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DEC 17 2008

December 17, 2008

PUBLIC SERVICE COMMISSION

Reply to Fergus Falls office
Direct: 218-998-7108

Mr. Darrell Nitschke
Executive Secretary
Director of Administration
North Dakota Public Service Commission
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0408

*Via E-Filing to ndpsc@nd.gov
and UPS Overnight Mail*

**Re: Otter Tail Corporation Renewable Resource Cost Recovery Rider and 2009 Cost Recovery Factor
Case No. PU-08-742**

Dear Executive Secretary Nitschke:

Attached is a copy of an informational statement that was mailed by Otter Tail Power Company (OTP) to its North Dakota Customers on December 10, 2008. The statement was sent as a separate mailing, not as a bill stuffer.

The informational statement was sent after consultation with Commission Staff as to the need for and content of the statement. Mailing the informational statement was intended to satisfy any concern that N.D. Admin. Code Section 69-09-02-02.1, subd. 2. a. (2) might apply to OTP's request. That rule requires an informational statement to be sent to customers not later than 30 days after filing an increase in a rate schedule. Because OTP expects its request to reduce customer costs, due to the interrelationship of the rider and the fuel clause adjustment, and also because the 2009 adjustment proposed by OTP is a calculated adjustment based upon the formula already contained in the rider, it is not clear that mailing the informational statement was required in this instance.

With respect to the timing of the statement, because OTP's Rider Adjustment request was filed with the express intent that any increase not be implemented until January 1, 2009, or later if Commission action is taken after January 1, instead of automatically taking effect within 30 days of filing (pursuant to N.D.C.C. §49-05-05), the timing of the notice is consistent with N.D. Admin Code §69-09-02-02.1. That rule contemplates a typical rate increase becoming effective within 30 days of filing, pursuant to statute, and the informational statement being given at any time within that 30 day period, up to and including the date the increase becomes effective. Therefore, because OTP's statement was mailed prior to the rider adjustment becoming effective, it was within the time period contemplated under the rule. OTP's statement expressly recognizes that its rider adjustment will not be effective until the Commission takes formal action on the request.

Because the Commission had issued a Notice of Opportunity for Hearing for the matter, OTP included a reference to the Commission's earlier notice in the informational statement. OTP's statement was not meant to replicate the Commission's Notice for Opportunity for Hearing,

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which OTP believes was in itself satisfactory notice of the opportunity for and process for commenting or requesting a formal hearing.

Sincerely,

Bruce Gerhardson

Bruce Gerhardson
Associate General Counsel
BGC:nlo

Enclosures (informational statement)
7 copies

NOTICE OF PROPOSED CHANGE TO OTTER TAIL POWER COMPANY'S RENEWABLE RESOURCE COST RECOVERY RIDER

On September 2, 2008, Otter Tail Power Company filed an application with the North Dakota Public Service Commission for an advance determination of prudence for its ownership interest in the Ashtabula Wind Energy Center (Commission Case No. PU-08-742). The application also requests full recovery of the costs of the Ashtabula project along with costs associated with Otter Tail Power Company's Langdon Wind Energy Center, which has already been deemed prudent (in Case No. PU-06-466). Otter Tail Power Company requests cost recovery through a generation rider that would add to customer bills \$0.0051 per kWh for electricity used in 2009, or \$3.82 per month for an average residential customer using 750 kWh. Beginning June 1, 2008, costs associated with the Langdon Wind Energy Center have been recovered through the generation rider. An addition to the amount charged for the Langdon project to recover the costs associated with the Ashtabula Wind Energy Center has been requested for implementation beginning January 1, 2009. If the rider rates are suspended by the Commission, they will not be effective until Commission action has been taken.

Otter Tail Power Company expects that the wind farms will result in energy cost savings overall since they will reduce the company's need to buy power at market prices.

On November 20, 2008, the Commission issued a "Notice of Opportunity for Hearing" inviting those interested to comment on the application in writing by December 15, 2008. The Commission's Notice also indicated that persons desiring a hearing must file a written request by December 15, 2008, identifying their interest in the proceeding and the reason for requesting a hearing.

The rate change described in this notice has been requested by Otter Tail Corporation doing business as Otter Tail Power Company.

For more information

You may contact Otter Tail Power Company at 800-257-4044 or visit Otter Tail Power Company's Customer Service Centers between 8 A.M. and 5 P.M. Monday through Friday to examine the proposed change in rate. The offices are located at:

524 Fifth Avenue South, Devils Lake, 58301
171 North Main, Garrison, 58540
315 Second Street SE, Jamestown, 58402
103 South Fifth, Oakes, 58474
226 South Main, Rugby, 58368
2111 Fifteenth Street North, Wahpeton, 58074

You also may contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400 or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials, please notify, Darrell Nitschke, Executive Secretary, 24 hours in advance.