

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From: Robert Frank Public Utility Analyst

RF

Date: September 21, 2026

Re: Otter Tail Power Company, Tiered Large General Service, Tariff and Rates,
Case No. PU-26-215

On June 18, 2026, Otter Tail Power Company (OTP) filed an application for approval of revisions to its North Dakota Electric Tariff including changes to current sections as well as creating new customer classes and rate schedules by proposing tier levels for different sized large loads as follows:

Tier I	≥ 200 kW to < 25 MW
Section 10.04: Large General Service Section 10.05: Large General Service - Time of Day	
Tier II	≥ 25 MW
Section 10.06: Large General Service - Time of Day	
Tier III	≥ 75 MW of firm load
Section 10.07: Large General Service - High Power Compute	

Renamed Former Tariff Schedules:

Section 10.08: Large General Service - Marginal Rate
(Formerly Section 10.06- Super Large General Service)

Section 10.09: Large General Service - Thermal Market Energy Pricing
(Formerly Section 14.16 Thermal Market Energy Pricing)

Sections 13.01, 13.04, 13.05, 13.06, 13.08, 13.11, 13.12, and 14.13 have had administrative changes to update names and numbers and to indicate inapplicability to the proposed new rate schedules. Section 14.16 will be cancelled and reserved for future use. OTP proposes an effective date of January 1, 2027.

Large General Service - Tier III – High Power Compute (HPC) proposes a high computation load customer class and new rate schedule with additional requirements intended to protect OTP legacy customers from cost shifts and stranded costs. HPC functions similarly to a cost recovery rider with the intention of capturing all incremental costs associated with serving the new load. The overall revenue requirement and associated rates would be entirely attributed to and recovered by each individual HPC

customer and not impact OTP's jurisdictional allocation of existing system costs. OTP will establish a separate MISO asset owner for each HPC customer so that all the associated costs can be identified and passed directly to the customer. The rate schedule is designed to be a long term take-or-pay service construct, requiring the customer to pay the requirement whether the service is taken or not. Any benefit the customer brings to the OTP system will be allocated to the entire system by the traditional jurisdictional allocators, meaning that ND customers could potentially receive a benefit from an HPC customer located in a different OTP jurisdiction.

The HPC rate will apply to a new customer expected to reach a peak demand of 75 MW with an annual load factor of 70%. Eligibility for the HPC rate will be contingent on a Commission-approved Electric Service Agreement (ESA), satisfaction of applicable credit and security requirements, and payment of all study and interconnection costs.

OTP will develop a comprehensive capacity and energy resource plan incorporated into the ESA that will meet the HPC customer's requirements. The incremental capacity and energy needs will not be served by existing resources but through new company-owned resources or PPAs for which the HPC customer will pay the full revenue requirement. The intention of the incremental approach of adding resources or PPAs to the system is to maintain the ratio of load-to-available energy to mitigate impacts on local locational marginal prices.

On August 28, 2026, Geronimo Power LLC petitioned to intervene in general support of the filing with comments suggesting changes relating to the HPC including providing additional transparency regarding customer obligations, credit support mechanisms, contract termination provisions, cost allocation, and settlement mechanisms.

On September 15, 2026, OTP provided a supplemental filing making changes to the proposed HPC tariff including changes to Credit Support and ESA termination.

Staff has reviewed the filing and recommends more discussion is necessary to determine if the proposed rates are just and reasonable and not unduly discriminatory to potential new data center loads while still protecting ND customers from incurring costs associated with these loads or subsidizing other OTP jurisdictions.