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October 4, 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:

In light of the decisions on September 21, 2007 by Great River Energy and Southern Minnesota Municipal Power Agency to withdraw as owners from the Big Stone II project the Applicants respectfully request that the Commission consider the following proposals with respect to further proceedings in this case.

Updated Analysis

At the outset, it is important to emphasize that at this point the Applicants have not made a decision to downsize the proposed generation plant or to otherwise adjust its size, type or configuration. There is no intent on the part of the Applicants (along with the other co-owners) to make any changes to the proposed transmission facilities.

Applicants, however, recognize that because of recent developments, it is prudent to conduct additional resource planning analysis to reevaluate and confirm whether the Big Stone II project remains their best, most cost effective baseload generation resource option. This reevaluation process will necessitate a change in the procedural schedule of this proceeding.

The analysis will involve additional capacity expansion or similar resource planning modeling in which the Applicants use as inputs into the model the most recent capital cost and

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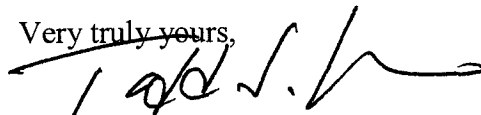
other information for a supercritical pulverized baseload facility on a utility size scale, and similar updated information for alternatives, including viable renewables and conservation. It will also include information from the project's transmission experts regarding the continued appropriateness of the transmission facilities.

Proposed Procedural Schedule

The Applicants propose that they supplement the record in this case with the submission of the results of the supplemental resource planning and related information that Applicants intend to undertake. Unfortunately, the Applicants are unable at this time to make any proposals regarding a reasonable schedule going forward. As the Commission may be aware, the Applicants along with the Big Stone II co-owners have also determined that it is prudent to submit additional information in the certificate of need matter involving the proposed transmission lines in Minnesota. Applicants have proposed a schedule for that case to move forward, but the Minnesota Commission will be determining the *actual* schedule at an October 11, 2007 hearing in St. Paul. Because Applicants want to avoid schedules that may unduly overlap between the two cases, particularly over the holidays, we submit that the most efficient way to proceed at this point is to wait to see what procedural schedule the Minnesota Commission adopts in the certificate of need matter. Once Applicants have been assigned a definitive schedule for the Minnesota case, Applicants will then immediately propose a schedule for supplemental hearings in this case.

We appreciate your patience as we work through these scheduling issues. Please do not hesitate to contact myself, Mr. Dan Kuntz (701-530-1016) or Mr. Mark Bring (718-998-7152) with any questions. Thank you for your consideration.

Very truly yours,



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

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 4th day of October, 2007, she served the following:

1. Letter to Illona Jeffcoat-Sacco, Executive Secretary, North Dakota Public Service Commission, dated October 4, 2007; 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 4th day of October, 2007.



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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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

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