



# SHARED COMMITMENT TO EXCELLENCE

MINNESOTA  
PUBLIC UTILITIES  
COMMISSION

January 20, 2015



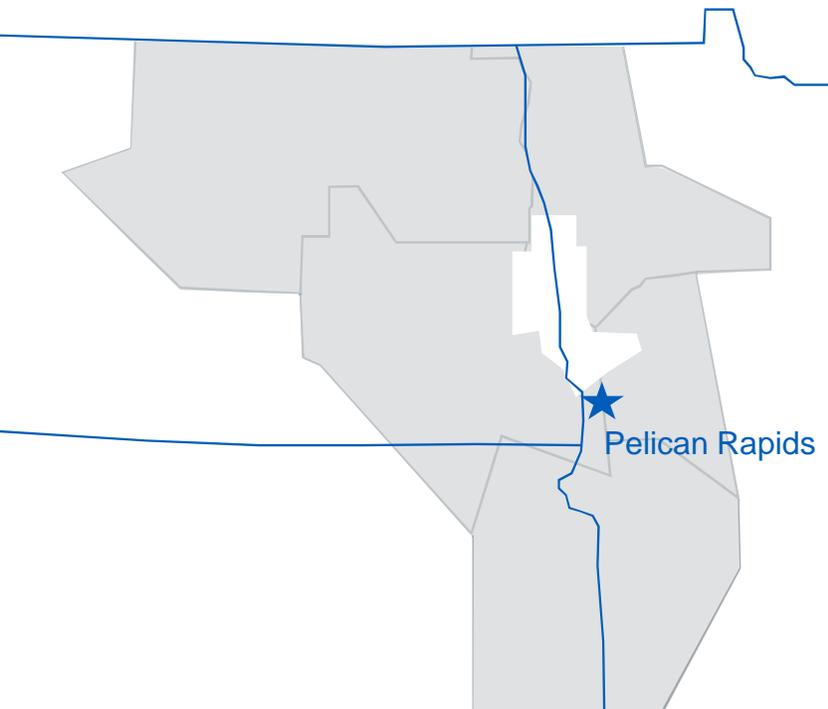
# AGENDA

1. Introduction to President Tim Rogelstad
2. Who we serve
3. How we serve
4. History of innovative partnerships
5. Current focus on successful project execution
6. A look ahead

# INTRODUCTION TO TIM ROGELSTAD

## Passion for:

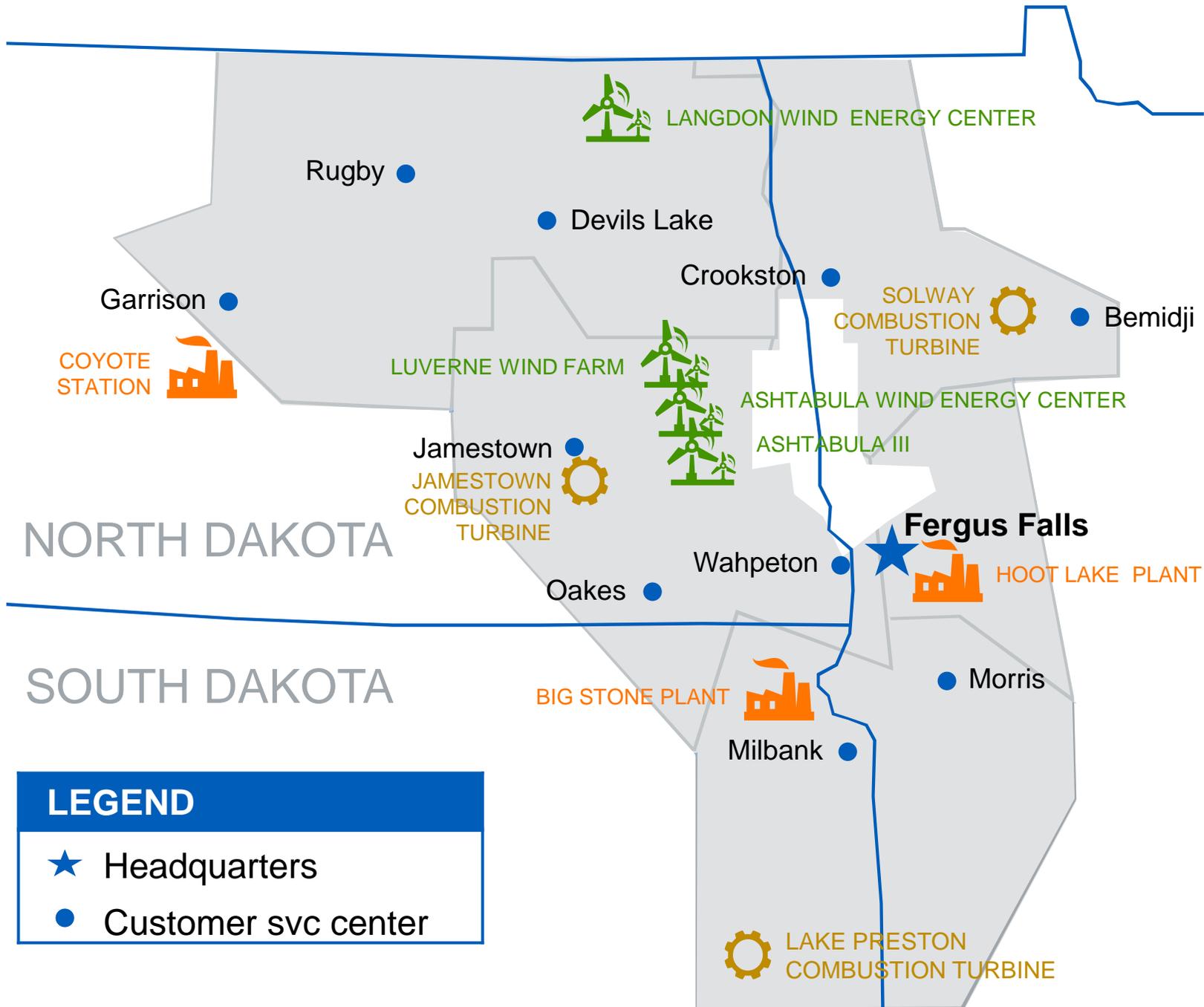
- Sports
- Youth
- Community



## History of:

- Engineering
- Operations
- Regional transmission planning
- Relationship building

# WHO WE SERVE



**LEGEND**

- ★ Headquarters
- Customer svc center

# SERVICE AREA

- 70,000 Square miles
- 130,200 Customers
- 422 Communities
- Avg population about 400
- 785 Employees
  - 495 Minnesota
  - 200 North Dakota
  - 90 South Dakota
- About 800 MW owned generation
- About 245 MW wind Generation
- About 5,400 miles of transmission lines

# OUR COMMUNITY POPULATIONS

## North Dakota

- 93% less than 1,000 people
- 6% 1,000-5,000 people
- 0.8% 5,000-10,000 people
- 0.2% more than 10,000 people

## South Dakota

- 91% less than 1,000 people
- 9% 1,000-5,000 people
- 0% 5,000-10,000 people
- 0% more than 10,000 people

## Minnesota

- 90% less than 1,000 people
- 7% 1,000-5,000 people
- 1.5% 5,000-10,000 people
- 1.5% more than 10,000 people

# WHO WE SERVE

## Typical town we serve: Winger, pop. 220



Average household income:  
**\$49,524**



Value of homes:  
**90%** of homes  
cost less than \$99,999



Largest employer:  
Titan Machinery  
**20** employees



Household makeup:  
**20.2%**  
of households have  
someone living alone  
who is 65 years of age  
or older.



Age of homes:  
**39%** were  
built before 1940

## Largest town we serve: Bemidji, pop. 13,431



Average household income:  
**\$43,000**



Value of homes:  
**80%** of homes  
cost less than \$99,999



Largest employer:  
Sanford Health  
**1,484** employees



Median age of residents:  
**28**



Age of homes:  
**53%** were  
built before 1960

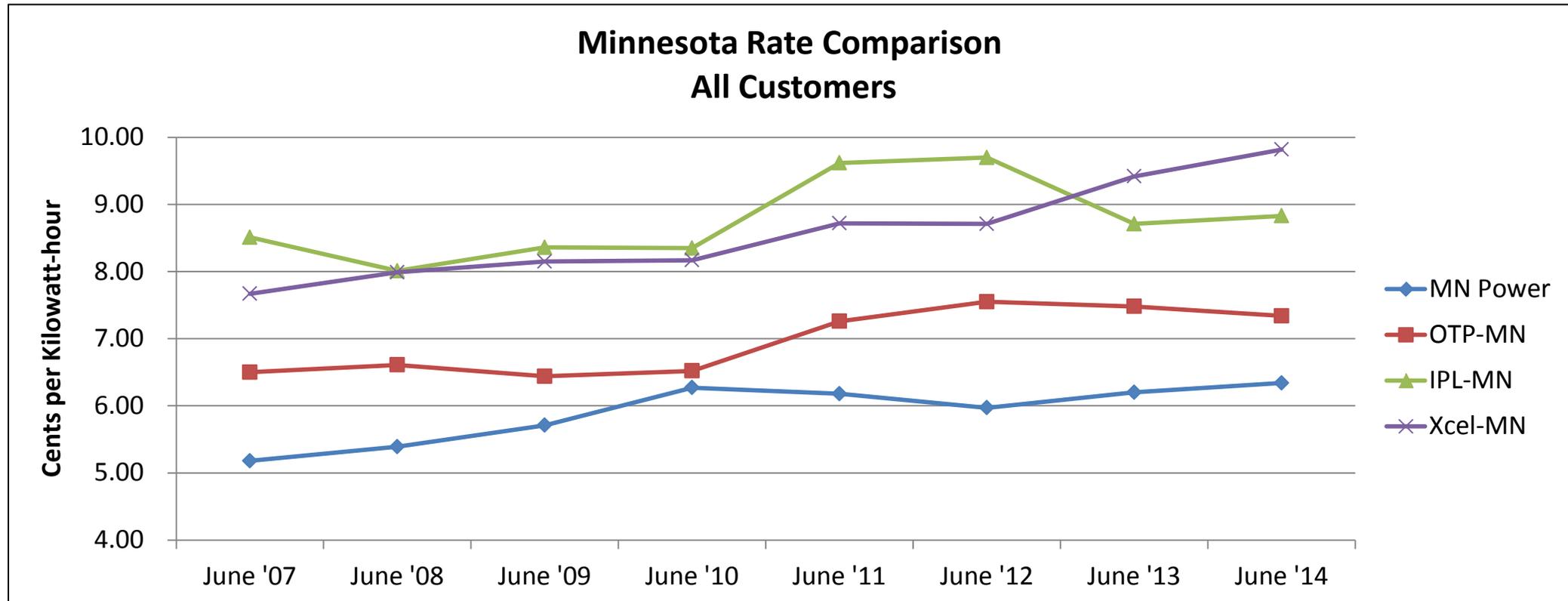
# HOW WE SERVE

# MISSION



To produce and deliver electricity as reliably, economically, and environmentally responsibly as possible to the balanced benefit of customers, shareholders, and employees and to improve the quality of life in the areas in which we do business

# MANAGEABLE RATES



Source: EEI Typical Bill Survey

# VALUES



## INTEGRITY

We conduct business responsibly and honestly.

## SAFETY

We provide safe workplaces and require safe work practices.

## CUSTOMER FOCUS

We provide reliable electricity and timely, courteous customer service.

## COMMUNITY

We care about the people and places we serve and improve the quality of life in the areas in which we do business.

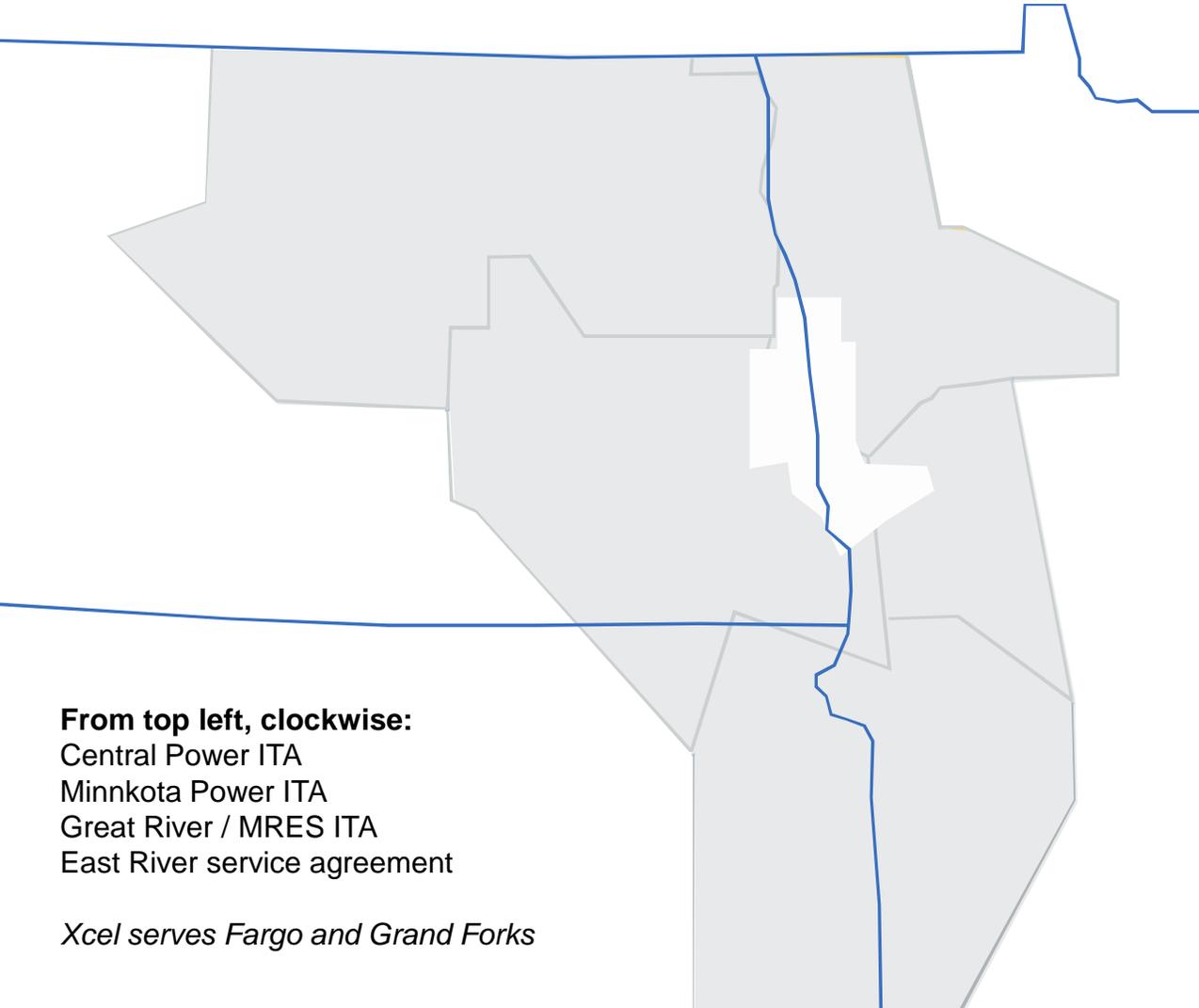
## RESOURCEFULNESS

We draw on the ingenuity and expertise of various resources to create strategic, balanced, practical plans.



# OTTER TAIL POWER COMPANY'S HISTORY OF INNOVATIVE PARTNERSHIPS

# INNOVATIVE PARTNERSHIPS



**From top left, clockwise:**

Central Power ITA  
Minnkota Power ITA  
Great River / MRES ITA  
East River service agreement

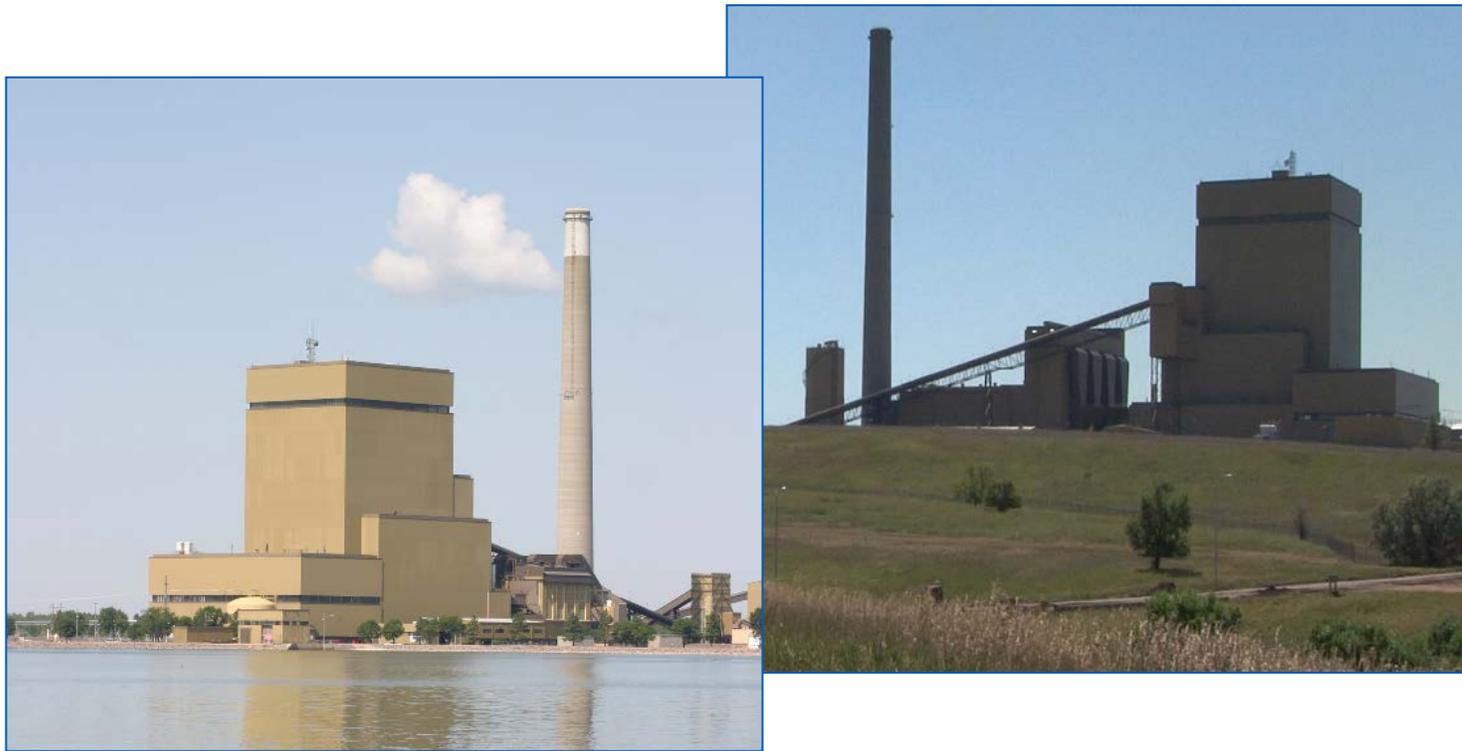
*Xcel serves Fargo and Grand Forks*

## **Integrated Transmission Agreements**

- Began in 1950s, serving as precursor to MISO and other RTOs
- We're about one-third of the load in our balancing area

# INNOVATIVE PARTNERSHIPS

Jointly owned generating units provide economies of scale



**Otter Tail Power Company operates:**

- **Big Stone Power Plant** (left)
  - 53.9% Otter Tail Power Company
  - 23.4% NorthWestern Energy
  - 22.7% Montana-Dakota Utilities Co.
- **Coyote Station** (right)
  - 35% Otter Tail Power Company
  - 30% Northern Municipal Power Agency
  - 25% Montana-Dakota Utilities Co.
  - 10% NorthWestern Energy

We'll consider opportunities for a jointly owned facility for Hoot Lake Plant's replacement as well.

# INNOVATIVE PARTNERSHIPS

## **Turnkey approach with NextEra**

- Provided wind development experience to ensure quality projects.
- Resulted in high capacity factors and high accredited capability.
- Achieved cost savings through ownership.
- Cost-effectively grew our renewable generation to 19% of total energy when combined with purchased wind.



# INNOVATIVE PARTNERSHIPS



## **Energy efficiency**

“Best in class” according to E Source

## **Demand response**

One-third of our customers participate

# INNOVATIVE PARTNERSHIPS

## American Customer Satisfaction Index (ACSI)

- **Consistently among the top five utilities nationally** as measured by ACSI.
- In 2013 and Q1-Q2 2014 ranked **well above industry average** in the categories of:
  - Customer expectations
  - Perceived quality
  - Perceived value
  - Reliability
  - Ability to restore service
  - Loyalty
  - Overall customer satisfaction

# CURRENT FOCUS ON SUCCESSFUL PROJECT EXECUTION

# SUCCESSFUL PROJECT EXECUTION

## Big Stone Plant AQCS

- About 80% complete
- OSHA rate 0.43 with 1,410,007 hours worked
- Zero lost-time injuries
- Revised budget from \$489 million to \$384 million

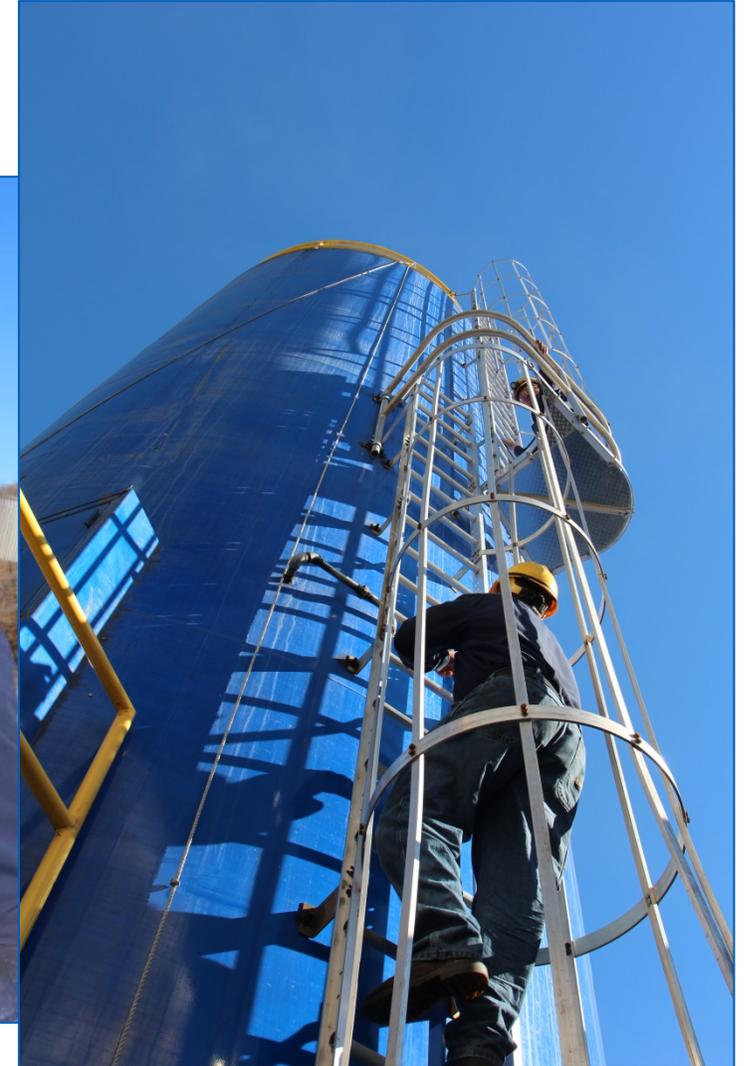


# SUCCESSFUL PROJECT EXECUTION

## Hoot Lake Plant MATS project

- Completed in 2014
- Initial estimate: \$10 million
- Final cost: \$8 million

*Mercury and Air Toxics Standards*



# SUCCESSFUL PROJECT EXECUTION

## Major transmission projects

- Fargo to Monticello
- Brookings County to Hampton
- Big Stone South to Brookings County
- Big Stone South to Ellendale



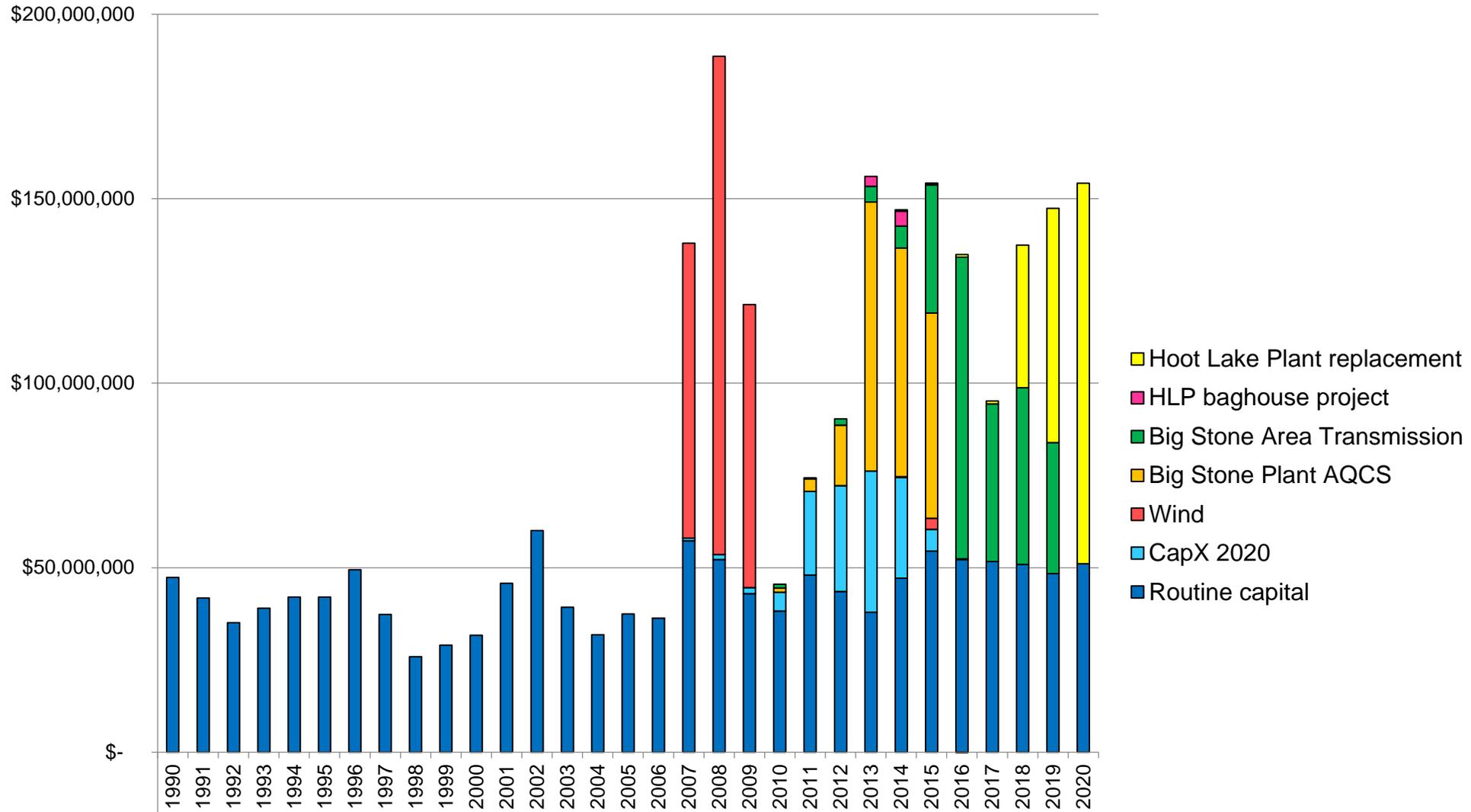
# A LOOK AHEAD

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# A LOOK AHEAD

- Maintain focus on project execution
- Retire and replace Hoot Lake Plant
- Prepare to meet Clean Power Plan and other EPA rules
- Prepare to meet Minnesota Solar Energy Standard
- Launch new Customer Information System
- Maintain alignment among our three states and with our project partners

# A LOOK AHEAD AT CAPITAL NEEDS



# WORKING TOGETHER



Thank you.

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Otter Tail Power Company  
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