

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 CAMERON LEWIS

STATE OF MINNESOTA)

) ss.

COUNTY OF BELTRAMI)

I, Cameron Lewis, being first duly sworn upon oath, state as follows:

1. I am the General Manager at the Norbord Minnesota, LLC ("Norbord") oriented strand board ("OSB") mill in Solway, Minnesota (the "Norbord Mill"). OSB is a reconstituted wood product.

The Norbord Mill's Contributions to Minnesota

2. The Norbord Mill is a major employer in northwest Minnesota, employing 134 people as of 2019. The Norbord Mill's total payroll in 2019, including benefits, was over [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS].
3. During the recent COVID-19 pandemic, the Norbord Mill was deemed an "essential critical infrastructure" business. At the beginning of the pandemic, the Norbord Mill took immediate action to protect its employees and to keep the mill running safely. For example, we invested in proximity management devices to help employees maintain safe working distances in the mill. Additionally, because the Norbord Mill provided salary continuation,

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no employee has lost wages due to any absence related to COVID-19. As a result of these actions, the Norbord Mill has remained a steady employer with a safe working environment throughout the pandemic, and avoided having to shut down for any period of time. Additionally, the Norbord Mill has worked to help secure personal protective equipment (also known as “PPE”) and hand sanitizer for its employees, their families, and local charities doing its part to assist the community during the global pandemic.

4. 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,” (“DIS Study”) a copy of which is attached to the affidavit of Michael Birkeland, reconstituted wood product manufacturers like the Norbord Mill support 425 direct jobs and 870 additional indirect or induced jobs across other sectors, for a total of 1,295 jobs. Value-added economic effect to the state of Minnesota exceeds \$65.8 million.
5. Specific to Norbord, and using a multiplier effect of 3.05 from the DIS Study, the Norbord Mill’s direct and indirect contribution to regional employment is 409 persons.
6. The Norbord Mill spends approximately [TRADE SECRET DATA BEGINS... ██████████
██████████ ...TRADE SECRET DATA ENDS] directly in northwest Minnesota each year in the form of wood and timber purchases, contract labor, power purchases, payroll, and other expenses. Excluding raw materials, the Norbord Mill’s operating costs are approximately [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA

ENDS]. The Norbord Mill consumes approximately **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** annually.

7. In the years 2018 and 2019, the Norbord Mill paid approximately **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** in state taxes.

8. The Norbord Mill also actively supports our community. Over the past 10 years, the Norbord Mill and its employees have contributed approximately \$334,000 in local donations and volunteered across the community.

9. The Norbord Mill is committed to sustainable forest management practices and demonstrates this commitment through its continued certification in the Sustainable Forestry Initiative's ("SFI") Fiber Sourcing Standard. The SFI Fiber Sourcing Standard is for organizations that do not own or manage land but do procure wood directly from forests. Program Participants must show that the raw material in their supply chain comes from legal and responsible sources, whether the forests are certified or not. SFI Program Participants must also invest in forestry research, science and technology, and develop verifiable monitoring systems to evaluate the use of best management practices across the wood and fiber supply area. The standard holds the Norbord Mill, which bears all the costs to certify, accountable for promoting responsible forestry.

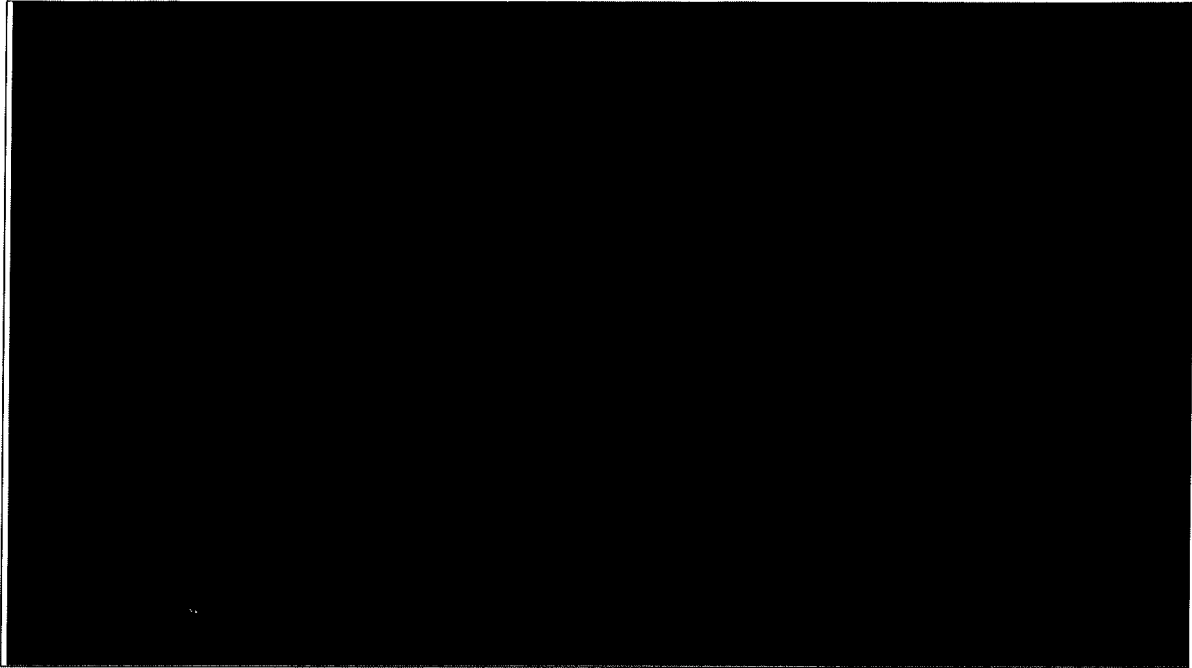
The Norbord Mill's Electric Rates Are Currently Uncompetitive

10. Electric energy costs are a significant component of Norbord's operations, with a 2021 forecast of approximately **[TRADE SECRET DATA BEGINS... [REDACTED]**

[REDACTED] ...TRADE SECRET DATA ENDS] of Norbord's operating costs.

11. Norbord's other North American OSB facilities are located in Georgia, Mississippi, Alabama, Texas, South Carolina, British Columbia, Ontario, Alberta, and Quebec. With the current EITE credit, in 2020, the Norbord Mill's electric rates were only approximately **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** the average electric-energy rate paid by Norbord's North American facilities. Without the EITE credit, the Norbord Mill's projected electric rates balloon to approximately **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** than the average electric-energy rate paid by Norbord's North American facilities. The chart below depicts how the Norbord Mill's rates compare with other Norbord facilities, both with and without the EITE credit.

[TRADE SECRET DATA BEGINS...



...TRADE SECRET DATA ENDS]

12. Prior to receipt of the exiting EITE credit, the Norbord Mill's electricity rates in 2016 were **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** above the average rates of Norbord's other North American facilities, without considering the results of Otter Tail Power's 2016 rate case.

The Norbord Mill Is Subject to Global Pressures

13. To remain competitive, the Norbord Mill is always making efforts to reduce costs and improve our cost position through our "Margin Improvement Program." Norbord considers continuous improvement so important that we measure it every month and report on our progress to investors each quarter.

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14. The main cost drivers to the Norbord Mill's operations are raw materials, and this year we have invested in a significant change to our process to reestablish our cost benchmark. We expect this effort to deliver [TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS].

15. Furthermore, we have invested [TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS] to upgrade and modernize the Norbord Mill. For example, in 2019 we invested [TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS] to completely replace all of the lighting in the plant with LED. Similarly, in 2020 the Norbord Mill began to reduce its reliance on natural gas and propane, spending [TRADE SECRET DATA BEGINS... [REDACTED] ... TRADE SECRET DATA ENDS] to reduce its natural gas consumption by approximately one third. Further, the Norbord Mill spent [TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS] on electric forklifts, and expects to spend an additional [TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS] on additional machines in 2021. These critical projects and investments were made possible by the EITE-rate savings. In other words, Norbord uses the existing EITE-rate savings to support projects that improve our carbon footprint and bring additional efficiencies.

16. We will continue to evaluate any and all other mechanisms to reduce costs and strive to remain competitive.

Consequences of Inaction

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


18. There would be significant costs to the region and the state if the Norbord Mill were to shut down, including lost jobs, decreased tax revenue, and lower community investment.

19. If the Norbord Mill 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 the Norbord Mill viable.

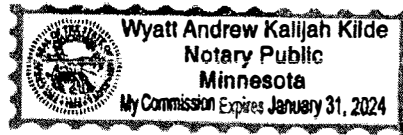
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FURTHER YOUR AFFIANT SAYETH NOT.

Dated: Feb. 1, 2021


Cameron Lewis, General Manager
Norbord Minnesota, LLC.

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





Notary Public

My commission expires: 1-31-24

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