

2 Resource Plan Non-Technical Summary

Otter Tail respectfully submits this resource plan filing to the Minnesota Public Utilities Commission (Commission) for approval under MN Statute §216B.2422 and MN Rules Part 7843. The plan identifies the anticipated electric service needs of the Company's customers for the 2011-2025 planning period. The plan details specific action items that Otter Tail intends to complete within the first five years of the planning period as part of the plan implementation.

The Commission has previously stated that it considers the characteristics of the available resource options and the proposed plan as a whole. In addition, Otter Tail understands the Commission evaluates resource plans on their ability to:

- Maintain or improve the adequacy and reliability of utility service
- Keep the customer's bills and the utility's rates as low as practicable, given regulatory and other constraints
- Minimize adverse socio-economic effects and adverse effects upon the environment
- Enhance the utility's ability to respond to changes in the financial, social, and technological factors affecting its operations
- Limit the risk of adverse effects on the utility and its customers from financial, social, and technological factors that the utility cannot control.

Otter Tail has worked diligently to keep these objectives in mind while developing this resource plan. Otter Tail continues to place emphasis on making existing facilities as efficient and economical as is cost-effective. These efforts should help to maintain low rates and customer bills, reduce the financial risks of future environmental regulation or taxes, reduce the environmental effects, and keep the Company well positioned to respond to change. But existing resources alone cannot meet future customers' needs. This resource plan provides a blend of supply-side and demand-side resource options to meet those customer needs.

Load Forecast

The process of developing this resource plan filing began with the development of an econometric load forecast, which provided a base case scenario, a low load growth scenario and a high load growth scenario.

The forecast energy and demand requirements are detailed in Appendix B. The energy requirements forecast represents an approximate 1.66% annual growth rate, prior to new demand side management (DSM) programs, and is the key component in determining the type of capacity resources that are added, whether baseload, intermediate, or peaking. Load growth through 2017 is driven significantly by specific large expansion plans by customers. Peak demands are anticipated to average an annual growth rate of 1.79% in the summer and 1.58% in the winter, prior to new DSM programs. The peak demand will determine the magnitude of capacity resources that are required for the system. As a participant in the Midwest Independent Transmission System Operator (Midwest ISO), Otter Tail is currently required to maintain a 4.50% reserve margin on the forecasted peak demand in each month, after accounting for plant accreditation ratings as defined by the Midwest ISO. Failure to meet this obligation for each planning month could result in a significant financial penalty of about \$90,000 per megawatt of capacity deficiency.

2-2 Resource Plan Summary

Future Resource Needs

Tables 2-1 and 2-2 provide the Company's summer and winter resource needs, respectively, showing the Company's projected load and capability according to Midwest ISO Module E rules for resource adequacy. Please see Section 3 for discussion of Midwest ISO Module E and further detail regarding the resource adequacy obligation calculation.¹

The 50th-percentile demand forecast is adjusted for accredited demand response capability and a 4.50% reserve requirement is calculated on this net demand forecast to determine the expected resource adequacy obligation. The total accredited capacities, shown as Planning Resource Credits (PRCs), represent the Midwest ISO's capacity ratings for the Company's resources based on the 2010 Planning Year accreditation levels. Aggregate PRCs are the accreditation of those resources that have deliverability anywhere within the Midwest ISO footprint. Local PRCs are the accreditation of those resources that are Behind-the-Meter-Generation, or locally deliverable to the Company's load. Capacities for transactions are shown separately. Resource accreditations are based on historical summer performance and do not vary monthly. Transactions and demand response accreditations, however, can vary monthly.

Table 2-1: Summer 2010-2025 Base Case Projected Load and Capability Prior to Resource Plan Information

Planning Year	50/50 Forecasted Demand (MW)	Accredited Demand Response (MW)	Reserve Obligation Net of Accredited Demand Response (MW)	Aggregate Capacity (PRCs)	Local Capacity (PRCs)	Net Transaction Capacity (PRCs)	Total Accredited Capacity (PRCs)	Projected Summer Deficiency (-MW)
2010	696.8	25.0	702.1	582.1	41.0	85.0	708.1	6.1
2011	708.4	25.0	714.1	596.1	30.0	100.0	726.0	11.9
2012	720.1	25.0	726.4	596.1	30.0	100.0	726.0	-0.3
2013	732.0	25.0	738.8	596.1	14.7	50.0	660.7	-78.0
2014	750.4	25.0	758.0	596.1	14.7	50.0	660.7	-97.3
2015	772.7	25.0	781.3	596.1	14.7	0.0	610.7	-170.6
2016	793.2	25.0	802.7	366.1	14.7	0.0	380.7	-422.0
2017	818.4	25.0	829.1	366.1	14.7	0.0	380.7	-448.4
2018	849.3	25.0	861.4	366.1	14.7	0.0	380.7	-480.6
2019	861.8	25.0	874.4	366.1	14.7	0.0	380.7	-493.7
2020	874.4	25.0	887.6	172.7	14.7	0.0	187.4	-700.2
2021	887.2	25.0	901.0	172.7	14.7	0.0	187.4	-713.6
2022	900.1	25.0	914.5	172.7	14.7	0.0	187.4	-727.1
2023	913.1	25.0	928.1	172.7	14.7	0.0	187.4	-740.7
2024	926.3	25.0	941.9	172.7	14.7	0.0	187.4	-754.5
2025	939.7	25.0	955.8	172.7	14.7	0.0	187.4	-768.4

¹ The Module E resource adequacy obligation calculation is:

Reserve Obligation = (Peak Demand Forecast-Demand Response) x (1+Load Based Reserve Margin), where the reserve margin is currently 4.5%. Total Accredited Capacity is the sum of Aggregate PRCs, Local PRCs, and Net Transaction PRCs, where PRCs are MWs that have been converted to "Planning Resource Credits." Under Module E, only PRCs are eligible for designation toward the Reserve Obligation.

Resource Plan Summary 2-3

Table 2-2: Winter 2010-2025 Base Case Projected Load and Capability Prior to Resource Plan Information

Planning Year	50/50 Forecasted Demand (MW)	Accredited Demand Response (MW)	Reserve Obligation Net of Accredited Demand Response (MW)	Aggregate Capacity (PRCs)	Local Capacity (PRCs)	Net Transaction Capacity (PRCs)	Total Accredited Capacity (PRCs)	Projected Winter Deficiency (-MW)
2010	775.5	105.0	700.7	582.1	40.3	135.0	757.4	56.7
2011	787.1	105.0	712.8	596.1	29.3	100.0	725.3	12.5
2012	798.9	105.0	725.1	596.1	29.3	100.0	725.3	0.2
2013	817.1	105.0	744.2	596.1	14.7	50.0	660.7	-83.4
2014	839.2	105.0	767.3	596.1	14.7	0.0	610.7	-156.5
2015	859.6	105.0	788.5	366.1	14.7	0.0	380.7	-407.8
2016	884.6	105.0	814.7	366.1	14.7	0.0	380.7	-434.0
2017	915.3	105.0	846.8	366.1	14.7	0.0	380.7	-466.1
2018	927.7	105.0	859.7	366.1	14.7	0.0	380.7	-479.0
2019	940.2	105.0	872.8	366.1	14.7	0.0	380.7	-492.0
2020	952.8	105.0	886.0	172.7	14.7	0.0	187.4	-698.6
2021	965.6	105.0	899.3	172.7	14.7	0.0	187.4	-711.9
2022	978.4	105.0	912.8	172.7	14.7	0.0	187.4	-725.4
2023	991.5	105.0	926.4	172.7	14.7	0.0	187.4	-739.0
2024	1004.6	105.0	940.1	172.7	14.7	0.0	187.4	-752.7
2025	1017.9	105.0	954.0	172.7	14.7	0.0	187.4	-766.6

The data in the tables illustrates the capacity deficits that exist prior to plan development, based on the Company’s existing resources as of June 1, 2010. The tables show that Otter Tail is slightly capacity deficient beginning in the summer of 2012 and that the deficiency grows throughout the study period as plants reach the end of their book lives, power purchase agreements (PPAs) expire, and demand continues to grow. Some resource accreditations are adjusted from 2010 accreditations in the table. Wind accreditation is assumed to drop to 3% from 8%, losing roughly 9 MW of accredited capacity in 2011. The 3% is a floor assumption for accreditation, recognizing that as wind penetration increases in the region, wind accreditation will decrease. Additionally, new emissions regulations may reduce accreditation of Otter Tail’s small diesel resources by as much as 14 MW by April 2013. This assumption is also reflected in the table.

Resource Plan Development

The software model used for developing the integrated resource plan at Otter Tail is Strategist. The long-range load forecasts are incorporated into the Strategist database, along with the supply-side and demand-side resource alternatives available to the Company over the course of the study period. Strategist was then executed to develop a series of least-cost resource plans. Otter Tail defined the objective function as minimizing total revenue requirements, or total societal costs.

The Proview module within Strategist was executed to develop optimized resource plans for each scenario for the time period 2010 through 2025. Resource plans were developed in accordance with the resource planning rules, including evaluation of scenarios that varied load growth, applied externalities, and achieved specified renewable and conservation objectives.

2-4 Resource Plan Summary

Potential Resources

Otter Tail considers both demand-side and supply-side resources in long-term planning analysis. Appendix D provides a more detailed discussion of the resources that the Company evaluated. The relatively small size of Otter Tail dictates some of the resource alternatives available to the Company in meeting the needs of customers. Otter Tail is not large enough to develop some of the technologies that may provide economy of scale benefits. The emphasis on the development of the resource plan was on those technologies and technology sizes that are commercially viable to the Company. Table 2-3 provides a list of the supply-side alternatives evaluated.

Some of the alternatives in Table 2-3 were eliminated through a pre-screening process prior to Strategist modeling, as detailed in Appendix D. Criteria used in the pre-screening process included size adequacy, financing capability, risk acceptability, and price competitiveness with similar alternatives.

Table 2-3: List of Resource Alternative Technologies Evaluated and Included in Strategist Model

Potential New Resources Evaluated	Included in Strategist Model
Pulverized Coal – Sub-critical and Super-critical	Yes, without carbon capture and sequestration
Atmospheric Circulating Fluidized Bed Coal	No
Integrated Gasification Combined Cycle	No
Simple Cycle Combustion Turbines – Aero-derivative and Heavy-Duty	Yes
Natural Gas Combined Cycle	Yes
Reciprocating Engines	No
Battery Storage and Thermal Storage	No
Microturbines	No
Long Term Capacity and Energy Purchases	Yes
Solar Photovoltaic	No
Biomass	No
Nuclear	No
Wind	Yes
Conservation	Yes
Load Control (DSM)	Yes
Hydroelectric	No
Pumped Storage - Hydroelectric	No
Phosphoric Acid Fuel Cell	No
Projects for Existing Facilities	
Big Stone Plant Environmental Project using Best Available Retrofit Technology (BART)	Yes
Hoot Lake Environmental and Upgrade Project	Yes
Frame 5s Upgrade Project	Yes

Additionally, the model included alternatives for potential capital projects for existing plants. An Air Quality Control System (AQCS) project for Big Stone Plant using Best Available Retrofit Technology (BART) was made available in 2016. This upgrade will be necessary for continued operation of this facility and is included to determine if this upgrade is economic when compared to other available alternatives. The existing plant projects also included environmental and plant upgrades at the

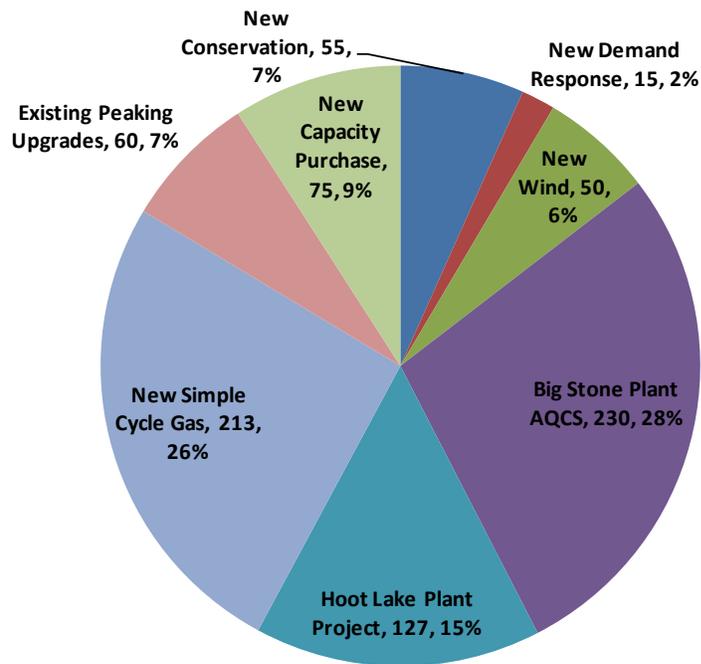
Resource Plan Summary 2-5

Company's baseload coal-fired units, Hoot Lake #2 and #3, and were made available in 2019, as well as projects for the three Frame 5 oil-fired peaking units located in Lake Preston, SD and Jamestown, ND. These upgrades are expected to be necessary for continued operation of these facilities and are included to determine if these upgrades are economic when compared to other available alternatives. Altogether, the Frame 5 peaking unit projects would continue to contribute roughly 60 MW of accredited capacity, whereas the Hoot Lake projects would continue to contribute about 127 MW of accredited capacity. In addition, a certain amount of market reliance was allowed in the model due to the favorable forecast market conditions for both capacity and energy prices.

Preferred Resource Plan

The preferred resource plan as developed by the Strategist Proview optimization analysis is shown in Table 2-4. The table identifies the accredited annual capacity and annual selection of each resource. The preferred resource plan is the least cost plan developed by the Strategist model without the consideration of environmental externalities, CO₂ values, or other proposed environmental regulation and using base case assumptions. As shown, the preferred plan is expected to cost \$3.888B, a net present value in 2010\$ of revenue requirements (NPVRR). Figure 2-1 shows a pie chart of the resource additions by 2025 for the base case, or preferred plan. Essentially, about 60% of the plan is comprised of improvements at existing resources and market purchases that are similar to existing levels. The remaining 40% of the plan is comprised of the following components: 64% natural gas simple cycle combustion turbines, 21% conservation and demand response, and 15% wind generation.

Figure 2-1: Preferred Plan by Resource Selection, Summer Capacity (MW), and Percent of Total in 2025
(Wind is shown as installed capacity. Accredited capacity for wind was assumed to be 3%.)



2-6 Resource Plan Summary

Table 2-4: Preferred Resource Plan Summary

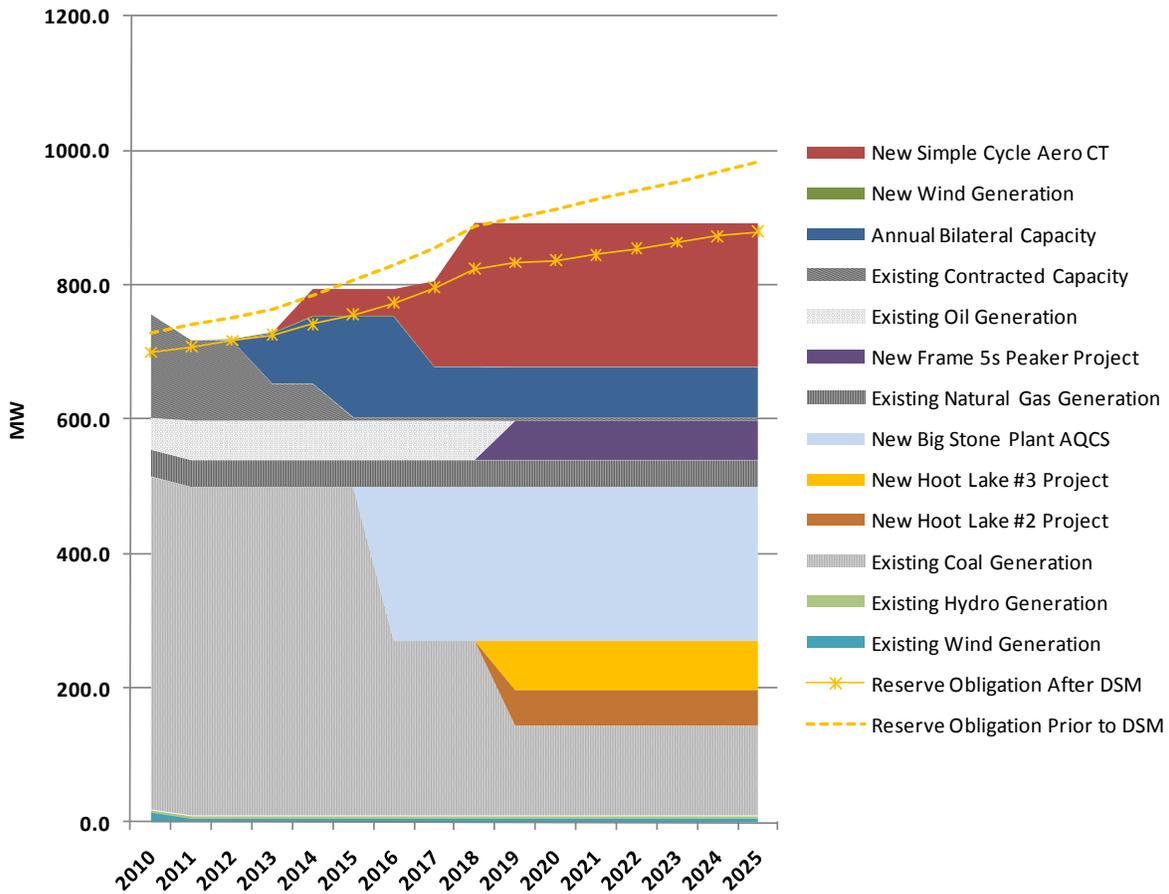
Description	Preferred Plan	Comments
NPVRR (\$000)	\$3,888,399.20	This is the Net Present Value of Revenue Requirements in 2010\$.
Resource Plan (MW) - Based on Summer Ratings, except Wind which is shown as Nameplate		
2010	1.2% MN CIP	Implementation of an annual 1.2% Conservation Improvement Program in Minnesota
2011	New Demand Response	Implementation of a plan to grow summer demand response by 15 MW and winter by 30 MW by 2025.
2012	50 MW Wind	Installation of 50 MW of wind under the federal PTC
2013	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2014	39.6 MW Aero NG CT	Commercial Operation of aeroderivative, natural gas-fired, simple cycle combustion turbine.
	<100 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2015	<150 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2016	229.7 MW BSP AQCS Project	Install Air Quality Control System (AQCS) using Best Available Retrofit Technology (BART) at Big Stone Plant.
	<150 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2017	86.5 MW Aero NG CT	Commercial Operation of aeroderivative, natural gas-fired, simple cycle combustion turbine.
	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2018	86.5 MW Aero NG CT	Commercial Operation of aeroderivative, natural gas-fired, simple cycle combustion turbine.
	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2019	127.1 MW Hoot Lake Project	Installation of Hoot Lake Plant Project
	60.0 MW Frame 5s Project	Installation of Frame 5 Oil Peaker Project
	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2020	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2021	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2022	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2023	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2024	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.
2025	<75 MW 1-Yr Capacity	Purchase balance of capacity in short-term contracts.

Resource Plan Summary 2-7

As shown in Table 2-4, the plan includes a 1.2% CIP energy goal in MN, 15 MW of new incremental summer demand response capability by 2025, and 50 MW of nameplate wind generation in 2012. The preferred plan added simple cycle, aeroderivative combustion turbines in 2014, 2017, and 2018 at accredited levels of about 40 MW, 87 MW, and 87 MW, respectively. The preferred plan included investment in existing resources: an environmental upgrade at Big Stone Plant (230 MW) using Best Available Retrofit Technology (BART) for installation of an Air Quality Control System (AQCS), environmental upgrades and capital projects at Hoot Lake #2 and #3 (127 MW), and capital projects for three Frame 5 oil-fired peaking units (60 MW). Throughout the study period the plan relies on bilateral capacity contracts for the balance of resource adequacy obligations, capped at 75 MW after 2016. In addition to capacity purchases, the preferred plan relies on the market for energy to cover maintenance outages or for economic conditions. The import capability from the energy market was capped at 100 MW and energy imports reached 12% of the Company's total energy requirements in 2025.

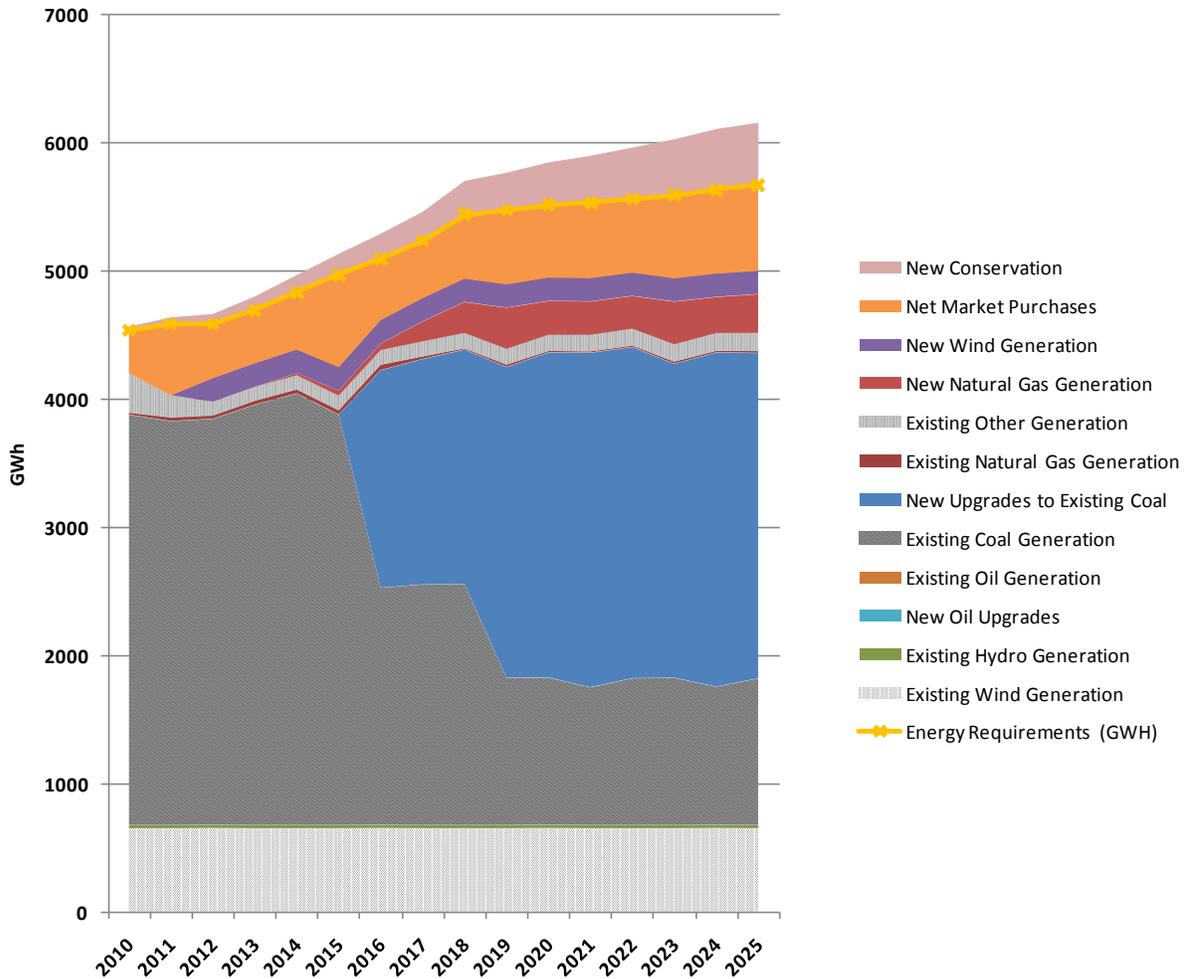
Figure 2-2 shows the capacity resource additions along with existing resources over the study period and Figure 2-3 shows the energy contribution by fuel category for 2010-2025 under the preferred plan.

Figure 2-2: Preferred Plan Capacity Resources and Reserve Obligation 2010-2025 (MW)



2-8 Resource Plan Summary

Figure 2-3: Preferred Plan Energy Resources and Requirements 2010-2025 (GWh)



By the end of the study period, summer peak demand impacts from new conservation programs for all jurisdictions are expected to be 55.1 MW, not including the reserve margin savings. Winter peak demand impacts are expected to be 62.4 MW. These impacts from conservation measures reduce the average peak demand growth rate by 0.40% by 2025. Likewise, the cumulative savings due to energy efficiency for all jurisdictions reaches just over 482 GWh by 2025 and reduces the average energy growth rate by 0.52%.

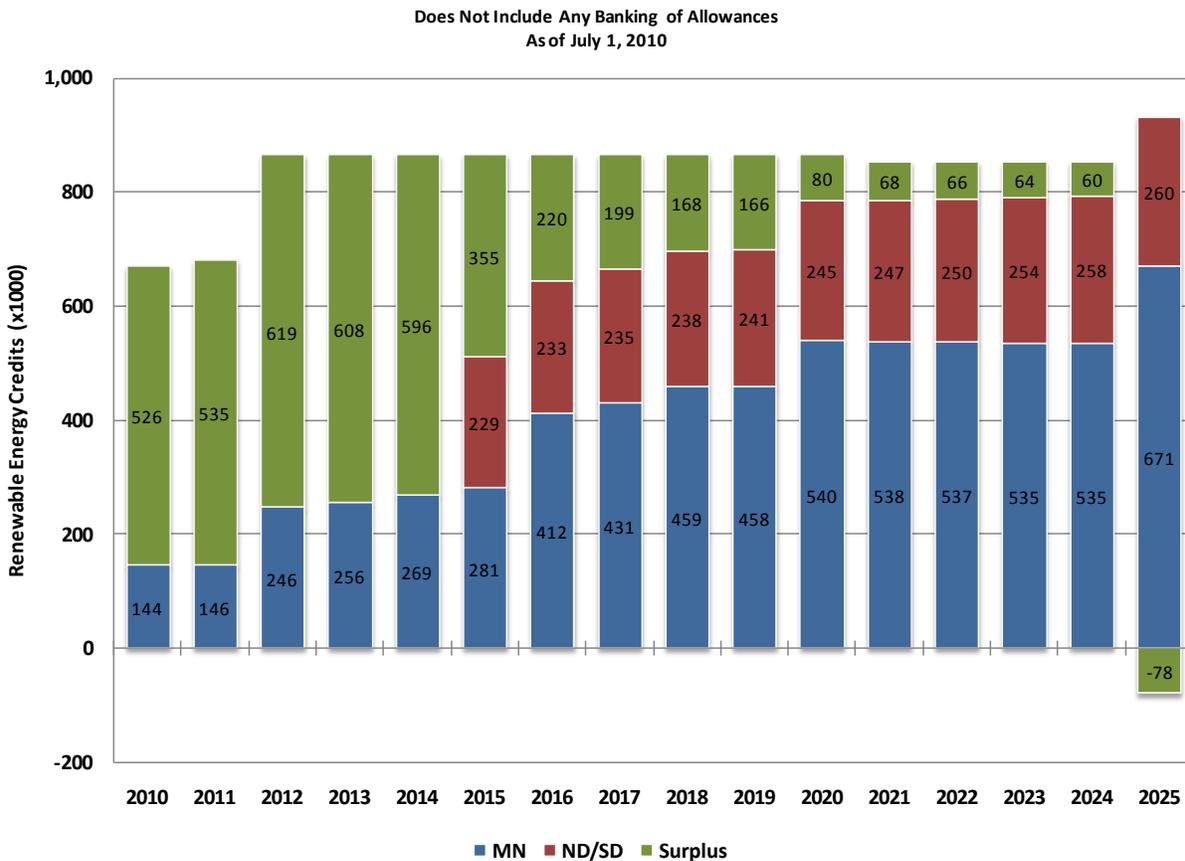
Because Otter Tail is a multi-jurisdictional utility with varying requirements regarding the treatment of carbon dioxide (CO₂), the Company's current goal is to maintain CO₂ emissions at or below the average level emitted from 2002-2004. Throughout the study period, CO₂ emissions in the preferred plan do not exceed that average level. Renewable resources and conservation programs contribute toward the Company's achievement of this objective.

Otter Tail has aggressively added renewable resources in recent years and is therefore well ahead of

Resource Plan Summary 2-9

schedule in complying with REO/RES requirements. The model did select an additional 50 MW of wind resources as being economic. This addition will further support compliance with REO/RES requirements. Figure 2-4 demonstrates the planned compliance with the REO/RES requirements of Minnesota, North Dakota, and South Dakota, assuming no banking of renewable energy credits (RECs) and no specific allocation between state jurisdictions. Otter Tail has sufficient renewable generation to meet the RES in Minnesota and the REO in both North Dakota and South Dakota through 2024 assuming no banking of RECs. The federal Production Tax Credit (PTC) and other North Dakota state financial incentives available to wind generation development have helped to make wind generation an economic alternative. The renewable generation shown in the table assumes certain levels of wind generation performance annually, which is subject to fluctuations. Additional smaller wind installations are likely to take place so that wind generation for the Company may increase above what the Company is projecting.

Figure 2-4: Planned Compliance with REO/RES Regulation in All Jurisdictions



Preferred Plan is in the Public Interest

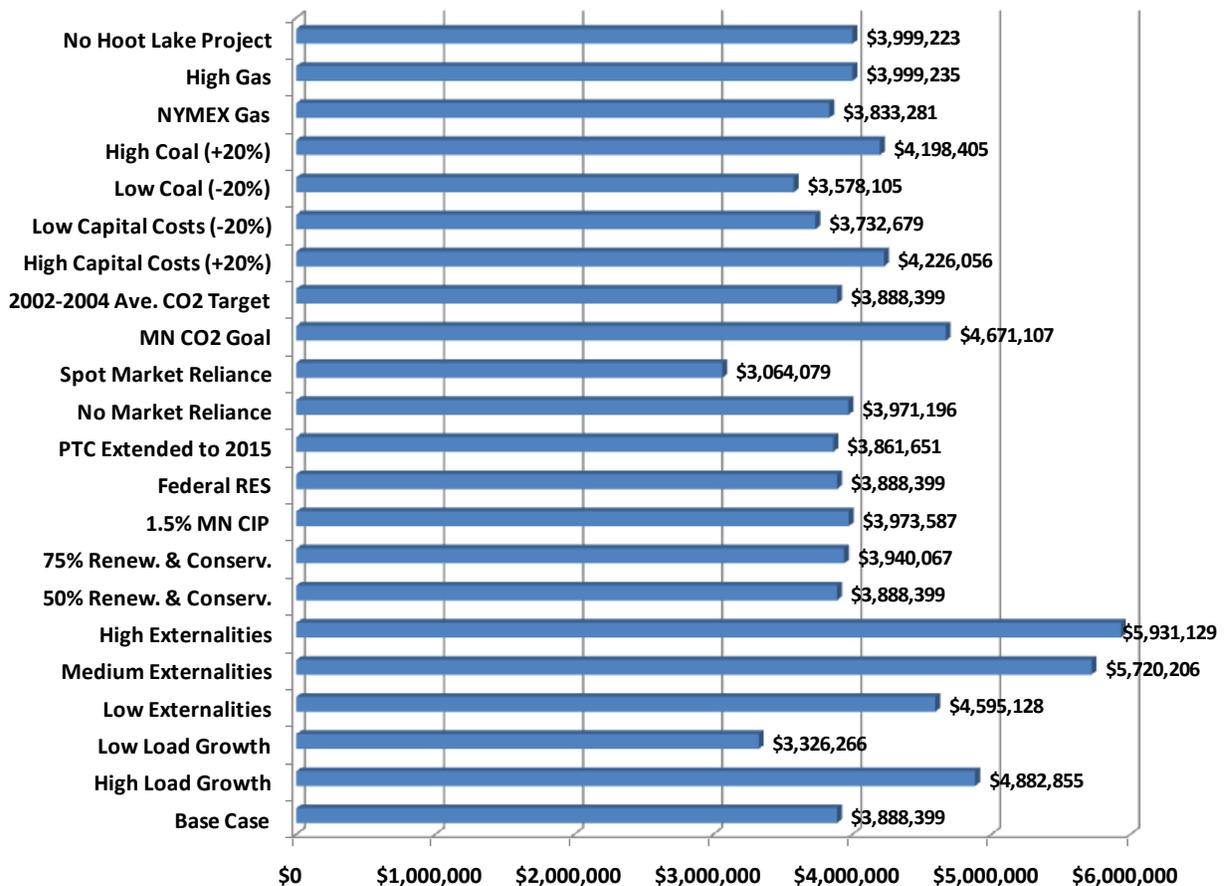
The Company is committed to operating its generation facilities as efficiently as practicable while minimizing adverse effects on the environment. This plan provides significant environmental benefits as evidenced by the Air Quality Control System at Big Stone Plant being part of the least cost plan and also

2-10 Resource Plan Summary

maintaining the projected emissions of CO₂ near historical 2005 levels. New resources have been selected that will meet the Company's needs while maintaining flexibility and limiting the risk of exposure to changes in financial, social and technological factors beyond its control. With minimal resource additions during the initial five-year period, the plan maintains flexibility during a period of much uncertainty including recession impacts and rebound, climate change proposals, off-shore drilling, and other factors that can have a material impact on the industry. In addition, customers will be provided with increased opportunities to improve their energy efficiency. With the usage of excess RECs generated in prior years, the preferred plan is compliant with the renewable energy objectives and standards across the entire Otter Tail tri-state system throughout the planning period as described previously. This resource plan satisfies the legal and regulatory requirements in the multi-state service territory, and allows Otter Tail and its customers to realize the benefits of operating as a single system while recognizing the differing state requirements.

Figure 2-5 shows a summary of the Net Present Value of Revenue Requirements for all scenarios evaluated for this resource plan.

Figure 2-5: Net Present Value of Revenue Requirements (\$000) by Scenario



Resource Plan Summary 2-11

Much of the cost differences between the sensitivity scenarios and the base case are driven primarily by cost assumptions and not by changes in resource additions. Each sensitivity scenario may also have variations in the load growth assumed or conservation level achieved which may drive costs to be higher or lower. With the exception of mid- to high- externalities, high load growth, and market reliance scenarios, the sensitivities do not indicate much change in terms of resource additions from the preferred plan. Further discussion on the sensitivity studies presented in the figure is provided in Section 5.

The base case resource plan, or preferred plan, satisfies all rules and requirements of the Minnesota statutes and rules, provides a clear concise report to interested parties of what Otter Tail intends to do to satisfy customer needs in the near term, and identifies the resources the Company is considering for viable options for the long term.

The preferred resource plan as presented by the base case balances a variety of technologies and fuel types to meet customer needs. It represents the most economic plan developed with a model that successfully integrates demand-side and supply-side resource analysis. Otter Tail serves customers in three states. To provide operating efficiencies, the Company strives to operate and plan its system as a single entity to the benefit of all customers. At times that creates challenges as compliance must be maintained with the many statutes, rules, and regulations in three separate states and three separate regulatory commissions. Otter Tail believes that this resource plan meets that challenge and successfully provides a plan that is reasonable and satisfies the needs of all three states. North Dakota Century Code Section 49-02-23 prohibits the use of environmental externality cost values in the selection of a utility resource. Conversely, MN Stat. 216B.2422 expressly requires the consideration of environmental externalities in the development of the resource plan.

Compliant with MN Statutes, the Company evaluated low, mid, and high externality scenarios for this resource plan and as defined by the Commission's June 1, 2010 Notice of Updated Environmental Externality Values. Each externality case also assumed a CO₂ tax starting in 2012 and escalating annually. The low externalities scenario selected the same resources as those selected in the preferred plan (or zero externality scenario) and increased the cost by about \$706M. The mid and high externality scenarios also increased costs over the base case by roughly \$1.8B and \$2.0B. These two scenarios replaced the Hoot Lake project with combined cycle and the high externality scenario added another 50 MW of wind. Otter Tail already owns or contracts over 180 MW of wind, making up roughly 25% of the Company's forecasted summer peak demand in 2010 and about 15% of 2009 retail energy sales. An additional 50 MW in 2012 as selected in the base case will increase that share to roughly 230 MW or nearly 33% of forecasted summer peak demand and about 20% of 2009 retail energy sales. Taken in context with the expiration of the federal production tax credit (PTC) in 2012, the uncertainty of CO₂ regulation, and the depressed energy market forecasts, the Company is committed to the base case as the preferred plan in the near term, recognizing significant overlap among scenarios in that time frame and maintaining flexibility to adapt to potential changes in regulation.

MN Stat. 216B.2422 also requires evaluation of the resource plan for low and high load growth scenarios and for scenarios that evaluate meeting 50% and 75% of future resource needs using demand side management and renewable resources. Like the externality scenarios, the load growth scenarios also varied from the preferred plan in total cost and resource selection. The Company has determined to plan for the most likely forecast, recognizing that this plan can adapt as time progresses to accommodate variations in actual load growth from the present long-range forecast. The preferred plan meets 52% of new energy requirements for Minnesota customers using renewable resources and energy efficiency and

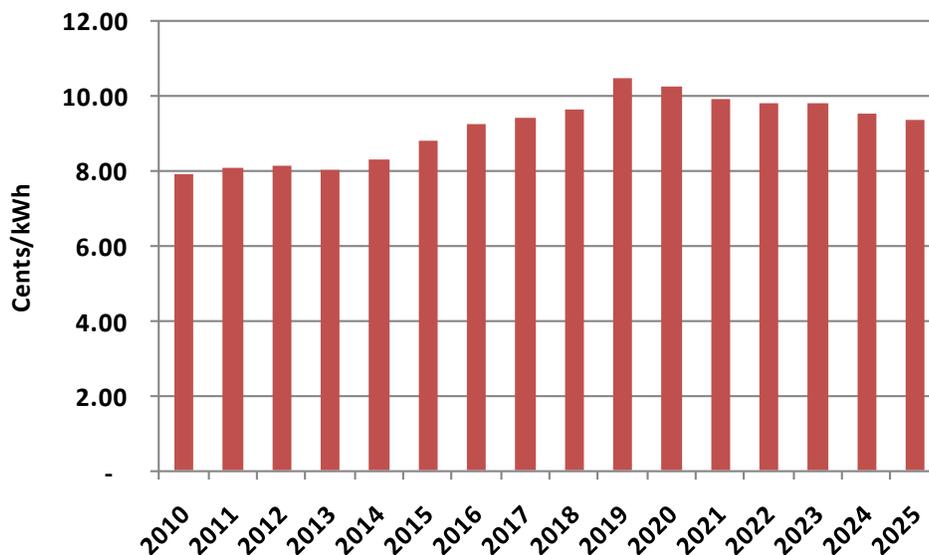
2-12 Resource Plan Summary

conservation. To achieve a 75% level, the Company would require greater wind generation additions at additional and potentially higher costs depending on available incentives. The low and high load growth scenarios were \$562M lower and \$707M higher, respectively, than the preferred plan.

Preferred Plan Rate Impacts

Figure 2-6 shows the potential rate impact of the preferred resource plan. The data shown is the average annual rate as developed by the Strategist model for the total system and represents rate class total revenue divided by rate class total sales. There are a number of parameters in the operation of the model that will impact rates. The Strategist model assumes automatic rate increases each year to meet the targeted rate of return and this generally is not mirrored in utility experience. In reality, rate cases take place periodically as needed and have an inherent amount of regulatory and administrative lag. The Strategist model rate impact calculation has taken into account all generation and related transmission additions in the preferred plan. However, it does not include all projected capital expenditures, asset based sales, or projected CO₂ costs. The graph shows that the Company has a significant period of investment in generation to address capacity deficiencies primarily between 2012 and 2019. Consistent with the preferred plan, rate increases plateau after 2019.

Figure 2-6: Preferred Resource Plan Estimated Rate Impacts (2010¢/kWh)



Five-Year Action Plan

The implementation of the preferred resource plan will have a number of significant events and tasks. Some of these tasks have already been started due to the critical timing involved. Table 2-5 identifies specific major items that require action in the first five years of the planning period. The five year action plan is for the years 2011-2015, however, the action items in 2010 are also provided. As shown the major activities will involve efforts related to the major components of the preferred plan. These efforts will

focus on conservation and demand response development, pursuit of a wind resource for commercial operation by 2012, progress on the existing resource upgrades and projects, and development of natural gas-fired simple cycle combustion turbines in 2014, 2017, and 2018.

Table 2-5: Five-Year Action Plan Activities

Year	Activity
2010	July 1 Triennial CIP filing for 2011, 2012, 2013.
	Implement marketing plan to meet DSM objectives
	Initiate Request for Proposal process for 2012 Wind Farm
	Initiate detailed evaluation of Hoot Lake Plant
	File environmental and regulatory permitting for Big Stone Plant AQCS BART project
	Execute Large Generator Interconnection Agreement for < 50 MW aeroderivative combustion turbine.
	File environmental and regulatory permitting for < 50 MW aeroderivative combustion turbine
	Initiate detailed design on Big Stone Plant AQCS Project
2011	No new action items initiated
2012	Initiate construction on Big Stone AQCS Project
	Commercial operation of 2012 Wind Farm
	Initiate detailed design and procurement for < 50 MW aeroderivative combustion turbine
	File Interconnection Request for 2017 combustion turbine
2013	On-going construction of Big Stone Plant AQCS project
	June 1 Triennial CIP filing for 2014, 2015, 2016
	Begin construction of < 50 MW aeroderivative combustion turbine
	File Certificate of Need, environmental permitting for 2017 combustion turbine
2014	On-going construction of Big Stone Plant AQCS project
	Commercial operation of < 50 MW aeroderivative combustion turbine
2015	Commercial operation of Big Stone Plant AQCS

Conclusion

The Company has continued to optimize existing resources and obtain supplemental capacity and energy through the wholesale market and from independent power producers to meet both customer needs and resource adequacy requirements. This strategy will continue while balancing risk and economics. Cost-effective energy efficiency and demand response is selected throughout the study period. The Plan includes the addition of another 50 MW of wind generation to serve customers' energy needs. This resource will also assist the Company in complying with current REO/RES requirements in all three states where Otter Tail does business. Capacity purchases and peaking unit projects to meet capacity needs and backup Otter Tail's wind generation will be a focus in the 2014-2018 timeframe. In 2016, the Big Stone Plant Air Quality Control System (AQCS) project using Best Available Retrofit Technology (BART) will be vital to keeping the Company's electric service reliable, economic, and environmentally responsible. Capital projects to maintain operations of Hoot Lake Units #2 and #3 and the oil-fired peaking units (Jamestown #1 and #2 and Lake Preston) are critical components to the preferred plan. The

2-14 Resource Plan Summary

preferred resource plan presented here accomplishes the goal of meeting customer needs while incorporating many competing considerations. This plan will help to shield customers from the volatility of the marketplace and serve them reliably throughout the planning period.