

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

January 8, 2008

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

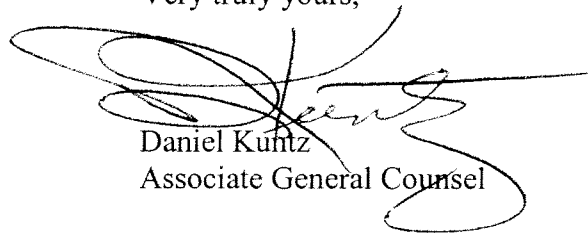
**Re: Montana Dakota Utilities Co., and Otter Tail Corporation; Advance
Determination of Prudence, Big Stone II Generating Station
Case Nos. PU-06-481 and PU-06-482**

Dear Ms. Jeffcoat-Sacco:

Enclosed please find for filing the original and seven copies of the following documents:

1. Applicants' Motion For Scheduling Conference, Request For Supplemental Hearings, Memorandum In Support Of Motion For Scheduling Conference, and Request For Supplemental Hearings; and
2. An Affidavit of Service.

Very truly yours,



Daniel Kuntz
Associate General Counsel

c: The attached service list with attachments

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Corporation and Montana-Dakota Utilities Company, a Division of MDU Resources Group, Inc., Advance Determination of Prudence Application

APPLICANTS' MOTION FOR SCHEDULING CONFERENCE AND REQUEST FOR SUPPLEMENTAL HEARINGS AND MEMORANDUM IN SUPPORT OF MOTION FOR SCHEDULING CONFERENCE AND REQUEST FOR SUPPLEMENTAL HEARINGS

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

MOTION FOR SCHEDULING CONFERENCE AND REQUEST FOR SUPPLEMENTAL HEARINGS

PLEASE TAKE NOTICE that pursuant to N.D. Admin. Code 69-02-03 Applicants Otter Tail Corporation (“Otter Tail”) and Montana-Dakota Utilities Co. (“Montana-Dakota”) (collectively “Applicants”) hereby move for a scheduling conference and supplemental hearings.

MEMORANDUM IN SUPPORT OF MOTION FOR SCHEDULING CONFERENCE AND REQUEST FOR SUPPLEMENTAL HEARINGS

Following Judge Wahl’s December 13, 2007 response to thier letter requesting that a pre-hearing conference be held in the above matter, the Applicants’ move pursuant to North Dakota Administrative Code § 69-02-03 (regarding conferences) to request supplemental hearings be scheduled according to the schedule proposed and as the Commission’s time allows, and that the Commission convene a scheduling conference in the above matter as soon as possible so the parties can discuss Applicants’ proposed schedule, and any related procedural issues.

By letter dated October 4, 2007, the Applicants informed the Commission that in light of the withdrawal from the project from two participants, it would be important to supplement the record in this combined case with additional resource planning analysis. At the time of the letter,

however, the Applicants had not yet obtained a procedural schedule from the Minnesota Public Utilities Commission regarding the Applicants' (along with their other co-owners') certificate of need matter involving the proposed transmission lines in Minnesota, which proceeding also necessitated a supplemental hearing. Because the Applicants wanted to avoid a schedule that overlapped with the Minnesota schedule, the Applicants believed it prudent to obtain the procedural schedule in that case before making any procedural/schedule recommendations in this case.

The Minnesota matter is scheduled for two days of supplemental hearings on January 23-24, with briefs, etc. to follow. A final decision is expected from the Minnesota Commission in mid-April 2008.

Accordingly, the Applicants propose the Commission re-convene the above matter for additional hearings consistent with the following schedule:

Pre-hearing Conference	As soon as possible
Supplemental Pre-filed Testimony, Applicants	February 11, 2008
Rebuttal Testimony, Staff, Intervenors	March 3, 2008
Rebuttal – All parties	March 17, 2008
Supplemental evidentiary hearings, Bismarck	Week of March 24 (expected two days)
Briefs due (concurrent)	Week of April 1/April 7 (two weeks following hearing)
Reply briefs (concurrent)	Week of April 14 (1 week later)
Commission deliberation/decision	Week of April 28

Since the withdrawal of the two participants, the co-owners continue to engage in discussions with other entities regarding their possible participation in the project. While a final decision regarding other participants (none of which are rate regulated by the Commission) isn't expected until at the least the end of January, the co-owners have decided to downsize the proposed plant from nominal 630 MW to 500 MW, if no other partners are added. If other partners are added, however, the co-owners anticipate constructing a 580 MW plant. With respect to either of the Applicants, their participation is unlikely to be materially different in either case. Thus the prudence of their participation can be decided on the basis of either a 500 MW versus 580 MW plant.

The scope of the supplemental hearings in North Dakota, will center largely on the economics of either a 500 MW or 580 MW plant and how that compares to both supply-side and demand-side alternatives available to the Applicants. The scope of the Commission's decision will be the same as it was last time – whether the Applicants' participation in the project is reasonable.

Last, Applicants recognize that the above procedural schedule is subject to the Commission's schedule, and the availability of other parties. Nonetheless, Applicants believe the proposal to be a reasonable starting point from which to begin discussing supplemental hearings in the above matters.

CONCLUSION

For the reasons stated above, the Applicants respectfully request that a scheduling conference be convened as soon as possible so that all parties can discuss Applicants' proposal for supplemental proceedings.

Dated: January 8, 2008

Respectfully submitted,

Montana-Dakota Utilities Co., a Division of MDU
Resources Group, Inc.

By: 

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STATE OF NORTH DAKOTA
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AFFIDAVIT OF SERVICE

Montana-Dakota Utilities Co.,
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Dorothy Vedvick, of the City of Bismarck, County of Burleigh, in the State of North Dakota, being duly sworn on oath says: that on the 8th day of January, 2008, she served the following:

1. Applicants' Motion For Scheduling Conference, Request For Supplemental Hearings, Memorandum In Support Of Motion For Scheduling Conference, and Request For Supplemental Hearings; and
2. An Affidavit of Service.

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



Subscribed and sworn to before me
this 8th day of January, 2008.



Notary Public



STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Corporation, Advance
Determination of Prudence
Application

SERVICE LIST

Montana-Dakota Utilities Co.,
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Case Nos. PU-06-481, PU 06-482

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