

# LINDQUIST & VENNUM P.L.L.P.

4200 IDS CENTER  
80 SOUTH EIGHTH STREET  
MINNEAPOLIS, MN 55402-2274  
TELEPHONE: 612-371-3211  
FAX: 612-371-3207

IN DENVER:  
600 17TH STREET, SUITE 1800 SOUTH  
DENVER, CO 80202-5441  
TELEPHONE: 303-573-5900  
FAX: 303-573-1956

ATTORNEYS AT LAW

www.lindquist.com

Todd J. Guerrero  
(612) 371-3258  
tguerrero@lindquist.com

September 17, 2007

Illona Jeffcoat-Sacco  
Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
Bismarck, ND 58505

**Re: Montana Dakota Utilities Co., and Otter Tail Corporation; Advance  
Determination of Prudence, Big Stone II Generating Station  
Case Nos. PU-06-481 and PU-06-482**

Dear Ms. Jeffcoat-Sacco:

Applicants write to inform the Commission of recent developments in the Big Stone II project, and to propose a procedural change in the schedule for addressing the above consolidated matters.

Last week, Great River Energy and Southern Minnesota Municipal Agency, two of the project co-owners whose load is primarily within the state of Minnesota, informed Otter Tail Power Company, as project manager, that for a variety of reasons, they intend to withdraw from the project as equity owners on September 21, 2007, the date set by the Applicants' Participation Agreement for an "in or out" vote by all owners for continued participation in the project.

The Applicants and other co-owners are actively considering their options, impacts on the project, and course of action in light of these events. Accordingly, Applicants respectfully request that the Commission suspend the procedural schedule and further proceedings, including the hearing scheduled for October 1, 2007, and defer further deliberations on the merits in these cases for the present time. While the matter is suspended, Applicants intend to develop a recommendation on how best to conduct further proceedings. Applicants expect to have a recommendation for the Commission to consider no later than October 4, 2007.

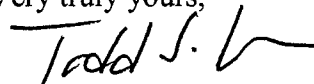
September 17, 2007

Page 2

Last, while Applicants recognize that recent announcements by GRE and SMMPA create some uncertainty, the announcements do nothing to change the fundamental fact that new generation and transmission investment are necessary for North Dakota and regional electric customers. Thus, it remains in all parties' interest that these matters be addressed fairly, but nonetheless expeditiously.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Todd J. Guerrero". The signature is written in a cursive style with a prominent horizontal line across the middle.

Todd J. Guerrero

TJG/kas

c: Attached Service List

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

Otter Tail Corporation, Advance  
Determination of Prudence  
Application

**AFFIDAVIT OF SERVICE**

Montana-Dakota Utilities Co.,  
a Division of MDU Resources Group,  
Inc., Advance Determination of Prudence  
Application

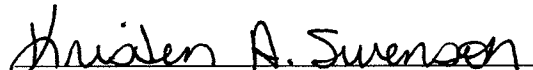
Case Nos. PU-06-481, PU 06-482

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Kristen A. Swenson, of the City of Minneapolis, County of Hennepin, in the State of Minnesota, being duly sworn on oath says: that on the 17<sup>th</sup> day of September, 2007, she served the following:

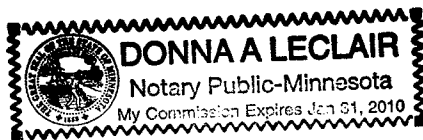
1. Letter to Illona Jeffcoat-Sacco, Executive Secretary, North Dakota Public Service Commission; and
2. An Affidavit of Service.

A copy has also been served upon the attached service list via electronic mail and U.S. Mail.

  
Kristen A. Swenson

Subscribed and sworn to before me  
this 17<sup>th</sup> day of September, 2007.

  
Notary Public



**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

Otter Tail Corporation, Advance  
Determination of Prudence  
Application

**SERVICE LIST**

Montana-Dakota Utilities Co.,  
a Division of MDU Resources Group,  
Inc., Advance Determination of Prudence  
Application

Case Nos. PU-06-481, PU 06-482

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Illona Jeffcoat-Sacco  
Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
Bismarck, ND 58505

Donald R. Ball  
Vice President – Regulatory Affairs  
Montana-Dakota Utilities Co., a Division of  
MCU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501  
[Don.Ball@MDU.com](mailto:Don.Ball@MDU.com)

Daniel S. Kuntz  
Assistant General Counsel  
Montana-Dakota Utilities, Co., a Division of  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, ND 58506-5650  
[Dan.kuntz@mduresources.com](mailto:Dan.kuntz@mduresources.com)

John W. Breen Jr.  
Attorney and Counselor at Law  
717 Williams Street  
Bismarck, ND 58501-2483  
[Jwbreen2@bis.midco.net](mailto:Jwbreen2@bis.midco.net)

Mark Trechock  
Dakota Resource Council  
P.O. Box 1095  
Dickinson, ND 58602-1095  
[mark@drcinfo.com](mailto:mark@drcinfo.com)

David Schlissel  
Synapse Energy Economics  
22 Pearl Street  
Cambridge, MA 02139  
[dschlissel@synapse-energy.com](mailto:dschlissel@synapse-energy.com)

Carrie La Seur  
Plains Justice  
319 3<sup>rd</sup> Street NW  
Mount Vernon, IA 52314

Mark Bring  
Associate General Counsel  
Otter Tail Corporation  
215 S. Cascade Street  
Fergus Falls, MN 56538-0496  
[mbring@ottertail.com](mailto:mbring@ottertail.com)