

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 7th Place East, Suite 350
St. Paul, MN 55101-2147

In the Matter of Otter Tail Power Company's
Petition for Approval of the Customer
Eligibility, Updated Baseline and Annual
Update to its Energy-Intensive, Trade-
Exposed Rider Surcharge Rate

PUC Docket No. E-017/M-21- 99

AFFIDAVIT OF DAVID GOETZ

STATE OF MINNESOTA)
) ss.
COUNTY OF CASS)

I, David Goetz, being first duly sworn upon oath, state as follows:

1. I am the Chief Executive Officer of Cass Forest Products (“CFP”), which has one sawmill and dimension plant in Cass Lake, Minnesota and one wood manufacturing operation in Aitkin, Minnesota.

CFP’s Contributions to Minnesota

2. Our Cass Lake location employs 30 people and our Aitkin location employs 5 people. We are a veteran-owned corporation as of 2015. For 2020, the total payroll, including benefits, was approximately [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS].
3. According to methodology replicated from the UMD Labovitz School of Business study entitled “The Economic Impact of Minnesota’s Forestry-related Industries on the State of Minnesota,” and updated IMPLAN multipliers from the AgriGrowth / Decision Innovation Solutions report entitled “2020 Economic Contribution Study of Minnesota Agriculture and Forestry,” a copy of which is attached to the affidavit of Michael Birkeland, every job in a sawmill creates an additional 3.69 jobs throughout the state. Thus, CFP directly and indirectly supports 111 jobs in the surrounding community.
4. CFP paid approximately [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS] in 2019 taxes [TRADE SECRET DATA BEGINS...

[REDACTED]
[REDACTED] ...TRADE SECRET DATA
ENDS].

5. CFP's annual budget is over [TRADE SECRET DATA BEGINS... [REDACTED]
[REDACTED]
[REDACTED] ...TRADE SECRET DATA ENDS].

6. CFP is also an active contributor to our community. We have contributed \$5,500 to numerous local associations, including the Highway 2 West Manufacturers' Association, the Timber Producers Association, the Bemidji Chamber of Commerce, the U.S. Chamber of Commerce, the Associated Contract Loggers and Truckers of Minnesota, the Minnesota Logger Education Program, the National Wood Flooring Association, the Mid-Minnesota Builders Association, the National Association of Home Builders, the Better Business Bureau, and the Bemidji Area Forestry Council.

CFP's Electric Rates Are Currently Uncompetitive

7. Electric energy costs are a significant component of CFP's operations, with a 2021 forecast of approximately [TRADE SECRET DATA BEGINS... [REDACTED]
[REDACTED] ...TRADE SECRET DATA ENDS] of CFP's operating costs.

8. Because electric energy costs are such a significant portion of our cost of production, we constantly work to reduce our energy consumption. Some projects we have undertaken to become more efficient are [TRADE SECRET DATA BEGINS... [REDACTED]
[REDACTED]
[REDACTED] ...TRADE SECRET DATA
ENDS].

9. Even with the EITE credit, CFP has lost its competitive advantage in electrical rates over states where our competitors are located. As of 2020, CFP's effective electric rate was approximately [TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]. Looking ahead to 2021, CFP projects paying an electric rate of approximately [TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE

**PUBLIC DOCUMENT
TRADE SECRET DATA HAS BEEN EXCISED**

SECRET DATA ENDS] with a continuation of the existing EITE credit or **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** should the EITE credit be dissolved.

CFP Is Subject to Global and Other Pressures

10. Although there are other methods to treat red pine like alkaline copper quaternary (“ACQ”) and copper azole (CA), they require the addition of an enhancer to reach similar penetration levels. ACQ is also more corrosive to common steel fasteners so fasteners tend to be more expensive. These enhancers also work with MCA but do increase the cost of treating.
11. Due to this competitive pressure, CFP is always looking for ways to reduce costs in all aspects of our business. For example, we recently spent **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]**, to convert yard lighting to LED. We also spent **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** to improve efficiencies of our mill operations.
12. We will continue to evaluate any and all other mechanisms to reduce costs and strive to remain competitive.

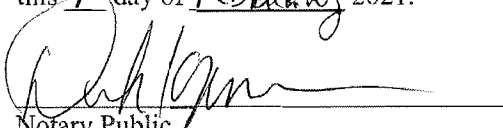
Consequences of Inaction

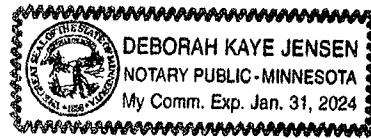
13. **[TRADE SECRET DATA BEGINS... [REDACTED]
[REDACTED] ...TRADE SECRET DATA ENDS]**.
14. There would be significant costs to the region and the state if CFP were to shut down, including lost jobs and decreased tax revenue.
15. If CFP continues to receive a 20% rate reduction as a result of the EITE tariff, it is reasonably likely that this discount would be one of the factors that will keep CFP viable.

FURTHER YOUR AFFIANT SAYETH NOT.


David Goetz, Chief Executive Officer
Cass Forest Products

Subscribed and sworn to before me
this 1 day of February 2021.


Notary Public



My commission expires: 1-31-2024