

Make it Electric



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Golden opportunity to improve, grow

Stimulus funds can be a boon to new and existing businesses

Whether you employ 1 or 1,000, your company could benefit from federal stimulus funds available through the American Recovery and Reinvestment Act of 2009. The trick is figuring out what's available and how to apply. That's where Otter Tail Power Company Economic Development Consultants Don Frye and Terry Stallman come in.

"Terry and I interact with these agencies all the time so it's easier for us to stay on top of programs that are available."

Don Frye

Frye and Stallman spend every workday—and some evenings and weekends—helping Otter Tail Power Company's commercial and industrial customers grow their businesses. They are experts on federal, state, and local programs designed to foster economic development in the company's three-state service area.

Instead of searching online trying to figure out how to access federal stimulus dollars, Otter Tail Power Company customers can call Frye or Stallman. "Terry and I interact with these agencies all the time so it's easier for us to stay on top of programs that are available," Frye says. "We often get that information before anybody else."

Stimulus dollars worth seeking

A number of funding programs and opportunities have been created or expanded through the federal stimulus package. Here are a few examples.

- Improve energy efficiency and embrace green energy through programs administered by the Department of Energy. Each state has provided plans for disbursing funds. North Dakota's plan alone makes \$24.5 million available for residential and commercial projects.
- Purchase and install renewable power projects through grants and loans administered by the United States Department of Agriculture's (USDA) Rural Energy for America Program. REAP targets rural small businesses and agricultural producers.
- Get a loan with few or no fees and 90 percent guaranteed through the Small Business Administration.
- Improve community infrastructure—water, sewer, electric—to benefit existing and potential businesses with grants from the USDA.

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Support from start to finish

Applying for grants and loans can be difficult and time-consuming, but Frye and Stallman, along with Otter Tail Power Company's industrial services engineers and marketing staff, are ready to guide customers through the entire process. Just ask Dr. Maggie Peterson of Enderlin, North Dakota.

Dr. Peterson, a chiropractor, wanted to make her office space more energy efficient, and she wanted to add space for an organic, locally grown food store. So, she contacted Otter Tail Power Company. Frye and members of the marketing team guided her through the application process, and Energy Management Representative Bob Sitzmann conducted the energy audit. "They held my hand through all of this. They were amazing to work with," said Dr. Peterson. "Without their help, I wouldn't have done it."

But she did do it and, as a result Dr. Peterson received a USDA grant that covered 25 percent of the cost of installing a geothermal heat pump. She replaced windows and increased insulation in her existing building and built new space for

The Organic Cupboard. Each side of her building has its own system so her patients and her organics can coexist at just the right temperatures.

"It's incredible how much we're going to save in energy costs," Dr. Peterson says. "Heating and cooling costs were around \$3,000 a year before. Now they're going to be about \$300."

Frye says that's exactly how Otter Tail Power Company's approach to economic development works: "We want to help businesses free up their operating capital so they may be able to hire more people or market to more customers and grow their businesses."

For more information about how Otter Tail Power Company's economic development consultants can help you, call 218-739-8370 or visit www.otpc.com/ProductsServices/EconomicDevelopmentTeam.asp.



With the assistance provided by Otter Tail Power Company's Economic Development Consultant Don Frye, Dr. Peterson applied for and received a grant that paid for 25 percent of the cost of installing a geothermal heat pump for the addition to her building. With this furnace heating the chiropractic office space only, she'll save more than \$2,500 a year on heating and cooling.



Each side of Dr. Peterson's building has its own system, so her patients and her organic groceries can coexist at just the right temperatures.

Goal is more "green" buildings Otter Tail Power Company supports Minnesota's efforts

When Minnesota passed the Next Generation Energy Act of 2007 the state set a goal of certifying 100 commercial buildings as "green" by the end of 2010. Businesses and nonprofit organizations that go green by making changes to more efficiently heat, cool, and illuminate their buildings are saving lots of green (money) as well.

The company is helping commercial customers earn green building certification through three rating systems included in the Minnesota legislation:

- Energy Star Green Globes™.
- Leadership in Energy and Environmental Design, or LEED.
- Each system differs in content, scope, and cost. Energy Star certification is often a precursor to earning Green Globes and LEED certification.

Otter Tail Power Company will provide commercial and industrial customers with one free Energy Star benchmark scoring exercise. Minnesota customers who want to improve their benchmark scores can access Otter Tail Power Company's Conservation Improvement Program (CIP), which pays 50 percent up to \$1,000 of the cost of identifying ways to make buildings more energy efficient. Plus, Otter Tail Power Company's Minnesota CIP rebates are at an all-time high.

Making your buildings more energy efficient, or green, is good business. For example, Energy Star certified buildings use 35 percent less energy than noncertified buildings. Not only will energy efficiency save you money, you also will garner goodwill from your customers and the public.

Learn more by calling the Otter Tail Power Company Idea Center at 800-493-3299 or by visiting these web sites:

www.energystar.gov

www.usgbc.org/leed

www.thegbi.org/green-globes-tools.

Final rates implemented in South Dakota

On June 23 the South Dakota Public Utilities Commission (PUC) approved a revenue increase for Otter Tail Power Company of approximately \$2.9 million, or about 11.7 percent. This increase, which went into effect July 1, was our company's first South Dakota rate increase in more than 21 years.

Impact of wind generation

"One of the primary drivers of this level of increase, along with rising costs and growing energy use, is the cost associated with the significant amount of wind generation we've added," said Chuck MacFarlane, Otter Tail Power Company President. "While this additional wind generation requires an increase to base electric rates, it will reduce our company's energy purchases. And we expect that to be reflected by an offsetting reduction in the Energy Adjustment on South Dakota customers' bills."

The state of South Dakota allows recovery of wind investments in base rates. Minnesota and North Dakota investments are recovered in base rates or through a renewable resource adjustment on customers' bills. The impact to our customers has been about the same regardless of the method used.

As Otter Tail Power Company adds more wind-generated electricity to our balanced mix of resources, we expect to file additional rate cases and requests to update our renewable resource adjustments as required in all three states to begin recovering costs. For example, construction is underway on our portion of the Luverne Wind Farm in North Dakota, and we expect to begin commercial operation later this year. It's likely that we'll file a rate case to begin recovering the costs of that project in South Dakota sometime in 2010.

Rate changes encourage more conservation

The South Dakota PUC's decision resulted in several rate design changes. One change is reducing the use of declining block rates, which are rates that allow customers to pay less per kilowatt-hour as they use more electricity. More and more states are moving away from declining block rates to encourage conservation and energy efficiency. This means that higher-use customers will see a greater increase in their bills than lower-use customers. We encourage all customers to manage their electricity use and save money through energy conservation.

Looking ahead

We understand that rate increases affect your budgets, as do rising costs associated with materials you need to operate your business. You should know that, even with these changes, Otter Tail Power Company's rates remain among the lowest in the nation. And to help secure a bright future, we promise to remain diligent about finding the most efficient, responsible, and cost-effective ways to provide exceptional service, as we have since 1909.

North Dakota rate changes still pending

In July the North Dakota Public Service Commission set September 28 as the date for our rate case settlement hearing. If approved, it's likely that final rates would go into effect on November 1, 2009.

Federal tax incentives worth pursuing

Energy efficiency rewarded with deductions

If you've been intending to look into federal income tax incentives for energy-efficient building projects and renovations, a great place to start your research is the Tax Incentives Assistance Project, or TIAP web site at www.energytaxincentives.org.

A few highlights

- Eligible buildings must meet American Society of Heating, Refrigerating and Air-Conditioning Engineers Standard 90.1-2001, found at www.ashrae.org. Nontaxpaying entities are not eligible for tax credits.
- A tax deduction of up to \$1.80 per square foot is available to owners or tenants of new or existing commercial buildings constructed or reconstructed to save at least 50 percent of heating, cooling, ventilating, water heating, and interior lighting energy costs.
- A tax deduction of 60 cents per square foot is available to owners or tenants who reduce energy costs related to the building envelope by 10 percent, reduce lighting costs by 20 percent, or reduce heating and cooling costs by 20 percent.

- The Emergency Economic Stabilization Act of 2008 created two incentives for installing geothermal heat pump systems. Commercial building owners or tenants may claim an investment tax credit of 10 percent for equipment installed between October 3, 2008, and December 31, 2016. Or—in lieu of the credit—they can take a grant worth 10 percent of the cost of equipment installed in 2009 and 2010. More information is available from the Geothermal Heat Pump Consortium at www.geoexchange.org.
- The tax credit for solar and wind systems in service after January 1, 2006, is 30 percent of the cost of the system. Incentives expire December 31, 2016.

Contact your Otter Tail Power Company energy management representative or call the Otter Tail Power Company Idea Center at 800-493-3299 for more information about these and other federal tax incentives.

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Make It Electric provides information for industrial and commercial customers interested in energy efficiency, increased productivity, and new technologies. Industrial Services
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