

North Dakota Public Service Commission
INFORMAL HEARING
December 3, 2008

**Otter Tail Corp / Dakota Valley Electric
Wahpeton Area
Service Area Agreement**

Case No. PU-08-804

**Otter Tail Corporation
Wahpeton Area - Service Area Agreement
Public Convenience and Necessity**

Case No. PU-08-851

Summary of Proposal: Otter Tail Corporation ("Otter Tail") d/b/a Otter Tail Power Company and Dakota Valley Electric Cooperative (Dakota Valley) 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 Dakota Valley within and around City of Wahpeton, North Dakota. The Agreement provides that 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 12/31/2028, but it can be terminated at any time with mutual agreement by the parties. After 12/31/2028 the Agreement renews automatically for five year terms unless either party provides at least 180 days prior written notice of termination. The application also included a request for a certificate of public convenience and necessity (Case No. PU-08-851) authorizing Otter Tail to extend service under the agreement to customers outside the city of Wahpeton.

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

Discussion: On October 30, 2008 the Commission issued a Notice of Filing, Notice of Informal Hearing and Notice of Opportunity for Hearing, which provided until December 2, 2008 for receiving written comments or hearing requests. No response has 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 is compatible with the public interest.

The parties contend that 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 which 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 which will help avoid territorial disputes between the parties regarding their service in and around the City of Wahpeton.

Prepared by: Jerry Lein