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December 23, 2008

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Reply to Fergus Falls office  
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PUBLIC SERVICE COMMISSION

Mr. Darrell Nitschke  
Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
600 East Boulevard, Department 408  
Bismarck, ND 58505-0480

*Via E-Filing  
and UPS Overnight Mail*

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

Dear Mr. Nitschke

I am writing on behalf of Otter Tail Corporation d/b/a Otter Tail Power Company in response to Richard Savelkoul's December 19, 2008 letter clarifying the position of the Large Industrial Energy Group in the above-referenced matter.

As was discussed during the course of the informal hearing held on December 17<sup>th</sup>, Otter Tail and the Large Industrial Energy Group are in agreement with respect to how this case should go forward with the exception of whether this case should be *combined* with Otter Tail's general rate case or *run concurrently with* the rate case. While we agree that the final result should not depend on this procedural question, we continue to support the separation of these two matters to better reflect that the Renewable Resource Rider exists independently from the general rate setting process and independently from the interim rates approved in the general rate case.

To be clear, Otter Tail is not advocating for separate proceedings, only that the cases not be formally consolidated into a single case. Under this approach, the two cases would be resolved using combined discovery and a combined hearing as described in Mr. Savelkoul's letter. The cases would not be consolidated, however, as they were commenced separately and involve distinct issues. This approach has been used in other cases where the issues are very closely related, such as the Big Stone II advance determination of prudence proceedings (Case Nos. PU-06-481 & PU06-482).

Furthermore, this combined-but-not-consolidated approach does not presume any particular outcome with respect to whether Otter Tail's wind investment recoveries will be made part of base rates in Otter Tail's rate case or remain separate in the rider. While Otter Tail has proposed in its rate case that the wind investments remain in the rider, Otter Tail agrees that the location of recovery (base rates or rider) is an issue for Commission resolution.

Finally, Otter Tail would like to request the Commission to direct whether it desires Otter Tail to provide any additional customer notice with respect to the rider. As Otter Tail has indicated, it believes it has provided adequate customer notice and that despite the confusion that may have been caused by Otter Tail's December 10 mailing referencing the Commission's separate Notice of

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Letter Responding to Richard Savelkoul's December 19 Letter

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Opportunity of Hearing, it is our opinion that more notice would not lead to better informed customers or better customer participation in these proceedings. Otter Tail notes that N.D. Admin Code Section 69-02-04-01, allows the Commission to authorize a utility to satisfy multiple notice requirements with a single notice. If the Commission agrees that no additional notice is warranted in this instance, Otter Tail requests that it include such a determination in an Order, so that there is a clear record of that determination.

An original and 7 copies of this letter are being sent via overnight mail to the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Gerhardson", with a long horizontal flourish extending to the right.

Bruce Gerhardson  
Associate General Counsel  
BG/nlo

Attachments