends that including these loads reduces the 2024 Test Year revenue  
2 requirement by approximately \$0.39 million (OTP ND).<sup>5</sup>  
3

4 Q. IS MS. MAINI'S CORRECT REGARDING THE EFFECT OF THESE CHANGES  
5 ON THE 2024 TEST YEAR REVENUE REQUIREMENT?

6 A. No. As explained in my Rebuttal Testimony, including projected 2025 usage for  
7 these customers would *increase* the 2024 Test Year revenue *requirement* by  
8 approximately \$3.31 million (OTP ND).<sup>6</sup> This is because including the effects of  
9 these three forecasted customer loads would make North Dakota a larger part of  
10 our integrated system, resulting in changes to Jurisdictional Cost of Service Study  
11 (JCOS) allocation percentages and ultimately increasing costs allocated to the  
12 North Dakota retail jurisdiction.  
13

14 Q. DOES A SIMILAR EFFECT OCCUR AT THE CLASS LEVEL?

15 A. Yes. Again, if included in the 2024 Test year, these additional forecasted sales  
16 would all be within the Large General Service (LGS) class. That would make the  
17 LGS class relatively larger (as compared to the other classes) and would result in  
18 an increase in its class cost responsibility.  
19

20 Q. WHAT IS THE EFFECT OF INCLUDING THESE LOAD CHANGES ON PRESENT  
21 REVENUES?

22 A. As explained in by Rebuttal Testimony,<sup>7</sup> including these forecasted load changes  
23 would increase present base rate revenues (all else being equal). The increase in  
24 present base rate revenues is greater than the increase in the 2024 Test Year  
25 revenue requirement, which is why the 2024 Test Year revenue *deficiency*  
26 decreases when these sales changes are incorporated in the 2024 Test Year.  
27

28 Q. DOES THIS MEAN THE FORECASTED LOAD CHANGES SHOULD BE  
29 INCORPORATED INTO THE 2024 TEST YEAR?

30 A. No. OTP witness Mr. Bruce G. Gerhardson explained in this Rebuttal Testimony  
31 that each of the load changes is relatively new with little to no operating experience.

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<sup>5</sup> Maini Rebuttal at 3:5-14. As discussed below and in OTP's response to DR ND-MLEC-137, a copy of which is provided as Exhibit (AMG-1), Schedule 1, present revenues for ND Soy should be calculated at standard rates. This increases the reduction of the 2024 Test Year revenue deficiency when projected 2025 usage for these customers is incorporated in the 2024 Test Year.

<sup>6</sup> Grenier Rebuttal at 5:20-24.

<sup>7</sup> Grenier Rebuttal at 5:16-18.

1 This means their actual, annualized sales remain quite uncertain. Further, those  
2 annualized sales will not be achieved until 2025 (if not later). The uncertainty  
3 around these load changes means there is no reasonable basis to extend beyond  
4 the test year to incorporate these sales.

5  
6 Q. HOW DOES THIS COMPARE TO OTP'S RECOMMENDATION TO ANNUALIZE  
7 THE LANGDON UPGRADE PROJECT IN THE 2024 TEST YEAR?

8 A. The Langdon Upgrade Project was placed in service November 20, 2024. It  
9 therefore is presently being used to serve North Dakota customers and will  
10 continue to do so for the entire time rates from this proceeding are in effect.  
11 Annualizing the project investment in the 2024 Test Year therefore is entirely  
12 appropriate, as it reflects the benefits received by customers during the period  
13 when final rates will be in effect.<sup>8</sup>

14 Conversely, ND Soy has not and will not reach full load in the 2024 Test  
15 Year. While we currently expect that customer to reach full load in January 2025,<sup>9</sup>  
16 it is not guaranteed to do so, in contrast to the Langdon Upgrade Project. If Ms.  
17 Maini believes that conditions surrounding these large customer sales changes are  
18 sufficiently definite to justify an out-of-test year adjustment, then the same should  
19 be true for the annualization of the Langdon Upgrade Project in the 2024 Test Year.

20  
21 Q. IF THE LARGE COMMERCIAL SALES CHANGES ARE INCLUDED IN THE 2024  
22 TEST YEAR, HOW SHOULD PRESENT AND PROPOSED REVENUES BE  
23 CALCULATED?

24 A. As explained in my Rebuttal Testimony, ND Soy presently takes service under  
25 OTP's Economic Development Rate (EDR) rider.<sup>10</sup> That service arrangement was  
26 approved in Case No. PU-22-322. In Case No. PU-22-322, OTP committed to  
27 forgoing collection of the EDR discount from other customers.<sup>11</sup> The Commission's  
28 order in Case No. PUC-17-238 requires the same thing.<sup>12</sup> Therefore, if ND Soy is  
29 included in the 2024 Test Year, its present and proposed revenues should be  
30 calculated assuming service under OTP's standard rates, not the EDR rider.

31  

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<sup>8</sup> Foster Direct at 5:28-30.

<sup>9</sup> Mortenson Rebuttal at 3:12.

<sup>10</sup> Grenier Rebuttal at 6:2-3.

<sup>11</sup> Case No. PU-22-322, Application at 1 ("The proposed EDR discount is not collected from existing customers.")

<sup>12</sup> Case No. PU-17-238, Order at 2 ("OTP will not seek additional revenue to recover the gap between standard rate revenue and EDR revenue.").

1 Q. IS THAT HOW YOU CALCULATED THE EFFECT OF INCLUDING ND SOY ON  
2 THE 2024 TEST YEAR IN REBUTTAL TESTIMONY?

3 A. No. After reviewing Ms. Maini's Rebuttal Testimony, I determined that present  
4 revenues in Table 1 of my Rebuttal Testimony were calculated based on ND Soy's  
5 rates approved in Case No. PU-22-322. Re-calculating present revenue under  
6 OTP's standard rates would increase present revenues by approximately  
7 **[PROTECTED DATA BEGINS... ...PROTECTED DATA**  
8 **ENDS]**. The revised effect on the 2024 Test Year base rate revenue deficiency is  
9 shown in Schedule 1.  
10

11 Q. ARE THERE ANY OTHER CUSTOMERS THAT TAKE SERVICE UNDER OTP'S  
12 EDR RIDER?

13 A. Yes. Green Bison Soy Processing, LLC (Green Bison) takes service under the EDR  
14 Rider.<sup>13</sup> Green Bison is an approximately 7 MW soybean crushing facility for the  
15 purpose of processing soybeans into soybean oil, soybean meal and hulls. The load  
16 became operational in October 2023.  
17

18 Q. HOW WAS GREEN BISON TREATED FOR PURPOSES OF CALCULATING  
19 PRESENT REVENUES?

20 A. Present revenues were calculated based on Green Bison's rates approved in Case  
21 No. PU-22-367.  
22

23 Q. WHAT IS THE EFFECT OF CALCULATING GREEN BISON'S PRESENT  
24 REVENUES UNDER STANDARD RATES?

25 A. Re-calculating present revenue under OTP's standard rates would increase present  
26 revenues by approximately **[PROTECTED DATA BEGINS...**  
27 **...PROTECTED DATA ENDS]** and decrease the 2024 Test Year base rate  
28 revenue deficiency by **[PROTECTED DATA BEGINS...**  
29 **...PROTECTED DATA ENDS]**.  
30

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<sup>13</sup> See Case No. PU-22-367, Order (Nov. 30, 2022).

1 Q. WILL THE PROPOSED REVENUE CALCULATION ALSO UTILIZE OTP'S  
2 STANDARDS RATES FOR GREEN BISON?

3 A. Yes. Similar to the discussion regarding ND Soy, above, present and proposed  
4 revenues for Green Bison should be calculated assuming service under OTP's  
5 standard rates, not the EDR rider.

6 **B. Special Facilities Charge Rate (MLEC-Maini)**

7 Q. WHAT IS MS. MAINI'S POSITION REGARDING OTP'S PROPOSED REVISIONS  
8 TO ITS SPECIAL FACILITIES CHARGE RATE?

9 A. Ms. Maini does not support the revisions, contended that it is a "formula based  
10 proposed approach [that] reduces the utility's incentive to devise and implement  
11 cost reductions...."<sup>14</sup>  
12

13 Q. ARE THERE ANY ERRORS IN MS. MAINI'S POSITION?

14 A. Yes. The Section 5.02 – Special Facilities tariff is utilized to recover the cost of  
15 unique extensions and certain non-standard equipment from the customers that  
16 request that equipment. The tariff has nothing to do with any cost control  
17 incentive; rather, it is a mechanism through which customers that request non-  
18 standard equipment pay for that equipment.  
19

20 Q. WHY IS OTP PROPOSING CHANGES TO THE SPECIAL FACILITIES CHARGE  
21 RATE?

22 A. As explained in my Rebuttal Testimony,<sup>15</sup> the changes modernize and standardize  
23 the way customers that request special facilities pay for that equipment, and more  
24 accurately recover the specific costs at issue over the life of the equipment.  
25

26 Q. DO THE PROPOSED CHANGES HAVE ANY IMPACT ON OTHER CUSTOMERS?

27 A. No. As explained in my Rebuttal Testimony, this rate overall and the revisions  
28 specifically are focused on only those handful of customers that actually request  
29 special facilities, not the broader customer population.<sup>16</sup>  
30

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<sup>14</sup> Maini Rebuttal at 7:17-19.

<sup>15</sup> Grenier Rebuttal at 17:31-18:15.

<sup>16</sup> Grenier Rebuttal at 17:4-13.

1 Q. DOES OTP CONTINUE TO SUPPORT THE PROPOSED REVISIONS TO THE  
2 SPECIAL FACILITIES CHARGE RATE?

3 A Yes. The revisions ultimately will improve the accuracy of the cost recovery of  
4 these unique costs.

5

6 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

7 A. Yes, it does.



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**Response to Data Request ND-MLEC-137**

**Page 1 of 2**

**OTTER TAIL POWER COMPANY**

Case No: PU-23-342

Response to: Midwest Large Energy Consumer

Analyst: Richard Savelkoul

Date Received: November 07, 2024

Date Due: November 22, 2024

Date of Response: November 22, 2024

Responding Witness: Amber Grenier, Manager, Regulatory Economics, 218-739-8728

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Data Request:

Refer to response to MLEC-135:

- a. Please separate out and provide the impacts associated with each load change : (1) North Dakota Soybean Processors; (2) **[PROTECTED DATA BEGINS...**

**... PROTECTED DATA**

**ENDS]**. Please provide a narrative explanation and the quantitative details in excel spreadsheet format with formulae intact.

- b. Please provide the calculation of the discount to North Dakota Soybean Processors under the Economic Development Rate Rider. Please provide a narrative explanation and quantitative data in an excel spreadsheet format with formulae intact.

Attachments: 1

Attachment 1 to DR ND\_MLEC\_137\_PUBLIC.pdf

Response:

DR ND-MLEC-137 and Attachment 1 to DR ND-MLEC-137\_NOTPUBLIC contain trade secret, proprietary, commercial, or financial information, as defined in N.D.C.C. §§ 44-04-18.4 and 47-25.1-01(4) and subject to restrictions against disclosure and unauthorized use under North Dakota law and the Order on Protection of Information dated January 18, 2024. Specifically, DR ND-MLEC-137 and Attachment 1 to DR ND-MLEC-137\_NOTPUBLIC contain customer-specific information, which is of a privileged nature and has not been previously publicly disclosed. This information also has independent economic value to the customers themselves, who derive value from OTP's efforts to maintain its confidentiality.

- a. Table 1 below separates out the impacts associated with each load change if included in the 2024 Test Year. As discussed in OTP's Rebuttal Testimony, OTP does not support including these load changes into the 2024 Test Year, as each lacks operational history to establish a high degree of confidence regarding actual usage going forward. Please see Attachment 1 to DR ND-MLEC-135\_NOTPUBLIC for the excel spreadsheet format with formulae intact.

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**Response to Data Request ND-MLEC-137**

**Page 2 of 2**

**Table 1**  
**Revenue and Allocator Effect on 2024 Test year Non-Fuel Base Rate Revenue**  
**Deficiency**  
(\$ Millions)

<b>Component</b>	<b>ND Soy</b>	<b>Customer 2</b>	<b>Customer 3</b>	<b>Total*</b>
	<b>[PROTECTED DATA BEGINS...</b>			
Present Non-Fuel Revenue**				\$3.737
Costs Due to Allocator Changes				\$3.340
Operating Income Deficiency				\$0.397
Incremental Taxes				\$0.128
<b>Net Effect to 2024 Test Year Non-Fuel Base Rate Revenue Deficiency</b>				<b>\$0.525</b>
	<b>... PROTECTED DATA ENDS]</b>			

\* Total column may not equal the sum of the customer columns due to the compounding changes to allocation factors.

\*\* Present non-fuel revenue calculated at standard rates and does not reflect authorized Economic Development Rate discounts.

Please note, the results in Table 1 are different from Table 1 in the Rebuttal Testimony of OTP Witness Ms. Amber M. Grenier because Table 1 present revenues are calculated at standard rates, while Table 1 of Ms. Grenier's Rebuttal Testimony reflected authorized Economic Development Rate discounts.

- b. Attachment 1 to DR ND-MLEC-137\_NOTPUBLIC for the calculation of the discount to North Dakota Soybean Processors under the Economic Development Rate Rider in an excel spreadsheet format with formulae intact. Under Section 14.13 of OTP's North Dakota tariff, the Economic Development Rate Model (EDRM) is only to be provided to the Commission Staff to confirm OTP's calculation of the proposed EDR.