

North Dakota Public Service Commission
INFORMAL HEARING
November 20, 2008

Otter Tail Corporation
49.5 MW Wind Farm – Luverne – Barnes/Steele Cnty
Public Convenience and Necessity

Case No. PU-08-766
Filed 9/12/08

Summary of Proposal: Otter Tail filed an application for a certificate of public convenience and necessity (PC&N) to construct, own and operate a 49.5 MW portion of the M-Power 157 MW Luverne Wind Farm consisting of thirty-three 1.5 MW wind turbines and associated generation equipment, transformers, 34.5 kV underground collector system, wind farm substation, and 13 miles of 230 kV transmission line all in Barnes and Steele Counties of North Dakota.

Recommendation: I recommend the Commission grant Otter Tail's application and issue a certificate of public convenience and necessity authorizing the project. My recommendation assumes that no response to the Commission's notice of opportunity for hearing is received that would cause me to change my recommendation,

Procedural History: On October 8, 2008 the Commission issued a Notice of Opportunity for Hearing. The notice provided until November 26, 2008 for receiving written comments or hearing requests. No responses have been received so far, but the comment period has not yet expired.

Discussion: The Commission's notice identified two issues to be considered:

1. Whether public convenience and necessity will be served by construction and ownership of the facilities.

Otter Tail reports entering into an asset purchase agreement subject to the Commission granting a PC&N prior to closing of the transaction. Otter Tail estimates total capital costs for its 49.5 MW portion of the Luverne wind farm, including the collector substation and the 13 miles of 230 kV transmission line, would be approximately \$2,208 per kW. Otter Tail has determined that ownership of these facilities is cost-effective compared to energy purchases.

This Luverne project, along with the previous Langdon and Ashtabula projects and some smaller QF purchases, would fulfill the 160 MW of near term wind energy resources called for in Otter Tail's latest integrated resource plan.

2. Whether the applicant is fit, willing and able to provide service.

It appears that Otter Tail, a Commission regulated utility, is obviously fit, willing and able to provide service. An accounting staff assessment is being prepared.

Prepared by: Jerry Lein