

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Otter Tail Power Company/Montana-Dakota Utilities Co.
345kV Transmission Line-Jamestown to Ellendale
Public Convenience & Necessity**

Case No. PU-24-91

ORDER

November 20, 2024

Preliminary Statement

On February 29, 2024, Otter Tail Power Company (OTP) and Montana-Dakota Utilities Co. (MDU) filed a joint application for a Certificate of Public Convenience and Necessity to construct, own, and operate approximately 85 miles of 345kV transmission line and expand four substations located in Stutsman, LaMoure, and Dickey Counties in North Dakota.

On March 27, 2024, the Commission issued a Notice of Opportunity for Hearing. The notice provided until May 10, 2024, for receiving written comments or requests for hearing. No responses were received. The notice identified the following issues to be considered:

1. Whether public convenience and necessity will be served by construction and operation of the facilities.
2. Are OTP/ MDU technically, financially, and managerially fit and able to provide the service?

On July 8, 2024, the Commission discussed these matters with the applicants and Commission staff in an informal hearing.

Discussion

OTP and MDU are the regional electric utilities providing generation, transmission and distribution services in North Dakota under the regulatory jurisdiction of this Commission. OTP and MDU are fit, willing, and able to provide services.

Both OTP and MDU are members of the Midcontinent Independent System Operator (MISO), which is a Regional Transmission Organization (RTO) responsible for overseeing and managing the electric power transmission grid across 15 U.S. states as well as the Canadian province of Manitoba.

In July 2022, MISO approved the first phase or "tranche" of its Long-Range Transmission Planning (LRTP) which includes this project. Tranche 1 consists of 18 projects, with a total of more than 2,000 miles of lines totaling over \$10 billion in investments. As noted above, this specific project is comprised of 85 miles of 345kV lines

with a total estimated investment of \$440 million and is expected to be in service by the end of 2028. Ownership of the facilities is roughly 50/50 with some facilities being owned and operated by one or the other company and some facilities being jointly owned.

Costs for all projects approved under MISO's LRTP Tranche 1 will be recovered on a prorata basis utilizing each company's energy use as a proportion of the MISO Subregion total. For MDU this prorata basis is 0.67% and for OTP it is 1.57%. This results in a combined net cost to MDU's and OTP's North Dakota customers of an estimated \$469k annually or roughly \$235k each. That is an additional cost of \$0.123 per month for MDU and \$0.177 per month for OTP residential customers consuming 1000 kWh per month.

OTP and MDU intend to jointly construct and own the Jamestown to Ellendale 345 kV transmission line and the expansion of the Twin Brooks 345 kV substation. MDU will construct, own and operate the expansion required at the Ellendale 345 kV substation. OTP will construct, own and operate the expansion required at the Jamestown and Maple River 345 kV substations.

Having considered this matter, the Commission finds that public convenience and necessity will be served by the construction and operation of the facilities and that OTP and MDU are technically, financially, and managerially fit to be able to provide the service.

Order

The Commission Orders

1. The Application of Otter Tail Power Company and Montana-Dakota Utilities Co. for certificates of public convenience and necessity to construct and operate the Jamestown to Ellendale 345 kV electric transmission line and associated facilities is APPROVED.
2. Certificate of Public Convenience and Necessity No. 5998 is issued to Montana-Dakota Utilities Co. for the jointly owned Jamestown to Ellendale 345 kV transmission line and the expansion of the Twin Brooks 345 kV substation as well as the Ellendale substation that will be owned exclusively by Montana-Dakota Utilities Co.
3. Certificate of Public Convenience and Necessity No. 5999 is issued to Otter Tail Power Company for the jointly owned Jamestown to Ellendale 345 kV transmission line and the expansion of the Twin Brooks 345 kV substation as well as the Jamestown and Maple River substations that will be owned exclusively by Otter Tail Power Company.

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 5998

This is to certify that public convenience and necessity require, and permission is granted for Montana-Dakota Utilities Co., to jointly construct, own and operate with Otter Tail Power Company approximately 85 miles of 345 kV electric transmission line from Jamestown in Stutsman County to Ellendale in Dickey County as well as associated facilities.

This permit is issued in accordance with the Order of this Commission dated November 20, 2024, in Case No. PU-24-91, and is subject to the conditions and limitations noted in the Order.

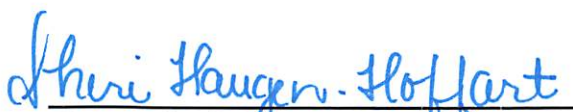
This certificate is conditioned upon Montana-Dakota Utilities Co. securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.

Bismarck, North Dakota, November 20, 2024.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner

PUBLIC SERVICE COMMISSION

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 5999

This is to certify that public convenience and necessity require, and permission is granted for Otter Tail Power Company, to jointly construct, own and operate with Montana-Dakota Utilities Co. approximately 85 miles of 345 kV electric transmission line from Jamestown in Stutsman County to Ellendale in Dickey County as well as associated facilities.

This permit is issued in accordance with the Order of this Commission dated November 20, 2024, in Case No. PU-24-91, 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, November 20, 2024.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner

DISSENT
Commissioner Randy Christmann
November 20, 2024

Ottertail Power Co. / Montana-Dakota Utilities
Joint Application for CPCN
345 kV Transmission Line

Case No. PU-24-91

The Certificate of Public Convenience and Necessity for Otter Tail Power Company's and Montana-Dakota Utilities Co.'s 345 kV transmission line from Ellendale to Jamestown should be denied. The applicants have not met their burden to show the necessity for this investment.

This project is one of eighteen being pushed by MISO, the Regional Transmission Organization where OTP and MDU hold membership. The original application (Docket #1) indicates the cost of this project to be approximately \$440 million. It is part of a combination of 18 projects throughout the Midwest known as MISO's Tranche #1. The combined costs for these projects are allocated throughout the region. Tranche #1 is estimated to total over \$10 billion.

Among the benefits emphasized in the application are improved reliability, congestion and fuel savings, improved distribution of renewable energy, and reduced carbon emissions.

Docket #13, filed June 26, 2024, indicates the cost for Tranche #1 will be about \$5.75 / month for the average OTP residential customer and about \$3.15 / month for the average MDU customer for forty years.

The joint application was received February 29, 2024. An Informal Hearing was held in July. Commission Work Sessions followed in August and October. During this entire time the applicants and MISO had opportunities to provide more and better information.

Throughout the last seven months the explanation has remained vague. MISO's long term transmission study is cited which shows dozens of voltage and thermal problems that this project would relieve. However, the vast majority of the problems are forward looking, meaning they do not exist yet. It will be future actions that will cause most of these problems. No clear information is provided that allows us to determine who will be causing these future actions, whether they are preventable, nor whether they are realistic. One of the few examples provided of the coming changes that would create the need for this transmission is 800 megawatts of solar electric generation, but much of that even appears to be conjecture because no information is provided regarding who would build these nor where they would be built.

One key factor that is known about the future of transmission in this area is a large new load near Ellendale, ND that is already partially operational and partially under development. We know this facility has already relieved congestion in this area of the state. MISO refuses to update their Tranche #1 study, which is more than two years old, or even take this new load into consideration.

Adding costs of this significance to North Dakota ratepayers deserves careful scrutiny. Perhaps this project is a necessity, but there have been multiple opportunities for the applicants to answer more questions and provide more detail. They have not done so. Until better justification is provided this Certificate should be denied.



Randy Christmann, Commissioner