

January 12, 2024

VIA EMAIL (NDPSC@ND.GOV)

Mr. Steve Kahl
Director of Administration/Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard Avenue, Dept. 408
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RE: In the Matter of Otter Tail Power Company's Request for Approval of its
2024 Renewable Resource Cost Recovery Adjustment Factor
Case No. PU-23-343 Initial Comments

Good afternoon,

Pursuant to the Commission's November 29, 2023 Notice in Case No. PU-23-343, Applied Digital ("APLD") respectfully writes to provide initial comments concerning Otter Tail Power's ("OTP") request for approval of its 2024 Renewable Resource Cost Recovery Adjustment Factor ("2024 RRCR"). On November 2, 2023, OTP filed two applications with the North Dakota Public Service Commission ("Commission"). Specifically, OTP initiated a general rate case when it filed its Application for Authority to Increase Electric Rates in North Dakota in Case No. PU-23-342 ("General Rate Case"). Contemporaneous with that filing, OTP filed the 2024 RRCR. APLD is still in the preliminary stages of reviewing OTP's General Rate Case, a case whose outcome will affect the impact of the 2024 RRCR proceeding.

Introduction

APLD owns and operates a 100 MW blockchain facility located in Jamestown, North Dakota, and is a Super Large General Service Rate customer of OTP, taking retail electric service from OTP pursuant to an Electric Service Agreement dated August 4, 2021. As OTP has described APLD's new load, its:

analysis indicates there would be no increase in the amount of costs for renewable energy resources associated with Otter Tail's sources of generation. In other words, there will be no increase in costs (the numerator), while there will be a significant increase in kWh sales (the denominator) to significantly reduce the applicable billing rate for this Rider. Otter Tail estimates this will result in \$1.1M benefit to all other customers.... All customers are materially advantaged from the addition of this new customer in the form of rider rate reductions and delays on base rate increases (and smaller future base rate increases when they occur).

(OTP Application in Case No. PU-21-366 at pp. 7-8; emphasis supplied).

APLD is subject to Rate Schedule 13.04. Among other things, OTP's 2024 RRCR Application requests approval to decrease the RRCR Factor in Rate Schedule 13.04 from 12.157% to zero on January 1, 2024, and proposes to increase to 1.728% of base charges and credits for the recovery period beginning April 1, 2024. OTP states that the North Dakota projected revenue requirement for the recovery period of April 1, 2024, through March 31, 2025, is \$1,943,515. OTP further states that effective January 1, 2024, the RRCR is updated to include OTP's proposed capital structure included in the General Rate Case, which includes a 53.5% equity component, but using the 9.77% return on equity approved in the last rate case. OTP states that the E2 jurisdictional allocation factor is updated to reflect the proposed allocation factor included in the general rate case, which proposes a 7.40% increase in the E2 allocator to 44.98%, effective January 1, 2024. Finally, OTP states that any changes to the allocation factor or capital structure components ultimately decided by the Commission in the General Rate Case will be incorporated into the true-up of the RRCR in its next annual update, with those changes to be effective January 1, 2024.

Comments

APLD supports OTP's Application to decrease the RRCR Factor in Rate Schedule 13.04 from 12.157% to zero on January 1, 2024. This reduction provides a critical component to the mitigation of the rate increase sought in OTP's General Rate Case. However, APLD respectfully requests that the Commission also keep this docket open pending interested parties' review of the General Rate Case Application. As identified immediately above, certain components of OTP's Application in this case are intertwined with the General Rate Case. The General Rate Case is highly technical, and closing this proceeding while the General Rate Case Application is under review may be premature. Thus, APLD respectfully request that the Commission: (1) reduce the RRCR rider to zero effective January 1, 2024, and (2) make clear that this docket remains open pending final resolution of the General Rate Case. APLD is not requesting a hearing in this proceeding at this time.

Additionally, in its 2024 RRCR Application, OTP states that any changes to the allocation factor or capital structure components ultimately decided by the Commission in the General Rate Case will be incorporated into the true-up of the RRCR in its next annual update. However, in its review of OTP's Application in this proceeding, APLD has not been able to verify whether OTP will apply interest to any refunds owed to ratepayers. APLD respectfully requests that the Commission order OTP to: (1) calculate interest on any refunds, and (2) include interest on any refunds that flow through the true-up.

Finally, APLD greatly appreciates the opportunity to provide comments in this proceeding. The foregoing comments are not a comprehensive discussion or enumeration of every issue that APLD has been able to identify in the 2024 RRCR Application, and APLD reserves the right to supplement these comments as appropriate.

Very truly yours,



Elizabeth H. Titus
Partner
of Holland & Hart LLP

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