

Confidential/Trade Secret

**Dakota Resource Council and Mark Trechock  
Data Request No. 34.  
to  
Montana Dakota Utilities and Otter Tail Power Company  
March 31, 2008**

|                           |  |
|---------------------------|--|
| Docket Nos.               | PU-06-481 and PU-06-482                                |
| Date of Request           | March 31, 2008   |
| Information Requested By  | Carrie La Seur   |
| Date Responded            | April 17, 2008   |
| Author                    | Bryan Morlock  |
| Author's Title            | Manager of Resource Planning, Otter Tail Power Company |
| Author's Telephone Number | 218.739.8200   |
| Subject                   | Balance and diversity of resource expansion mix        |
| Reference                 | Uggerud Direct Testimony page 14                       |

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**Data Request No. 34:**

Please provide copies of any documents or data related to the effect on North Dakota's electrical generation resource balance and diversity as a result of addition of Big Stone 2 to the resource mix.

**Response:**

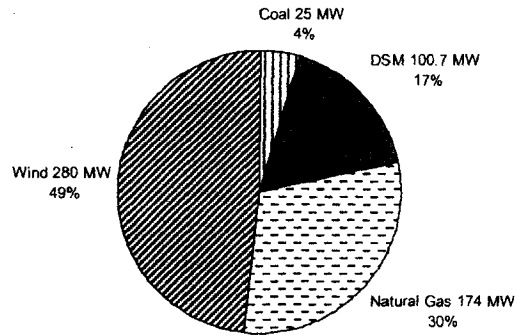
The following response is related to the impact on Otter Tail Power's system. Otter Tail cannot estimate the impact to the total mix of North Dakota generation owned and operated by other utilities.

Otter Tail has operated its entire system as a single system, so any resource additions were used to the benefit of the entire Otter Tail service territory. Since each resource is used for the benefit of the entire system, costs are allocated to each jurisdiction based on allocation factors developed in the regulatory cost of service studies. The one exception is conservation, as each state's conservation programs are directly allocated to that state.

Historically, the Company's resource plan for Minnesota was the same as for the rest of the system. Because of changes in state laws and requirements, that will not be true going into the future. Minnesota requires the use of environmental cost, or externality values, and future resource plans will be required to use a range of values to estimate the regulatory cost of carbon dioxide emissions. North Dakota law prohibits the use of environmental externality values or other potential environmental costs that are not yet enacted into law. As a result there is a high degree of probability that in the future Otter Tail will have resources that are fully allocated to only one jurisdiction.

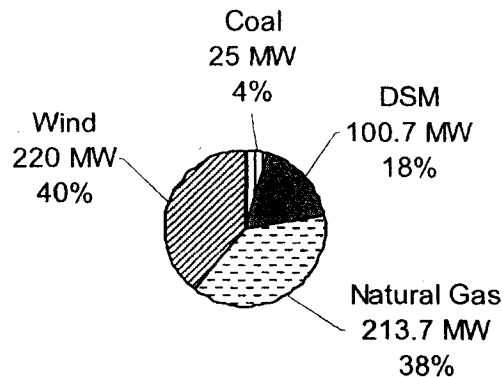
Graph II below is copied directly from the Company's latest updated resource plan filing in Minnesota. The results were developed using a CO<sub>2</sub> cost of \$9/ton of emission, applied on every ton of emissions.

**Graph II**  
**2007 - 2020 Net Resource Mix Changes**  
**Includes Retirements**  
**Nameplate Ratings**



Graph A below shows the net resource mix changes through 2020 from the resource plan used in the North Dakota docket, which does not include the use of environmental externalities or a CO<sub>2</sub> cost.

**Graph A**  
**2007 - 2020 Net Resource Additions**  
**Nameplate Capacity, Including Retirements**



It is important to note that Graph II and Graph A both assume that Otter Tail takes the full 170 MW of the Big Stone II project selected by the capacity expansion model. As Mr. Uggerud has indicated in his direct testimony on page 14, Otter Tail's proposed share of the plant may be in 120-133 MW range. Under that scenario, the total amount of coal-fired generation may very well decline on the Otter Tail system.

Otter Tail is in the process of benchmarking a new database for its next resource planning process. The modeling will develop separate resource plans simultaneously for the Minnesota portion of the service territory and the non-Minnesota portion of the service territory. In that process some of the future differences in the resource plans beginning in the later years of the planning period will be more clearly identified. At that point it could be probable going forward that some separate resources will be developed on a jurisdictional basis. It also possible that some resources may still be applied system-wide.

