

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE APPLICATION
OF OTTER TAIL POWER COMPANY
FOR AN ENERGY CONVERSION
FACILITY PERMIT FOR THE
CONSTRUCTION OF A COMBUSTION
TURBINE GENERATOR AND
ASSOCIATED INFRASTRUCTURE
INCLUDING A NATURAL GAS PIPELINE
AND ELECTRIC TRANSMISSION LINE
NEAR ASTORIA, SOUTH DAKOTA**

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**OTTER TAIL POWER
COMPANY'S RESPONSES TO
STAFF'S SECOND SET OF
DATA REQUESTS TO OTTER
TAIL POWER COMPANY**

EL17-042

Otter Tail Power Company ("Otter Tail") for its non-confidential and public responses to Staff's Second Set of Data Requests to Otter Tail Power Company dated December 29, 2017, states as follows:

Otter Tail is responding to data requests 2-1 through 2-11 as an entity, and the responses were collaboratively generated as a result of information being provided by multiple sources within Otter Tail and after Otter Tail's consultation with its outside consultant, the First District Association of Local Governments, and its attorneys at Boyce Law Firm, LLP. The First District Association of Local Governments provided information within responses to data requests 2-5 and 2-6. Additionally, although Otter Tail as a whole contributed to the drafting of the responses to the data requests, the following are identified as Otter Tail employees responsible for addressing each data request:

- William Swanson, Manager of Supply Engineering, is responsible for data requests 2-1, 2-2, 2-3, 2-5, 2-6, 2-7, 2-8, and 2-9.
- Mark Thoma, Manager of Environmental Services, is responsible for data requests 2-4, 2-10, and 2-11.

- 2-1) Refer to Page 1 of the Application. The Company states the final size of the combustion turbine and the specific features to be included will be determined through Otter Tail's sourcing efforts, initiated closer to the time of construction. Will the information become available during the twelve-month time period that the Commission has to process this docket? If no, please explain if a different size of the combustion turbine and the specific features would change the information provided to satisfy the laws and rules listed in the Completeness Checklist on Table ES-1.

Response:

The information will not be available during the twelve-month time period that the Commission has to process this docket. Please refer to Section 17.0, page 34 of the Application. The combustion turbine selection is scheduled for October 2018 through February 2019.

Otter Tail intends to install a turbine manufactured by one of three potential suppliers. The specific features and size of the combustion turbine are not expected to change significantly as compared to the information provided in Section 21.1 (pages 46-47) of the Application. Any minor changes in combustion turbine size or features between now and final turbine selection is not expected to change the information provided to satisfy the laws and rules listed in the Completeness Checklist on Table ES-1.

- 2-2) Refer to Page 52 of the Application. Provide support and explanation for the \$2 million estimate to decommission the facility.

Response:

The cost estimate to decommission the facility was provided by Sargent and Lundy, a national engineering firm that regularly performs decommissioning studies for the power industry. The estimate was developed from a previous detailed decommissioning study and was adjusted for the planned size and site characteristic of the Astoria Station. The \$2 million figure includes \$876,000 in equipment and structure removal, \$656,000 in site civil restoration, and \$468,000 in contingency. The cost does not include a credit for scrap salvage value.

2-3) Refer to Slide 23 of the PowerPoint Presentation used for the Public Input Hearing on November 27, 2017.

- a) Provide the estimated amounts to be distributed between the Deubrook School District, Deuel County, Scandinavia Township, and the Water and Fire District in the first five years of operation.
- b) Provide the estimate amounts to be distributed between the Deubrook School District, Deuel County, Scandinavia Township, and the Water and Fire District beginning in year six of operation.

Response:

A summary of the estimated taxes can be found in the table below. The table represents the Deuel County property tax discretionary formula. The taxes increase over the first five years of the phase-in of property taxes.

Year	Estimated Taxes	County 17.9%	School 76.4%	Township 4.9%	Water 0.1%	Fire 0.7%
1	202,616	36,268	154,798	9,928	203	1,418
2	405,231	72,536	309,597	19,856	405	2,837
3	607,847	108,805	464,395	29,785	608	4,255
4	810,463	145,073	619,194	39,713	810	5,673
5	1,013,079	181,341	773,992	49,641	1,013	7,092
6	1,013,079	181,341	773,992	49,641	1,013	7,092

The above estimated distribution is based on Otter Tail's current tax statement for 2016 property taxes payable in 2017, included below. Depreciation is included in the effective tax rate used to calculate estimated taxes. The actual distribution of property taxes paid is ultimately determined based upon applicable state law along with decisions made by the governing bodies of South Dakota rather than any decision made by Otter Tail.

DEUEL COUNTY TREASURER

Official Real Estate Tax Notice

PO BOX 691 CLEAR LAKE, SD 57226

(605)674-2483

2016 - 3570

2016 TAXES DUE AND PAYABLE IN 2017

Legal:

Sch: 5-6 S/T/R: Acres/Lots: .00

SCANDINAVIA TOWNSHIP OTTERTAIL POWER COMPANY

THE PROPERTY LOCATED IN SCANDINAVIA TOWNSHIP

(UTILITY)

Record#: 5598

Taxes in Name Of:

OTTERTAIL POWER COMPANY
SUSAN VUKONICH
PO BOX 496
FERGUS FALLS MN 56538-0496

First Half	
Second Half	5,836.97
TOTAL	5,836.97

Taxes totaling \$10.00 or less must be paid in full by 4/30/00.
Please refer to our website for detailed information.

TAXING DISTRICT	ASSESSED VALUE	TAXABLE VALUE	TAX PER \$1,000	TOTAL
COUNTY TAX	0	587,764	3.030	2,000.09
DEUBROOK SCHOOL DISTRICT Non-A	0	587,764	12.963	8,015.36
SCANDINAVIA TOWNSHIP	0	587,764	0.831	571.52
EAST DAKOTA WATER	0	587,764	0.025	17.19
RURAL FIRE DISTRICT	0	587,764	0.116	79.78

- * OPT OUT FOR DEUBROOK SCHOOL DISTRICT IS \$ 592.72
- * OPT OUT FOR SCANDINAVIA TOWNSHIP IS \$ 259.30

TOTAL:

11,673.94

NA: 11673.94

* Includes a local election to opt out of the Tax Freeze. If the local vote is favorable taxes had not passed, your taxes would not have included the items marked with an asterisk (*).

Please detach this and return with your payment.

Please detach stubs and return with your payment.

2-4) Per ARSD 20:10:22:34, please provide a description of plans for stabilization and weed control within the ROW.

Response: Post construction soil stabilization and re-vegetation will be achieved and monitored as required by South Dakota's General Permit for Storm Water Discharges Associated with Construction Activities (<https://denr.sd.gov/des/sw/stormwater.aspx>) until final soil stabilization has been achieved. Long term maintenance will include periodic clearing of tall growing trees to maintain reliability standards; however, the ROW is in a relatively open area.

- 2-5) Refer to Page 38 of the Application. Please provide supporting evidence for the Applicant's claim that "land values outside of the Project site are not expected to increase or decrease noticeably."

Response: The basis for that statement was the Social and Economic Impact Study in Appendix C of the Application, Page 28. The Social and Economic Impact Study was conducted by the First District Association of Local Governments. The land value statements were based on interviews that First District Association of Local Governments conducted with the Brookings County Director of Equalization and the Deuel County Director of Equalization.

- 2-6) Refer to Appendix C of the Application, Page 28. Please provide supporting evidence for the Applicant's claim that "land values of properties located near the Deer Creek Station facility have not been adversely impacted and the same outcome is expected as a result of the construction and operation of the Astoria Station facility."

Response: The Social and Economic Impact Study in Appendix C of the Application was conducted by the First District Association of Local Governments. The land value statements were based on interviews that First District Association of Local Governments conducted with the Brookings County Director of Equalization and the Deuel County Director of Equalization.

- 2-7) Refer to the Final Report of the Local Review Committee, Pages 20 through 22. Does the Applicant intend to reconstruct the on-half mile of 482nd Avenue from SD Highway 28 north to the Astoria Station site? Please explain.

Response:

Yes, we agree with the Local Review Committee recommendation that 482nd Avenue is the most efficient means to the site and will need to be upgraded if that is the route selected. Otter Tail will work directly with Scandinavia Township authorities to discuss the process for upgrading this road segment. Otter Tail intends to enter into agreements with the township that sets out acceptable design, approval, funding, and construction. If another site route is selected, Otter Tail will work with the township or county on the necessary upgrades for that alternative route.

- 2-8) Please provide a list of any known private landowner concerns and the Applicant's plan to address those concerns.

Response: At this time, Otter Tail is not aware of any private landowner concerns.

- 2-9) On Page 5 of the Application it identifies a capacity need of 938 MWs by 2031, however Exhibit 5-1 identifies a capacity need of just over 800 MWs by 2031. Please explain this discrepancy.

Response: Exhibit 5-1 of the Application shows both the capacity needs before demand-side management (DSM) programs (represented by the top solid line) and after DSM (represented by the dashed line). DSM includes both energy efficiency and demand response. The 938 MW capacity need by 2031 includes an adjustment for demand response, but does not include an adjustment from energy efficiency programs.

- 2-10) Referring to page 9 of the Application, please provide support and/or references that led to the conclusion made in the statement “[t]he siting of the Project at the proposed site is not expected to cause environmental effects that would be hazards to the health and welfare of human, plant, and animal communities, even when the cumulative and synergistic consequences of siting the proposed facility is considered in combination with any operating energy conversion facilities, existing or under construction.”

Response: This conclusion (which is a subject addressed in ARSD 20:10:22:13) is generally supported by the entire Application, including all appendices thereto, and all of the studies, none of which find any material environmental concerns, and analysis reflected in the Application. More specifically, as indicated on page 9 of the Application, Chapters 9 through 16 of the Application address the environmental impacts of the Project, along with any appropriate mitigation measures, all of which all support this conclusion.

- 2-11) Please explain why the test well permit issued by the SDDENR (provided in Appendix H) was for the Prairie Coteau Aquifer, whereas the Application identifies the test well was installed in the Altamont Aquifer.

Response: It was anticipated that the Prairie Coteau aquifer would be encountered during installation of the test well. However, following installation, based on an evaluation of the water quality and depth, the test well correlates most closely to the Altamont aquifer. Notably, on December 15, 2017, the SDDENR issued a permit authorizing water appropriation from the Altamont aquifer. This permit is attached herewith at Bates stamp OTP 32 to 35.

CERTIFICATE OF SERVICE

I, Jason R. Sutton, do hereby certify that I am a member of Boyce Law Firm, LLP, attorneys for Otter Tail Power Company and that on the 16th day of January 2018, a true and correct copy of the foregoing and this Certificate of Service were served via email to the following addresses listed:

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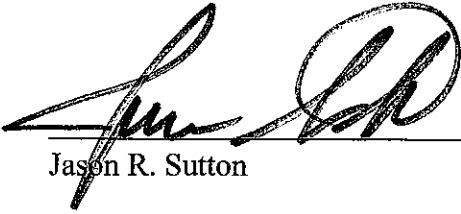
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