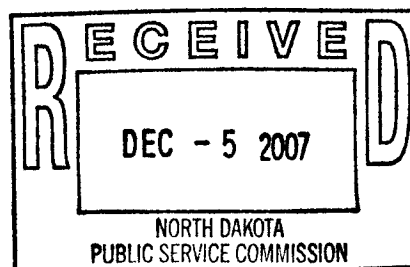


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December 5, 2007

Ms. Illona Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
State Capitol - 600 East Boulevard
Bismarck, ND 58505-0480

RE: Case PU-07-641
Proposed Rule 69-09-02-40
Time-of-Use Rates

Dear Ms. Jeffcoat-Sacco:

On November 26, 2007, the North Dakota Public Service Commission held a hearing on the above-referenced proposed rule, and indicated that it would accept additional written comments for ten days following the hearing. Otter Tail Corporation d/b/a Otter Tail Power Company (Otter Tail) provides the following comments regarding the above-referenced proposed rule.

Otter Tail has two concerns with the proposed rule as it is currently written.

1. The rule requires each utility to “offer time-based rate schedules to large commercial and industrial customers reflecting any variance in the utility’s wholesale cost of electricity” (emphasis added). Otter Tail believes that a time-of-day rate tariff meets this requirement; however, the requirement to reflect any variance in wholesale costs could be interpreted to mean that a utility’s fuel cost adjustment (FCA) would need to be dramatically redesigned to reflect changes more frequently than monthly. Alternatively, the tariff would need to provide real time prices based on varying costs, possibly for short increments of time. While a time differentiated FCA and real time prices may send better price signals, the cost to implement, at least in Otter Tail’s case, could be prohibitive. Otter Tail’s customer information and billing system is over 20 years old and would not be able to bill varying FCA rates by customer class or by time interval billings during a month. Otter Tail currently has a very few customers on real time pricing rates and these billings are handled manually. Any larger scale use of real time pricing could not be handled by Otter Tail’s current systems.

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2. Otter Tail is also concerned with the provision that the “time-based rate schedule must enable the electric customer to manage energy use and cost through advanced metering and communications” (emphasis added). The interpretation of this requirement could force implementation of metering, communication, and back-office systems that would not be cost effective for customers. We suggest adding the words “cost-effective” before “advanced” to recognize the desire to balance costs and benefits of advanced technology.

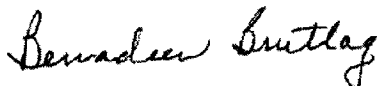
Otter Tail proposes the following revision to paragraph 1 of the rule”

1. Offer time-based rate schedules to large commercial and industrial customers. ~~reflecting any variance in the utility’s wholesale cost of electricity.~~ The time-based rate schedule must enable the electric customer to manage energy use and cost through cost-effective advanced metering and communications.

While Otter Tail supports time-based rates and continues to explore new technology as it becomes available, we also caution against adoption of a rule that may force utilities to make investments that are not yet cost effective for their customers.

Otter Tail appreciates the opportunity to comment on this proposed rule and requests that the Commission consider the concerns expressed before implementing the rule.

Yours very truly,



Bernadeen Brutlag
Manager, Regulatory Services