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PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)



June 6, 2016

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

**PUBLIC DOCUMENT
NOT PUBLIC DATA HAS BEEN
EXCISED**

**Re: In the Matter of the Petition of Otter Tail Power Company for Approval of an Electric Service Agreement with Potlatch Land & Lumber LLC
Initial Filing**

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) hereby submits this Petition to the Minnesota Public Utilities Commission (Commission) for approval of an electric service agreement under Otter Tail's Rate Schedule 14.03.

This response contains information that is protected by the Minnesota Data Practices Act. That information has economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons and is subject to efforts by Otter Tail to protect the information from public disclosure. Otter Tail maintains this information as a trade secret based on its economic value from not being generally known and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. For this reason, we ask that the data be treated as non-public data pursuant to Minn. Stat. § 13.37, subd. 1(b).

Otter Tail has electronically filed this document with the Commission. In compliance with Minn. R. 7829.1300, subp. 2, Otter Tail is serving a copy of this filing on the Minnesota Department of Commerce- Division of Energy Resources and the Minnesota Office of Attorney General-Antitrust and Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8956 or at cstephenson@otpc.com.

Sincerely,

/s/ CARY STEPHENSON
Cary Stephenson
Associate General Counsel
nlo
Enclosures
By electronic filing
c: Service List
An Equal Opportunity Employer

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Petition of Otter Tail
Power Company for Approval of an Electric
Service Agreement with Potlatch Land &
Lumber LLC

Docket No.: E017/M-16-____

PETITION FOR APPROVAL OF ELECTRIC SERVICE AGREEMENT

I. INTRODUCTION

Pursuant to Minnesota Statutes § 216B.05, subd. 1, Minnesota Rules Part 7829.1300, and Minnesota Statute § 216B.05, subd. 2a, Otter Tail Power Company (“Otter Tail”) hereby petitions the Minnesota Public Utilities Commission (“Commission”) for approval of a proposed Electric Service Agreement (the “Proposed Agreement”) between Otter Tail and Potlatch Land & Lumber, LLC (“Potlatch”) attached as **Exhibit No. 1** and marked as **NOT PUBLIC DOCUMENT-CONTAINS NOT PUBLIC DATA**. If approved, the Proposed Agreement will supersede and replace the existing electric service agreement (the “Current Agreement”) between the parties attached as **Exhibit No. 2** and marked as **NOT PUBLIC DOCUMENT-CONTAINS NOT PUBLIC DATA**.

Otter Tail is Potlatch’s retail electric service provider. As more fully described herein, Otter Tail secures a portion of the energy and capacity necessary to serve Potlatch under an arrangement with Minnkota Power Cooperative (“Minnkota”), and Beltrami Electric Cooperative, Inc. (“Beltrami”). Under the Proposed Agreement, Potlatch will continue to purchase from Otter Tail its full requirements of electric service for its lumber mill located near Bemidji, Minnesota in Hubbard County. Minnkota and Beltrami will continue provide energy and capacity that is consumed at the mill. The Proposed Agreement allows Potlatch to participate in a load curtailment program on the same terms that are offered by Beltrami to the

retail customers it serves. That program is not currently offered under Otter Tail's tariffs. This program grants customers the option of paying an additional charge rather than curtailing load during certain control periods.

Commission approval of this Agreement is necessary under Minn. Stat. 216B.05, subd. 2a because the Agreement contains customer-specific rates, terms, and service conditions that are not included in Otter Tail's approved Large General Service ("LGS") Rider.

II. GENERAL FILING INFORMATION.

Pursuant to Minnesota Rule 7829.1300, subp. 3, Otter Tail provides the following general information.

A. Name, Address, and Telephone Number of Utility.

Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8956

C. Date of Filing and Date Proposed Agreement will Take Effect.

This Agreement is being filed on June 6, 2016. Otter Tail respectfully requests that the Commission's decision in this matter take effect no later than September 30, 2016.

D. Statute Controlling Schedule for Processing the Filing.

Minnesota Statutes §§ 216B.05, subd. 1 and 216B.05, subd. 2a. Minnesota Statute § 216B.05, 2a requires that:

A contract for electric service entered into between a public utility and one of its customers, in which the public utility and the customer agree to customer-specific rates, terms, or service conditions not already contained in the approved schedules, tariffs, or rules of the utility, must be filed for approval by the commission pursuant to the commission's rules of practice.

This provision does not establish a deadline for Commission action. Under Minn. R. 7829.0100, subp. 11, the Commission treats all filings which do not fall into a specific category as a miscellaneous tariff filing. Minnesota Rule 789.1400, subp. 1 permits written comments in response to a miscellaneous tariff filing within 30 days of filing, with reply comments 10 days thereafter.

E. Title of Utility Employee Responsible for Filing.

David Prazak
Supervisor of Pricing & Tariff Administration
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 55538-0496
(218) 739-8967

III. DESCRIPTION OF THE PROPOSED AGREEMENT

A. Background.

Otter Tail has provided electric service to Potlatch's Stud Mill Plant located near Bemidji, Minnesota in Hubbard County since facility began operations in 1991. By way of background, **[PROTECTED DATA BEGINS ...**

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B. Current & Proposed Potlatch Service Agreements.

Since 1991 Otter Tail has served Potlatch under various rate and voluntary rider options. Effective **[PROTECTED DATA BEGINS ...**

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which required the parties to complete the Current Agreement attached as **Exhibit No. 2.** The Current Agreement was intended as a placeholder arrangement pending Commission action on the Proposed Agreement attached as **Exhibit No. 1.**

Under the Current Agreement, Otter Tail serves as Potlatch's retail electric service provider and Beltrami, Minnkota, and Otter Tail jointly supply energy and capacity to Potlatch under the Beltrami Agreement. A summary of the key terms of the Current and Proposed Agreements is provided below.

1. Rate Structure and Curtailment Procedures

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Rider, commercial customers can save on their electric service bill by agreeing to curtail loads

¹ Section 10.05 of Otter Tail's Tariff.

² Section 14.03 of Otter Tail's Tariff.

down to firm demand or less when receiving a load control signal from Otter Tail. Otter Tail's LGS Rider provides that if a customer fails to curtail its demand to firm demand upon notification from Otter Tail, the customer will forfeit any compensation due for that period and will be responsible for any and all costs and/or penalties incurred by Otter Tail due to their failure to curtail. The specific firm demand amounts applicable to Potlatch are set forth in Addendum A, Section 1 of the Current Agreement.

Under the Current Agreement, Potlatch receives load control signals from Otter Tail and Beltrami under the auspices of Otter Tail. Regardless of the source of the load control signal, Potlatch is obligated to shed load to the seasonal demand level stated in the Current Agreement. In that sense any control signal is treated the same, with no buy through opportunity.

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2. Term.

The Current Agreement, executed on February 1, 2016, provides that Potlatch will take service from Otter Tail **[PROTECTED DATA BEGINS ...**

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DATA ENDS] The Term of the Proposed Agreement is one year which automatically renews unless terminated in advance by Potlatch.

3. Public Interest and Non-Discriminatory.

The Commission has stated that electric service agreements should be approved only if the terms and conditions are in the public interest and are not discriminatory.³ To determine whether a proposed electric service agreement meets these criteria, the Commission has outlined two conditions that must be satisfied:

- (1) No party affected by the proposed electric service agreement should be worse off as a result of the amendment;
- (2) The rates under the electric service agreement must not be discriminatory, namely the rate would be available to any other large power customer facing similar circumstances.⁴

Otter Tail's Agreement with Potlatch meets these two criteria. Since Otter Tail and Potlatch have voluntarily agreed to the proposed Agreement, both parties have determined that they will benefit from this Agreement and will not be worse off. In addition, Otter Tail ratepayers will benefit from the incremental revenue provided by Potlatch's ability to purchase additional energy during certain periods under Beltrami's IPP Program. Furthermore, the rates offered to Potlatch under the Agreement are non-discriminatory as they are the rates available to any other customer meeting the requirements outlined in Otter Tail's tariff provisions. Also, the specific terms of the Agreement that allow Potlatch the ability to participate in Beltrami's IPP program would be available to any other large customer facing similar circumstances as Potlatch. Therefore, the proposed Agreement is in the public interest and non-discriminatory.

³ ORDER APPROVING PROPOSED ELECTRIC SERVICE AGREEMENT, *In the Matter of Minnesota Power's Petition for Approval of an Electric Service Agreement between Magnetation and Minnesota Power*, Docket No. E015/M-14-130 (May 6, 2014).

⁴ ORDER APPROVING PROPOSED ELECTRIC SERVICE AGREEMENT, *In the Matter of Minnesota Power's Petition for Approval of an Electric Service Agreement between Magnetation and Minnesota Power*, Docket No. E015/M-14-130 (May 6, 2014).

IV. MISCELLANEOUS TARIFF FILING INFORMATION

A. Pursuant to Minnesota Rule 7829.0700, Otter Tail Requests that the Following Persons be placed on the Commission's Official Service List for this Proceeding:

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 55538-0496

David Prazak
Supervisor of Pricing & Tariff
Administration
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 55538-0496

B. Service on Other Parties.

Pursuant to Minn. Rule Part 7829.1300, subp. 2, Otter Tail has served a copy of this filing on the Department of Commerce and the Office of Attorney General, Residential Utilities Division, and summary of the filing on all parties on the attached general service list.

C. Summary of Filing.

A one-paragraph summary of the Petition is attached pursuant to Minn. R. 7829.1300, subp. 1.

V. CONCLUSION

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve the Proposed Agreement between Otter Tail and Potlatch, to be effective September 30, 2016.

Dated: June 6, 2016

Otter Tail Power Company

/S/ CARY STEPHENSON

Cary Stephenson

Associate General Counsel

Otter Tail Power Corporation

215 South Cascade Street

P.O. Box 496

Fergus Falls, MN 55538-0496

(218) 739-8956

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Petition of Otter Tail
Power Company for Approval of an Electric
Service Agreement with Potlatch Land &
Lumber

Docket No.: E017/M-16-____

SUMMARY OF FILING

PLEASE TAKE NOTICE that on June 6, 2016, Otter Tail Power Company (Otter Tail) filed a Petition for Approval of a Proposed Electric Service Agreement (“Proposed Agreement”) between Otter Tail and Potlatch Land & Lumber, LLC (“Potlatch”). Under the Proposed Agreement, Potlatch will purchase its full electric service for its lumber mill located near Bemidji, Minnesota in Hubbard County. The Agreement is being filed under Minn. Stat. § 216B.05, subd. 1, Minn. Stat. § 216B.05, subd. 2a, and Minn. Rule 7829.1300.

Exhibit 1

PUBLIC DOCUMENT –NOT PUBLIC DATA HAS BEEN EXCISED

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Addendum B

Large General Service Rider Rate Schedule Section 14.03 approved April 14, 2016, Effective
April 16, 2016.

Exhibit 1 (Proposed Electric Service Agreement)



LARGE GENERAL SERVICE RIDER

DESCRIPTION	Option 1	Option 2
Fixed Rate Energy Pricing	31-648	31-649
System Marginal Energy Pricing	31-642	31-645
Short-term Marginal Capacity Purchases	31-643	31-646
Short-term Marginal Capacity Releases	31-644	31-647

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

AVAILABILITY: This rider is available at the request of Customers who take service under the rate schedules listed in the Application Section of this Tariff and have either (**Option 1**) a metered Demand of at least 1 MW, or (**Option 2**) a Total Coincident Demand of at least 10 MW for multiple, non-contiguous facilities that function in series.

ADMINISTRATIVE CHARGE: An Administrative Charge in the amount of \$199.00 will be applied to each monthly bill to cover billing, administrative, metering, and communication costs associated with this rider.

INTERIM RATE ADJUSTMENT:

A 9.56 percent increase will be added to the Administrative Charge, Demand Charge and Energy Charge for Fixed Rate Energy Pricing rates 648 and 649.

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MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.

ELECTRIC SERVICE AGREEMENT: For service under this rider, the Company may, at its discretion, require a written electric service agreement ("ESA") between the Company and the Customer that sets forth, among other things, the Customer's Billing Demand, Firm Demand, and Baseline Demands.

FIXED RATE ENERGY PRICING:

Background: Certain Company industrial and Commercial Customers have ESAs that designate, among other things, a Billing Demand, Baseline Demand(s) and a Firm Demand. With Baseline Demand(s), the Company agrees to provide and the Customer agrees to purchase all of its Energy requirements at rates set forth in the Customer's applicable rate



Fergus Falls, Minnesota

schedule and/or a negotiated rate subject to Commission approval. Setting Firm and Baseline Demands benefit both the Company and the Customer. With Firm Demands, the Company is able to curtail participating Customers' load to predetermined levels which allows the Company to more accurately forecast its native load Capacity and Energy requirements. Baseline Demands assure the Customer a fixed price for Energy up to the Baseline Demand(s) and the ability to purchase Energy above the Baseline Demand(s) at rates set forth in the Customer's applicable rate schedule and/or a negotiated Energy rate subject to Commission approval.

Energy: The Customer's monthly rate for Energy will be determined in two parts: (1) Energy consumed up to and including the Baseline Demand(s), and (2) Energy consumed above the Baseline Demand. The price (rate) for Energy consumed up to and including the Baseline Demand(s) will be determined by multiplying the Customer's metered Energy consumption by the Energy rate provided in the rate schedule applicable to the Customer and/or a negotiated rate subject to Commission approval. The monthly rate for Energy consumed above the Baseline Demand(s) will be determined by multiplying the Customer's metered Energy consumption by the Energy rate provided in the rate schedule applicable to the Customer and/or a negotiated Energy rate subject to Commission approval.

Demand: A Customer's monthly rate for Demand shall be determined by multiplying the Customer's Billing Demand by the Demand rate provided in the rate schedule applicable to the Customer and/or a negotiated Demand rate subject to Commission approval.

SYSTEM MARGINAL ENERGY PRICING:

Background: Certain Company industrial and Commercial Customers have ESAs that designate, among other things, a Billing Demand, Baseline Demands and a Firm Demand. With Baseline Demands, the Company agrees to provide and the Customer agrees to purchase its Energy requirements up to the Baseline Demand(s) at rates set forth in the Customer's applicable rate schedule. Setting a Firm and Baseline Demands benefits both the Company and the Customer. With Firm Demands, the Company is able to curtail participating Customers' load to predetermined levels which allows the Company to more accurately forecast its native load Capacity and Energy requirements. Baseline Demands assure the Customer a fixed price for Energy up to the Baseline Demand(s) and the ability to purchase Energy above the Baseline Demand(s) on a "real time" basis, which can be higher or lower than the rates set forth in the applicable rate schedule. Accordingly, a Customer can adjust its Energy consumption above the Baseline Demand(s) according to the value the Customer places on that Energy in real-time.

Energy: A Customer's monthly rate for Energy will be determined in two parts: (1) Energy consumed up to and including the Baseline Demand(s), and (2) Energy consumed above the Baseline Demand(s). The price (rate) for Energy consumed up to and including the Baseline



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Demand(s) will be determined by multiplying the Customer’s metered Energy consumption by the Energy rate provided in the rate schedule applicable to the Customer. The monthly rate for Energy consumed above the Baseline Demand(s) will be determined by multiplying the Customer’s metered Energy consumption by the Company’s System Marginal Energy Price.

System Marginal Energy Price Notification: No later than 4:00 p.m. (Central Time) of the preceding day, the Company shall give its best efforts to make available to Customers the System Marginal Energy Price for the next business day. System Marginal Energy Prices for Saturday through Monday will be made available, whenever possible, the previous Friday. The Company may deviate from this procedure in abnormal operating conditions and for the following holidays: New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas.

The Company is not responsible for a Customer’s failure to receive or obtain and act upon the System Marginal Energy Prices. If a Customer does not receive or obtain the prices made available by the Company, it is the Customer’s responsibility to notify the Company by 4:30 p.m. of the business day preceding the day the prices are to take effect. The Company reserves the right to revise its System Marginal Energy Price at any time prior to Customer’s acceptance and will be responsible for notifying the Customer of such revised prices.

Demand: A Customer’s monthly rate for Demand shall be determined by multiplying the Customer’s Billing Demand by the Demand rate provided in the rate schedule applicable to the Customer.

SHORT-TERM MARGINAL CAPACITY PURCHASES:

Background: Certain Customers have ESAs that establish for the term of the ESA, among other things, a Billing Demand under which the Customer purchases a fixed level of Capacity and a Firm Demand that represents the load-level to which the Customer must curtail on being notified by the Company. On a Short-term basis, the Customer may desire either more or less Capacity than that established in the ESA. The Short-Term Marginal Capacity Purchases and Short-Term Marginal Capacity Releases sections provide a mechanism under which the Customer may, on a Short-term basis, purchase additional Capacity from the Company or third party (the “Marginal Capacity”) or release (sell) Capacity to the Company or third party (the “Released Capacity”).

Marginal Capacity: Where the Customer requests additional Capacity on a Short-term basis, the Customer may reserve additional Capacity, to the extent available, from the Company’s system, or request the Company to purchase available Capacity in the market (the “Marginal Capacity”). Where the Company is unable to provide Marginal Capacity within 60 days of the Customer’s notice under Section 4.3, the Customer may seek Marginal



Fergus Falls, Minnesota

Capacity indirectly from a third party. The Company would work with the third party to effectuate the purchase. In each case, the Company agrees to give to the Customer its best effort in seeking the Marginal Capacity. The Marginal Capacity purchase must be for a minimum of 1000 kW (1MW) and will include charges for Transmission Service, a Reserve Margin and applicable administrative and other costs. The Company does not guarantee the availability of Capacity or Transmission Service for the Marginal Capacity.

Compensation: The rate for the Marginal Capacity shall be as negotiated by the parties. Where the Marginal Capacity is provided by a third party, the compensation for such Marginal Capacity shall be as negotiated between the Customer, the Company and the third-party, and the Company shall be compensated for its efforts in assisting the transaction.

Purchase Period: The Purchase Period shall be either a Summer Season(s) or Winter Season(s), or combination thereof, unless otherwise agreed to by the Company and Customer, but in no case will be less than one (1) month.

Effect of Marginal Capacity: By purchasing Marginal Capacity, the Customer agrees that its Firm Demand, as established in the ESA, will be increased throughout the Purchase Period by the amount of Marginal Capacity purchased. The Customer will continue to be billed for the Billing Demand established in the ESA. For all eligible Customers not taking service under Rate Schedule 14.02 (the Real Time Pricing Rider), Energy consumed above the Baseline Demand(s) will continue to be billed at the System Marginal Energy Price. Real Time Pricing Rider Customers will continue to be billed under the provisions of Rate Schedule 14.02.

SHORT-TERM MARGINAL CAPACITY RELEASES:

Background: Certain Customers have ESAs that establish for the term of the ESA, among other things, a Billing Demand under which the Customer purchases a fixed level of Capacity and a Firm Demand that represents the load-level to which the Customer must curtail on being notified by the Company. On a Short-term basis, the Customer may desire either more or less Capacity than that established in the ESA. The Short-Term Marginal Capacity Purchases and Short-Term Marginal Capacity Releases sections provide a mechanism under which the Customer may, on a Short-term basis, purchase additional Capacity from the Company or third party (the "Marginal Capacity") or release (sell) Capacity to the Company or third party (the "Released Capacity").

Released Capacity: Where the Customer requests to release Capacity on a short-term basis, the Customer may release some but not all of the Capacity (the "Released Capacity"), and the Company agrees to give its best effort in finding a purchaser of the Released Capacity. Where the Company is unable or unwilling to purchase the Released Capacity for its own



Fergus Falls, Minnesota

use or to resell it off-system at wholesale, or otherwise find a purchaser, within 60 days of the Customer's notice under Section 4.3, the Customer may have a third party market the Capacity. The Company would work with the third-party to effectuate the sale of the Released Capacity. The Released Capacity must be a minimum of 1000 KW (1MW).

Compensation: As compensation for the Released Capacity, the Customer shall receive a credit or payment during any billing month in which Customer and Company have cooperated to make a Released term Capacity sale, adjusted to take into account the Company's applicable administrative and other costs. Where the Company purchases the Released Capacity, the rate will be as negotiated between the Company and the Customer. No credit will be given to the Customer for any Energy sold by the Company under the Released Capacity, and the Customer will have no cost responsibility associated with the sale of such Energy. Where the Released Capacity is marketed by a third party, the compensation for such Released Capacity shall be as negotiated between the Customer, the Company and the third-party, and the Company shall be compensated for its efforts in assisting the Released Capacity transaction.

Release Period: The Release Period shall be either a Summer Season(s) or Winter Season(s), or combination thereof, unless otherwise agreed to by the Company and Customer, but in no case will be less than one (1) month.

Effect of Release Capacity: By selling Released Capacity, the Customer agrees that its Firm Demand, as established in the ESA, will be reduced throughout the Release Period by the amount of Released Capacity. The Customer will continue to be billed for the Billing Demand established in the ESA.

PENALTY FOR INSUFFICIENT LOAD CONTROL: Upon notification from the Company, the Customer shall curtail its Demand to its Firm Demand, as adjusted to take into consideration any Marginal Capacity or Released Capacity. In the event the Customer fails to curtail its load as requested by the Company, the Customer will forfeit any compensation for that period, if any is due. In addition, the Customer shall be responsible for any and all costs and/or penalties incurred by the Company as result of the Customer's failure to curtail. The duration and frequency of curtailments shall be at the sole discretion of the Company unless otherwise provided in the ESA between the Company and the Customer.

TRANSACTION COSTS: Where the Company gives its best efforts to arrange either a Marginal Capacity purchase or Released Capacity sale but is nonetheless unable to find a market for the Customer, the Company is entitled to its reasonable transaction costs.

NOTIFICATION REQUIRED BY THE CUSTOMER: In order to improve the possibility there will be a market for the Released Capacity or Marginal Capacity available, the Customer shall provide notice of its intent to sell Released Capacity or purchase Marginal Capacity no later than six



Fergus Falls, Minnesota

(6) months before the start date of the next applicable Winter Season or Summer Season, the six-month requirement to be waived at the Company's discretion.

COMMUNICATION REQUIREMENTS: The Customer agrees to use Company-specified communication requirements and procedures when submitting any offer for Released Capacity or Marginal Capacity. These requirements may include specific computer software and/or electronic communication procedures.

METERING REQUIREMENTS: Company approved metering equipment capable of providing load interval information is required for Rider participation. The Customer agrees to pay for the additional cost of such metering when not provided in conjunction with existing retail electric service.

LIABILITY: The Company and the Customer agree that the Company has no liability for indirect, special, incidental, or consequential loss or damages to the Customer, including but not limited to the Customer's operations, site, production output, or other claims by the Customer as a result of participation in this Rider.

ENERGY ADJUSTMENT RIDER: Energy consumed up to and including the Baseline Demand(s) is subject to the Energy Adjustment Rider as provided in Section 13.01, or any amendments or superseding provisions applicable thereto. Because Energy consumed above the Baseline Demand(s) is subject to the System Marginal Energy Price and calculated on a real-time basis, it is not subject to the Energy Adjustment Rider as provided for in Mandatory Riders – Applicability Matrix, Section 13.00.

CUSTOMER EQUIPMENT: Customers taking service under this Rider shall provide equipment to maintain a power factor at a level no less than the level in which penalties would be invoked under the Tariff, if applicable.

Exhibit 2

PUBLIC DOCUMENT –NOT PUBLIC DATA HAS BEEN EXCISED

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Fergus Falls, Minnesota

Minnesota Public Utilities Commission
Section 14.03
ELECTRIC RATE SCHEDULE
Large General Service Rider

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Sixth Revision

Demand(s) and the ability to purchase Energy above the Baseline Demand(s) at rates set forth in the Customer's applicable rate schedule and/or a negotiated Energy rate subject to Commission approval.

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Energy: The Customer's monthly rate for Energy will be determined in two parts: (1) Energy consumed up to and including the Baseline Demand(s), and (2) Energy consumed above the Baseline Demand. The price (rate) for Energy consumed up to and including the Baseline Demand(s) will be determined by multiplying the Customer's metered Energy consumption by the Energy rate provided in the rate schedule applicable to the Customer and/or a negotiated rate subject to Commission approval. The monthly rate for Energy consumed above the Baseline Demand(s) will be determined by multiplying the Customer's metered Energy consumption by the Energy rate provided in the rate schedule applicable to the Customer and/or a negotiated Energy rate subject to Commission approval.

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Demand: A Customer's monthly rate for Demand shall be determined by multiplying the Customer's Billing Demand by the Demand rate provided in the rate schedule applicable to the Customer and/or a negotiated Demand rate subject to Commission approval.

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SYSTEM MARGINAL ENERGY PRICING:

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Background: Certain Company industrial and Commercial Customers have ESAs that designate, among other things, a Billing Demand, Baseline Demands and a Firm Demand. With Baseline Demands, the Company agrees to provide and the Customer agrees to purchase its Energy requirements up to the Baseline Demand(s) at rates set forth in the Customer's applicable rate schedule. Setting a Firm and Baseline Demands benefits both the Company and the Customer. With Firm Demands, the Company is able to curtail participating Customers' load to predetermined levels which allows the Company to more accurately forecast its native load Capacity and Energy requirements. Baseline Demands assure the Customer a fixed price for Energy up to the Baseline Demand(s) and the ability to purchase Energy above the Baseline Demand(s) on a "real time" basis, which can be higher or lower than the rates set forth in the applicable rate schedule. Accordingly, a Customer can adjust its Energy consumption above the Baseline Demand(s) according to the value the Customer places on that Energy in real-time.

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System Marginal Energy Price Notification: No later than 4:00 p.m. (Central Time) of the

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Fergus Falls, Minnesota

Minnesota Public Utilities Commission
Section 14.03
ELECTRIC RATE SCHEDULE
Large General Service Rider

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Sixth Revision

preceding day, the Company shall give its best efforts to make available to Customers the System Marginal Energy Price for the next business day. System Marginal Energy Prices for Saturday through Monday will be made available, whenever possible, the previous Friday. The Company may deviate from this procedure in abnormal operating conditions and for the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas.

The Company is not responsible for a Customer's failure to receive or obtain and act upon the System Marginal Energy Prices. If a Customer does not receive or obtain the prices made available by the Company, it is the Customer's responsibility to notify the Company by 4:30 p.m. of the business day preceding the day the prices are to take effect. The Company reserves the right to revise its System Marginal Energy Price at any time prior to Customer's acceptance and will be responsible for notifying the Customer of such revised prices.

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Demand: A Customer's monthly rate for Demand shall be determined by multiplying the Customer's Billing Demand by the Demand rate provided in the rate schedule applicable to the Customer.

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SHORT-TERM MARGINAL CAPACITY PURCHASES:

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Background: Certain Customers have ESAs that establish for the term of the ESA, among other things, a Billing Demand under which the Customer purchases a fixed level of Capacity and a Firm Demand that represents the load-level to which the Customer must curtail on being notified by the Company. On a Short-term basis, the Customer may desire either more or less Capacity than that established in the ESA. The Short-Term Marginal Capacity Purchases and Short-Term Marginal Capacity Releases sections provide a mechanism under which the Customer may, on a Short-term basis, purchase additional Capacity from the Company or third party (the "Marginal Capacity") or release (sell) Capacity to the Company or third party (the "Released Capacity").

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Marginal Capacity: Where the Customer requests additional Capacity on a Short-term basis, the Customer may reserve additional Capacity, to the extent available, from the Company's system, or request the Company to purchase available Capacity in the market (the "Marginal Capacity"). Where the Company is unable to provide Marginal Capacity within 60 days of the Customer's notice under Section 4.3, the Customer may seek Marginal Capacity indirectly from a third party. The Company would work with the third party to effectuate the purchase. In each case, the Company agrees to give to the Customer its best effort in seeking the Marginal Capacity. The Marginal Capacity purchase must be for a minimum of 1000 kW (1MW) and will include charges for Transmission Service, a Reserve Margin and applicable administrative and other costs. The Company does not guarantee the availability of Capacity or Transmission Service for the Marginal Capacity.

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Compensation: The rate for the Marginal Capacity shall be as negotiated by the parties. C
Where the Marginal Capacity is provided by a third party, the compensation for such
Marginal Capacity shall be as negotiated between the Customer, the Company and the third-
party, and the Company shall be compensated for its efforts in assisting the transaction.

Purchase Period: The Purchase Period shall be either a Summer Season(s) or Winter C
Season(s), or combination thereof, unless otherwise agreed to by the Company and
Customer, but in no case will be less than one (1) month.

Effect of Marginal Capacity: By purchasing Marginal Capacity, the Customer agrees that C
its Firm Demand, as established in the ESA, will be increased throughout the Purchase
Period by the amount of Marginal Capacity purchased. The Customer will continue to be
billed for the Billing Demand established in the ESA. For all eligible Customers not taking C
service under Rate Schedule 14.02 (the Real Time Pricing Rider), Energy consumed above C
the Baseline Demand(s) will continue to be billed at the System Marginal Energy Price, C
Real Time Pricing Rider Customers will continue to be billed under the provisions of Rate C
Schedule 14.02.

SHORT-TERM MARGINAL CAPACITY RELEASES: N

Background: Certain Customers have ESAs that establish for the term of the ESA, among N
other things, a Billing Demand under which the Customer purchases a fixed level of N
Capacity and a Firm Demand that represents the load-level to which the Customer must N
curtail on being notified by the Company. On a Short-term basis, the Customer may desire N
either more or less Capacity than that established in the ESA. The Short-Term Marginal N
Capacity Purchases and Short-Term Marginal Capacity Releases sections provide a N
mechanism under which the Customer may, on a Short-term basis, purchase additional N
Capacity from the Company or third party (the "Marginal Capacity") or release (sell) N
Capacity to the Company or third party (the "Released Capacity"). N

Released Capacity: Where the Customer requests to release Capacity on a short-term basis, C
the Customer may release some but not all of the Capacity (the "Released Capacity"), and
the Company agrees to give its best effort in finding a purchaser of the Released Capacity.
Where the Company is unable or unwilling to purchase the Released Capacity for its own
use or to resell it off-system at wholesale, or otherwise find a purchaser, within 60 days of
the Customer's notice under Section 4.3, the Customer may have a third party market the
Capacity. The Company would work with the third-party to effectuate the sale of the
Released Capacity. The Released Capacity must be a minimum of 1000 KW (1MW).

Comipensation: As compensation for the Released Capacity, the Customer shall receive a C
credit or payment during any billing month in which Customer and Company have
cooperated to make a Released term Capacity sale, adjusted to take into account the



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Company's applicable administrative and other costs. Where the Company purchases the Released Capacity, the rate will be as negotiated between the Company and the Customer. No credit will be given to the Customer for any Energy sold by the Company under the Released Capacity, and the Customer will have no cost responsibility associated with the sale of such Energy. Where the Released Capacity is marketed by a third party, the compensation for such Released Capacity shall be as negotiated between the Customer, the Company and the third-party, and the Company shall be compensated for its efforts in assisting the Released Capacity transaction.

Release Period: The Release Period shall be either a Summer Season(s) or Winter Season(s), or combination thereof, unless otherwise agreed to by the Company and Customer, but in no case will be less than one (1) month. C

Effect of Release Capacity: By selling Released Capacity, the Customer agrees that its Firm Demand, as established in the ESA, will be reduced throughout the Release Period by the amount of Released Capacity. The Customer will continue to be billed for the Billing Demand established in the ESA. C

PENALTY FOR INSUFFICIENT LOAD CONTROL: Upon notification from the Company, the Customer shall curtail its Demand to its Firm Demand, as adjusted to take into consideration any Marginal Capacity or Released Capacity. In the event the Customer fails to curtail its load as requested by the Company, the Customer will forfeit any compensation for that period, if any is due. In addition, the Customer shall be responsible for any and all costs and/or penalties incurred by the Company as result of the Customer's failure to curtail. The duration and frequency of curtailments shall be at the sole discretion of the Company unless otherwise provided in the ESA between the Company and the Customer. C

TRANSACTION COSTS: Where the Company gives its best efforts to arrange either a Marginal Capacity purchase or Released Capacity sale but is nonetheless unable to find a market for the Customer, the Company is entitled to its reasonable transaction costs. C

NOTIFICATION REQUIRED BY THE CUSTOMER: In order to improve the possibility there will be a market for the Released Capacity or Marginal Capacity available, the Customer shall provide notice of its intent to sell Released Capacity or purchase Marginal Capacity no later than six (6) months before the start date of the next applicable Winter Season or Summer Season, the six-month requirement to be waived at the Company's discretion. C

COMMUNICATION REQUIREMENTS: The Customer agrees to use Company-specified communication requirements and procedures when submitting any offer for Released Capacity or Marginal Capacity. These requirements may include specific computer software and/or electronic communication procedures. C



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METERING REQUIREMENTS: Company approved metering equipment capable of providing load interval information is required for Rider participation. The Customer agrees to pay for the additional cost of such metering when not provided in conjunction with existing retail electric service. C
C

LIABILITY: The Company and the Customer agree that the Company has no liability for indirect, special, incidental, or consequential loss or damages to the Customer, including but not limited to the Customer's operations, site, production output, or other claims by the Customer as a result of participation in this Rider. C
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ENERGY ADJUSTMENT RIDER: Energy consumed up to and including the Baseline Demand(s) is subject to the Energy Adjustment Rider as provided in Section 13.01, or any amendments or superseding provisions applicable thereto. Because Energy consumed above the Baseline Demand(s) is subject to the System Marginal Energy Price and calculated on a real-time basis, it is not subject to the Energy Adjustment Rider as provided for in Mandatory Riders – Applicability Matrix, Section 13.00. C
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CUSTOMER EQUIPMENT: Customers taking service under this Rider shall provide equipment to maintain a power factor at a level no less than the level in which penalties would be invoked under the Tariff, if applicable. C
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CERTIFICATE OF SERVICE

RE: In the Matter of the Petition of Otter Tail Power Company for Approval of an Electric Service Agreement with Potlatch Land & Lumber LLC

I, Nancy L. Olson, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class Mail.

**Otter Tail Power Company
Initial Filing**

Dated this **6th** day of June **2016**.

/s/ NANCY L. OLSON _____

Nancy L. Olson, Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8376

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Pete	Aube	pete.aube@potlatchcorp.com	Potlatch Corp	601 West First Ave, Suite 1600 Spokane, WA 99201	Paper Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Jared	Echternach	jechternach@beltramelectric.com	Beltrami Electric Coop., Inc.	411 Technology Dr NW Bemidji, MN 56601	Paper Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Valerie	Herring	vherring@briggs.com	Briggs and Morgan, P.A.	2200 IDS Center 80 S. Eighth Street Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Dave	Loch	dave.loch@potlatchcorp.com	Potlatch Corp	601 West First Ave, Suite 1600 Spokane, WA 99201	Paper Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Samuel	Mason	smason@beltramielctric.com	Beltrami Electric Cooperative, Inc.	4111 Technology Dr. NW PO Box 488 Bemidji, MN 56619-0488	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Gary	Oetken	goetken@agp.com	Ag Processing, Inc.	12700 West Dodge Road P.O. Box 2047 Omaha, NE 681032047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
David G.	Prazak	dprazak@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Wade	Semeliss	wade.semeliss@potlatchcorp.com	Potlatch Corp	601 West First Ave., Suite 1600 Spokane, WA 99201	Paper Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Cary	Stephenson	cStephenson@otpco.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST Potlatch