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November 14, 2006

**Reply to Fergus Falls office**  
**Direct: 218-998-7108**

Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building  
Bismarck, ND 58505

**Re: Advance Determination of Prudence**  
**Case No. PU-06-\_\_\_\_\_**

Otter Tail Corporation, doing business as Otter Tail Power Company ("Otter Tail" or "the Company"), herewith submits for the Commission's consideration and approval an original and seven (7) copies of an application for an advance determination of prudence of Otter Tail's participation and ownership interest in the Big Stone II Generating Plant. This filing is made in accordance with Title 49 of the North Dakota Century Code and the rules and regulations promulgated by the North Dakota Public Service Commission.

The Company is also requesting the Commission hold a Scheduling Conference whereby a procedural schedule would be discussed. Otter Tail requests a joint conference be held with Montana-Dakota Utilities Co. who has filed a similar Application.

Please refer all inquiries regarding this filing to:

Bruce Gerhardson  
Associate General Counsel  
Otter Tail Corporation  
215 South Cascade Street  
Fergus Falls, MN 56537

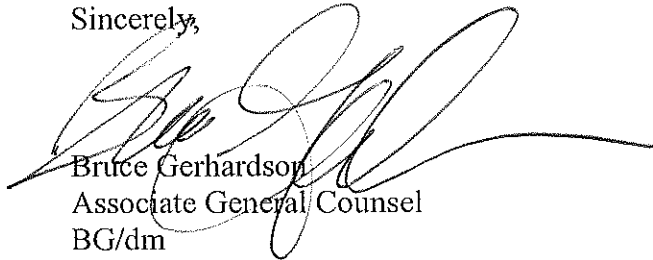
Otter Tail respectfully requests that this filing be accepted as being in full compliance with the requirements of this Commission.

2 PU-06-481 Filed 11/14/2006 Pages: 7  
Advance Determination of Prudence application  
Otter Tail Corporation  
Bruce Gerhardson, Atty.

North Dakota Public Service Commission  
November 14, 2006  
Page 2

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed stamped envelope.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Gerhardson', is written over the typed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bruce Gerhardson  
Associate General Counsel  
BG/dm

Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA

In the Matter of the Application of OTTER	)	
TAIL CORPORATION, d/b/a Otter Tail	)	
Power Company, for an Advance	)	Case No. PU-06-_____
Determination of Prudence for the Big Stone	)	
II Generating Plant	)	
	)	

\* \* \* \*

APPLICATION AND REQUEST FOR SCHEDULING CONFERENCE

COMES NOW, Otter Tail Corporation, doing business as Otter Tail Power Company (“Otter Tail” or “the Company”), and respectfully submits this Application for an Advance Determination of Prudence of Otter Tail’s participation and ownership interest in the Big Stone II Generating Plant.

I.

‘ Otter Tail Corporation is a Minnesota corporation duly authorized to do business in the State of North Dakota as a foreign corporation. Otter Tail is doing business in the State of North Dakota as a public utility.

II.

The Company’s Certificate of Incorporation and amendments thereto have previously been filed with the North Dakota Public Service Commission. Such Certificate and Amendments are hereby incorporated by reference.

III.

That Applicant's full name and post office address are:  
Otter Tail Corporation, d/b/a  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls, MN 56537

#### IV.

Otter Tail, along with six other utilities, is proposing to construct an energy conversion facility for the purpose of ensuring reliable electric service to its customers. The facility will be a 630 MW pulverized coal facility ("Big Stone II") located adjacent to the existing Big Stone Plant in Big Stone City, South Dakota. Otter Tail will own 19.33% of Big Stone II. The remainder will be owned by Montana-Dakota Utilities Co., Great River Energy, Western Minnesota Municipal Power Agency, Central Minnesota Municipal Power Agency, Southern Minnesota Municipal Power Agency, and Heartland Consumers Power District.

#### V.

A projection of the Big Stone II plant costs, including estimated transmission costs required for delivery, to the date of the anticipated commercial operation of Big Stone II is attached as Exhibit 1. Otter Tail will be responsible for 19.33% of these costs.

#### VI.

This Application is submitted in accordance with the provisions of Section 49-05-16 of the North Dakota Century Code and the rules and regulations promulgated by the Public Service Commission of the State of North Dakota and the filing guidelines of the Public Service Commission

#### VII.

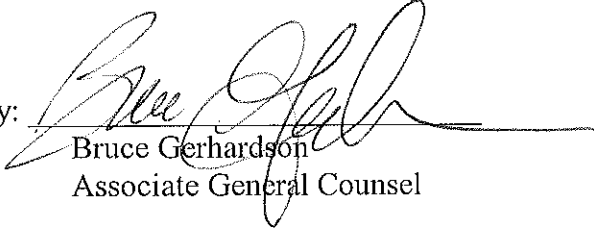
On or before December 1, 2006, Otter Tail will file Direct Testimony and Exhibits of witnesses showing that the addition of Big Stone II is a reasonable and prudent investment for the purpose of providing reliable electric service to its customers. The testimony and exhibits will further support the need for generation; provide the rationale and support for choosing Big Stone II as the best resource for meeting that need and describe the plant design including the cost projections provided in Exhibit 1.

VIII.

Otter Tail requests that the Commission hold a scheduling conference as soon as practicable to discuss a procedural schedule for this matter. Montana-Dakota Utilities Co. has filed a similar Application regarding a prudence determination of its participation in the Big Stone II generating station. Otter Tail requests that the Commission hold a joint scheduling conference, as coordinated scheduling in the two dockets would be most efficient. Otter Tail requests that the Commission render a final determination regarding the prudence of Otter Tail's investment in Big Stone II by June 15, 2007.

Dated this 14<sup>th</sup> day of November, 2006.

OTTER TAIL CORPORATION, d/b/a  
Otter Tail Power Company

By:   
Bruce Gerhardson  
Associate General Counsel



**BIG STONE II PROJECTED COSTS**  
**(in 2011 dollars)**

	<b>Total Project Costs (000s)</b>
	<hr/>
Plant Costs	
Civil/Structural Contracts	\$350,297
Mechanical Systems	741,721
Electrical Systems	92,752
Control Systems	14,896
Chemical Systems	19,660
Construction Services	19,056
Plant Site & Related Costs	122,328
 Total Plant Costs	 <u>\$1,360,710</u>
 Transmission Costs	 238,130
 Project Total	 <u>\$1,598,840</u>