

**North Dakota Public Service Commission**  
**INFORMAL HEARING**  
**September 10, 2008**

**Otter Tail Corp / Cass County Electric Coop.**  
**Service Area Agreement**  
**Application**

**Case No. PU-08-551**  
**Filed 7/15/08**

**Summary of Proposal:** Otter Tail Corporation ("Otter Tail") d/b/a Otter Tail Power Company and Cass County Electric Cooperative, Inc. ("Cass Electric") filed a joint application for approval of a Service Area Agreement to establish service areas and designate service locations to be served by Otter Tail and Cass Electric within the City of Casselton and in adjacent areas of Everest and Casselton townships. Applicants further request that Otter Tail be issued a certificate of public convenience and necessity (PC&N) authorizing it to extend service to locations within the Otter Tail service area set forth in the agreement.

The Agreement provides terms under which each supplier will continue to serve existing customers, but will not serve new customers, within the other supplier's agreed upon service area. The term of the Agreement extends through 12/31/2033, but it can be terminated at any time with mutual agreement by the parties. After 12/31/2031 the Agreement renews automatically for five year terms unless either party provides at least 180 days prior written notice of termination.

**Recommendation:** I recommend the Commission approve the agreement and issue the requested PC&N certificate.

**Discussion:** On July 30, 2008 the Commission issued a Notice of Filing, Notice of Informal Hearing and Notice of Opportunity for Hearing, which provided until September 10, 2008 for receiving written comments or hearing requests. No response has yet been received. The notice identified the issues to be considered in this proceeding as whether the Service Area Agreement complies with section 49-03-06 of the North Dakota Century Code and whether the approval of the Service Area Agreement and requested certificate issuance are compatible with the public interest.

The parties contend the agreement is in the public interest by, among other matters:

1. Creating the certainty necessary for both applicants to plan and operate efficiently within the service territory granted to them;
2. Establishing service areas that will avoid unreasonable duplication of electric facilities;
3. Mandating that both parties provide electric service consistent with applicable standards specified therein, so as to best assure adequate and reliable electric service to customers; and
4. Establishing agreements that will help avoid territorial disputes between the parties regarding their service in the service territory.

**Prepared by:** Jerry Lein