

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 5, 2007

VIA EMAIL & FEDERAL EXPRESS

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 Otter Tail Corporation and Montana-Dakota Utilities Company write in response to Dakota Resource Council's September 4, 2007 motion seeking the opportunity to cross-examine witnesses with respect to the Applicants' August 31, 2007 informational filing regarding the Settlement Agreement with the Minnesota Department of Commerce in the Minnesota transmission certificate of need and route permit dockets.

The DRC's Motion should be denied.

First, the Applicants reiterate that they are not asking that the Settlement Agreement should be made part of the record in this case. Instead, our August 31 letter was simply meant to apprise the Commission of the existence of the Settlement Agreement, and that the Commission get notice of the Agreement directly from the Applicants versus hearing about it from a third-party source. Because the Commission's *ex parte* rules are currently in place in the above matter, Applicants simply chose to file a letter explanation and provide copies to all parties. Because the Settlement Agreement is not relevant to the Commission's decision in these cases, Applicants most likely would have otherwise provided the Commission notice simply by advising the Commission's Executive Director or making an informal presentation to the Commissioners.

Ilona Jeffcoat-Sacco

September 5, 2007

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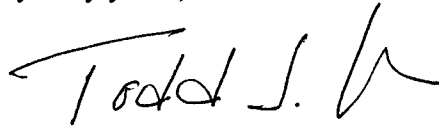
Contrary to DRC's motion, Applicants did not provide the Commission with a copy of the Settlement Agreement "in support of" Applicants' request for an advance determination of prudence. As Applicants stated in the August 31, 2007 letter, the Settlement Agreement was filed merely for informational purposes.

The Applicants remain prepared to answer any questions concerning the Settlement Agreement the Commission may have. To avoid any confusion, however, perhaps those questions, if any, should not be made during any time the Commission is deliberating or otherwise considering the above consolidated cases.

Because the Applicants have not requested that the Settlement Agreement be taken into the record in the above consolidated cases, and because the Settlement Agreement provides no relevant or probative evidentiary value in these cases, DRC's motion should be denied.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Todd J. Guerrero". The signature is fluid and cursive, with a long horizontal stroke at the beginning and a large, sweeping flourish at the end.

Todd J. Guerrero, On Behalf of Applicants
Montana-Dakota Utilities Co., and
Otter Tail Corporation

TJG/kas

c: Attached Service List (via email and regular mail)

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

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 5th day of September, 2007, she served the following:


1. Letter to Illona Jeffcoat-Sacco, Executive Secretary, North Dakota Public Service Commission, dated September 5, 2007 (original and seven copies); 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 5th 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

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 4th Street
Bismarck, ND 58501
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

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

Mark Trechock
Dakota Resource Council
P.O. Box 1095
Dickinson, ND 58602-1095
mark@drcinfo.com

David Schlissel
Synapse Energy Economics
22 Pearl Street
Cambridge, MA 02139
dschlissel@synapse-energy.com

Carrie La Seur
Plains Justice
319 3rd 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