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December 31, 2008

Mr. Darrell Nitschke
Director of Administration/Executive Secretary
North Dakota Public Service Commission
State Capitol
Bismarck, ND 58505

RE: In the Matter of Otter Tail Power Company's Notice to Update the Composite Rate Factor Used for Calculating the Credit for Customers Eligible for Western Area Power Administration's (WAPA) Bill Crediting Program (Rate Designation M-33N)

Dear Mr. Nitschke:

Enclosed are an original and seven (7) copies of Otter Tail Corporation d/b/a Otter Tail Power Company's ("Otter Tail") Notice in the above-captioned matter. The attached Notice requests the Commission to allow the updated composite rate factor used in Otter Tail Rate Designation M-33N, WAPA Bill Crediting Program Rider (Case No. PU-401-00-593) to become effective on February 1, 2009.

The factor is used to calculate the difference between WAPA's composite rate factor for production and Otter Tail's composite production rate factor. The difference is then used to calculate the credit for the eligible, participating customers. The requested change in Otter Tail's composite rate factor was necessitated by the change in Otter Tail's base cost of energy in its recent general rate case filing, Case No. PU-08-862. As a result of changing the composite rate factor for Otter Tail in combination with WAPA's changed composite rate factor, eligible customers will receive an increased credit from \$0.00391 to \$0.01426 per kWh.

Enclosed is our filing fee in the amount of \$50.

Should you have any questions, please feel free to call Pete Beithon at 218-739-8607.

Sincerely,

/s/ PETE BEITHON
Pete Beithon
Manager, Regulatory Economics

wao
Enclosures

1 PU-09-10 Filed 12/31/2008 Pages: 96
WAPA Bill Crediting Program Rider Updated Composite Rate Factor
Otter Tail Corporation

**STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

Case No. PU-08-_____

In the Matter of Otter Tail Power Company's
Notice to Update the Composite Rate Factor
(Rate Designation M-33N) Used for
Calculating the Credit for Customers Eligible
for Western Area Power Administration's
Bill Crediting Program

NOTICE OF UPDATE TO THE
COMPOSITE RATE FACTOR

I. INTRODUCTION AND BACKGROUND

Otter Tail Corporation d/b/a Otter Tail Power Company ("Otter Tail") submits this Notice to Update the Composite Rate Factor for Otter Tail Rate Designation M-33N, WAPA Bill Crediting Program Rider ("Rider"). This composite rate is used to calculate the Beneficiaries' Monthly Credit ("BMC").

The Rider allows for the reallocation of low cost hydroelectric power from federal dams along the Missouri River to Native American tribes located throughout the Upper Great Plains. The benefits of the low cost hydroelectric power are being passed directly on to tribes through Western Area Power Administration's ("WAPA") Bill Crediting Program. The program requires utilities, such as Otter Tail that serve designated tribes, to provide a credit to Native American retail electric customers designated by the tribe as eligible for Program participation. The credit represents the difference between Otter Tail's generation costs and the federal hydroelectric generation costs. Four tribes receive retail electric service from Otter Tail in North Dakota – the Spirit Lake Tribe, the Three Affiliated Tribe, the Turtle Mountain Chippewa Tribe and the Sisseton-Wahpeton Sioux Tribe.

The original Rider was approved on December 20, 2000, in Case No. PU-401-00-593. A copy of Otter Tail's original filing, including amendments, is provided as background information with this Notice as Attachment 1.

The change in Otter Tail's base cost of energy in its recently filed general rate case (Case No. PU-08-862) necessitates a change in the composite rate factor used to calculate the BMC so that the credit amount remains appropriately calculated.

An effective date for bills rendered on or after February 1, 2009 is requested. The average impact flowing through the WAPA Bill Credit Rider to an average eligible customer using 750 kWh per month is a bill decrease of \$7.77. There are 815 customers eligible and using this rider served under various rates. The monthly impact varies from \$0.90 per month decrease for the smallest user to over \$2,000 per month decrease for the largest user.

II. GENERAL FILING INFORMATION

Pursuant to North Dakota Rules Part 69-02-02-04, Otter Tail provides the following general information:

A. Name, Address, and Telephone Number of Utility

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney

Bruce Gerhardson
Associate General Council
Otter Tail Corporation
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 998-7108

C. Date of Filing and Date Change Will Take Effect

This notice is being filed on December 31, 2008, and Otter Tail requests approval effective with bills for eligible customers rendered on or after February 1, 2009.

D. Statute Controlling Schedule for Processing the Filing

North Dakota Century Code Section 49-05-06 provides that a change to a rate schedule shall become effective 30 days after filing (or earlier if so authorized), unless suspended by the Commission. If the Commission determines that, suspension of the change is appropriate, or that a hearing or other procedure should be used to review this change, Otter Tail requests an expedited and informal proceeding, including any variances that may be necessary pursuant to North Dakota Administrative Rules Part 69-02-01-11.

E. Title of Utility Employee Responsible for Filing

Pete Beithon
Manager, Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8607

F. Other Requirements of North Dakota Rules Part 69-02-02-04

Articles of Incorporation.

A certified copy of Otter Tail's Articles of Incorporation is on file with the Commission, as is an original certificate of good standing.

III. DESCRIPTION OF FILING

A. Background

The original composite rate factor was approved by the Commission on December 20, 2000, as part of Case No. PU-401-00-593. The change in the instant case is necessitated by the

proposed increase in Otter Tail's base cost of energy rate in its recently filed general rate case filing, Case No. PU-08-862.

The timing of this filing is intended to enable implementation for the February billing to customers utilizing this rider.

B. The Updated Composite Rate Factor

The updated composite rate is developed by applying the most current FERC Form No. 1 data (2007) to the composite rate factor calculation methodology used when the original composite rate was approved in Case No. PU-401-00-593. The composite rate factor is used to calculate the difference between WAPA's composite rate for production, which in 2009 will increase to \$0.02934 from \$0.02449, and Otter Tail's composite production rate, which in 2009 will increase to \$0.0436 from \$0.0284 (a difference of \$0.0152). Attachment 3 shows the development of the composite rate. The difference between the composite rates of WAPA and Otter Tail is then used to calculate the credit for the eligible, participating customers. As a result of changing the composite rates, the net composite rate credit will increase from \$0.00391 to \$0.01426 effective with February 2009 bills.

C. Requested Commission Action

This filing requests the Commission allow the requested change to go into effect February 1, 2009, without suspension, or alternatively, that the Commission approve the composite rate factor effective for bills rendered on or after February 1, 2009, for eligible customers.

Clean and red-lined versions of Volume 1, Sheet 92, Otter Tail Rate Designation M-33N, WAPA Bill Crediting Program Rider are attached as Attachments 2a and 2b.

IV. CONCLUSION

For the foregoing reasons, Otter Tail respectfully requests that the Commission allow the enclosed Notice for Updating the Composite Rate (Rate Designation M-33N) to become effective as of February 1, 2009, or, alternatively, to approve the same in an informal and expedited proceeding.

Dated: December 31, 2008

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ PETE BEITHON

Pete Beithon
Manager, Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
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215 South Cascade Street
PO Box 496
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VIA OVERNIGHT MAIL



November 7, 2000

Mr. Jon H. Mielke
Executive Secretary
North Dakota Public Service Commission
State Capitol – 600 E. Boulevard
Bismarck, ND 58505-0480

**Re: In the Matter of Otter Tail Power Company's Application for
Approval of a Bill Crediting Rider for Customers Eligible for
Western Area Power Administration's Bill Crediting Program
Case No. *To be Assigned***

Dear Mr. Mielke:

Enclosed for filing please find the original, along with seven copies, of Otter Tail Power Company's Application for Approval of a Bill Crediting Rider for Customers Eligible for Western Area Power Administration's Bill Crediting Program.

Should you have any questions, please feel free to call Pete Beithon at 218-739-8607.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Todd J. Guerrero".

Todd J. Guerrero
Associate General Counsel
TJG:dm

Enclosures

**STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

In the Matter of Otter Tail Power Company's
Application for Approval of a Bill Crediting
Rider for Customers Eligible for
Western Area Power Administration's
Bill Crediting Program

Case No. _____

APPLICATION OF OTTER TAIL POWER COMPANY

1. INTRODUCTION.

Pursuant to North Dakota Century Code Section 49-04-02 and North Dakota Administrative Rule ("NDAR") Part 9-02-02-04, Otter Tail Power Company hereby petitions the North Dakota Public Service Commission for approval of a Western Area Power Administration (WAPA) Bill Crediting Program Rider (Rider). The Rider allows for the reallocation of low cost hydroelectric power from federal dams along the Missouri River to Native American Tribes located throughout the Upper Great Plains. The benefits of the low cost hydroelectric power are being passed directly to Tribes through WAPA's Bill Crediting Program. The Program requires utilities that serve designated Tribes, such as Otter Tail, to provide a credit to retail Native American customers designated by the Tribe as eligible for Program participation. The credit represents the difference between Otter Tail's generation costs and the federal hydroelectric generation costs.

2. DESCRIPTION OF FILING.

A. Background.

The Western Area Power Administration is a federal power marketing administration .

under the Department of Energy. It operates several large hydroelectric dams located on the Missouri River and throughout the western United States and markets the energy exclusively to so-called federal “preference customers,” typically rural electric distribution cooperatives, municipal utilities, and other federal and state agencies. Historically, Native American Tribes have received the benefits of this low cost federal hydroelectric power only through the blended rates they receive from the preference customer utilities that provide retail electric service on the Indian reservations – e.g., rural electric distribution cooperatives. Since about 1991, responding to pressure from tribal interests and Congress, WAPA began exploring alternative methods under which it could allocate the benefits of cheap hydroelectric power directly to designated Tribes.

On March 11, 1997, WAPA published its Notice of Final Power Allocations of the Post-2000 Pick-Sloan Missouri Basin Program, Eastern Division, under which it finalized its allocations to Native American Tribes located throughout the Upper Great Plains. Attached as Exhibit No. 1 is a copy of the March 11, 1997 Federal Register Notice. Each of the Tribes is allocated a specific amount of kilowatts of power. Of the 25 Tribes directly allocated power, five of the Tribes receive retail electric service from Otter Tail – the Spirit Lake (formerly the Devils Lake), Three Affiliated, and Turtle Mountain Chippewa Tribes in North Dakota; the Sisseton-Wahpeton Sioux Tribe in South Dakota; and the White Earth Indian Band in Minnesota.

To carry out its directive to allocate the power directly to the Tribes, WAPA developed what it labeled its Bill Crediting Program.

B. How the Bill Crediting Program Works.

Under the Program, each Tribe is required to designate which Native American customers – be they residential, commercial, industrial, or some combination thereof – that are eligible to

receive the allocation. Western then sells the allocated power directly to Otter Tail¹ (and other distribution utilities serving reservation customers) on a firm basis at WAPA's composite, firm power rate. In turn, Otter Tail is required to pass the benefit of this low cost hydropower to designated reservation customer(s) in the form of a credit on the bill that Otter Tail would otherwise send the customer(s). The benefit, then, is the difference between WAPA's lower-cost composite energy rate and Otter Tail's higher-cost composite generation rate. The benefit, or credit, shows up as a line item on the customer(s)' bill by taking the difference between the two rates and multiplying it by the customer(s)' kilowatt-hour usage.

To carry out the Program, Otter Tail is required to enter into a three-way contract between WAPA, the Tribe, and Otter Tail. A copy of the Bill Crediting Contract between WAPA, the Turtle Mountain Band of Chippewa Indians, and Otter Tail is one such contract. Exhibit No. 2.

C. Description of the Bill WAPA Bill Crediting Rider.

Given its unique nature, Otter Tail was uncertain as to what steps it should take to implement the Program. For instance, Otter Tail has long provided retail electric service on the Turtle Mountain Indian Reservation and does so at Commission-approved rates. However, given the complex legal issues involving Indian sovereignty, Otter Tail discussed the matter with Staff. Based on those discussions, the consensus was that Otter Tail should file a rider so that the Commission could be informed of the Program and if necessary or desirable, exercise jurisdiction over Otter Tail's involvement in the Program. For its part, Otter Tail simply wants to

¹ As an investor-owned utility, Otter Tail is ineligible to be a preference customer.

carry out its requirements under the Program and make sure that all of its customers are treated fairly.

Attached as Exhibit No. 3 is the proposed Rider. Participation in this Rider is voluntary and is available to Otter Tail Native American customers designated as eligible by the Tribe.

Calculation of the Credit

The formula for calculating the credit to participating customers was developed by WAPA, as set forth in Exhibit No. 2, as follows:

$(MDEU/MTBEU) \times BMC = BPMSC$, *where*

MBEU	=	Monthly Beneficiary's (participating customer) Energy Usage
MTBEU	=	Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage
BMC	=	Beneficiaries' (participating Native American Tribe) Monthly Credit $BMC = MAE \times PSD \times (\text{Otter Tail's composite rate} - \text{WAPA's composite rate})$, <i>where</i>
MAE	=	Monthly Amount of WAPA's energy Allocation to the Native American Tribe
PSD	=	Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail

This methodology allocates the full benefit of the price difference to the Tribe's designated beneficiaries.

Because Otter Tail is a vertically integrated utility, it has proposed using an embedded cost methodology to calculate a composite rate for its production costs. Attached as Exhibit No. 4 is a spreadsheet showing how the formula rate was developed. The methodology is based on models used widely at the FERC, and uses for the most part public data from Otter Tail's FERC Form 1 and its Electric Jurisdictional Annual Report -- making it relatively easy to review and duplicate.

3. GENERAL FILING INFORMATION

Pursuant to North Dakota Rules Part 69-02-02-04, Otter Tail provides the following general information:

A. Name, Address, and Telephone Number of Utility.

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Todd J. Guerrero
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

C. Date of Filing.

This petition is being filed on November 7, 2000.

D. Statute Controlling Schedule for Processing the Filing.

North Dakota statutes and related rules do not establish an explicit deadline for Commission action. Otter Tail requests an expedited and informal proceeding, including any variances that may be necessary pursuant to North Dakota Administrative Rules Part 69-02-01-11.

E. Title of Utility Employee Responsible for Filing.

Pete Beithon
Senior Regulatory Analyst
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 5538-0496
(218) 739-8237

F. Other Requirements of North Dakota Rules Part 69-02-02-04.

1. Verification.

Enclosed with this Application is the Verification of Pete Beithon, attached as Exhibit No. 5.

2. Articles of Incorporation.

A certified copy of Otter Tail's Articles of Incorporation is on file with the Commission, as is an original certificate of good standing.

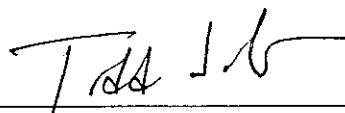
4. CONCLUSION.

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve the enclosed WAPA Bill Crediting Rider, to be effective as of January 1, 2001.

Date: November 7, 2000

Respectfully submitted,

OTTER TAIL POWER COMPANY



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**Western Area Power Administration
Final Power Allocations of the Post-
2000 Resource Pool—Pick-Sloan
Missouri Basin Program, Eastern
Division**

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of final power allocations.

SUMMARY: Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy, hereby announces its Post-2000 Resource Pool Power Allocations to fulfill the requirements of Subpart C—Power Marketing Initiative of the Energy Planning and Management Program Final Rule, 10 CFR Part 905. The Post-2000 Resource Pool Allocations are Western's implementation of Subpart C—Power Marketing Initiative of the Energy Planning and Management Program Final Rule for the Pick-Sloan Missouri Basin Program, Eastern Division. Western's proposed allocations were initially published in the Federal Register August 30, 1996, and a clarification and response to comments was published in the Federal Register December 3, 1996. The formal comment period on the proposed allocations ended on January 6, 1997, and a discussion of comments received pertaining to the proposed allocations is included in this notice. After consideration of all of the comments, Western has decided to finalize the proposed allocations to new utility and nonutility customers as announced on August 30, 1996, and to finalize the proposed allocations to Native American tribes based on the levelized methodology adjusted to address the relatively small indirect benefits provided to the Rosebud Sioux Tribe by Rosebud Electric Cooperative.

DATES: The Post 2000 Resource Pool Final Power Allocations, as based on the Pick-Sloan Missouri Basin Program—Eastern Division marketable resource at this time, will become effective April 10, 1997, and will remain in effect until December 31, 2020. Electric service contracts for the sale of power allocated in this notice will be effective when signed by both the customer and Western. Allottees will have six months to execute a contract with Western after the initial offer of a draft contract, unless otherwise agreed in writing by Western. Contracts entered into under the Post-2000 Resource Pool Allocation Procedures shall provide for Western to furnish the benefits of firm electric

service effective from January 1, 2001, through December 31, 2020.

ADDRESSES: Information regarding the Post-2000 Resource Pool Allocations, including comments, letters, and other supporting documents made or kept by Western for the purpose of developing the final allocations, are available for public inspection and copying at the Upper Great Plains Customer Service Regional Office, Western Area Power Administration, located at 2900 4th Avenue North, Billings, Montana 59101.

SUPPLEMENTARY INFORMATION: Western published a notice of proposed allocations in the Federal Register on August 30, 1996, at 61 FR 45957 to implement Subpart C—Power Marketing Initiative of the Energy Planning and Management Program Final Rule, 10 CFR part 905. The Energy Planning and Management Program (Program), which was developed in part to implement section 114 of the Energy Policy Act of 1992, became effective on November 20, 1995. Subpart C of the Program provides for the establishment of project-specific resource pools and the allocation of power from these pools to new preference customers. Western's final procedures were published in the Federal Register at 61 FR 41142 on August 7, 1996. Those procedures, in conjunction with the Pick-Sloan Missouri Basin Program—Eastern Division, Final Post-1985 Marketing Plan (Post-1985 Marketing Plan) (45 FR 71860, corrected at 45 FR 77509) established the framework for allocating power from the resource pool established for the Pick-Sloan Missouri Basin Program—Eastern Division (P-SMBP—ED).

Western held public information and comment forums on September 18, 19, and 20, 1996, to accept oral and written comments on the proposed allocations. On October 8, 1996, Western published in the Federal Register, at 61 FR 52788, a Notice of Time Extension for the Proposed Allocation which extended the formal comment period for written comments from October 7 to October 21, 1996. On December 3, 1996, Western published in the Federal Register, at 61 FR 64080, a Notice of Clarification, Response to Comments and Request for Additional Comments regarding the levelized method of calculating proposed allocations for new Native American customers and proposed an alternative method. Western held a public information and comment forum on December 17, 1996, to accept oral and written comments regarding the methodology used to calculate the proposed allocations for new Native

American customers. The comment period for this Federal Register notice ended January 6, 1997.

The August 30, 1996, Federal Register notice proposed a levelized methodology for determining Native American allocations (Method One). Under Method One Western levelized total Federal hydropower benefits to be received by each tribe. The proposed allocations under Method One (the direct benefit to each tribe) were determined by taking the total Federal hydropower benefit (63.323 percent in the summer and 56.869 percent in the winter) to be received by each tribe less the amount of indirect benefit each tribe receives through its current power supplier(s). As a result of comments received during the comment period for 61 FR 45957, Western published an alternative second method (Method Two) in the Federal Register on December 3, 1996, to calculate the proposed tribal allocations (direct benefit). Under Method Two the tribal allocations were determined by prorating the total amount of the resource pool available to the tribes based on each tribe's estimated load. This Federal Register notice also republished Method One and requested comments in support of one of the two methods.

Western has decided to finalize the proposed allocations to new utility and nonutility customers as announced August 30, 1996, and to finalize the proposed allocations to Native American tribes based on Method One adjusted to address the relatively small indirect benefits provided to the Rosebud Sioux Tribe by Rosebud Electric Cooperative. Final allocations were determined in the same manner as Method One except the portion of indirect benefits received by the Rosebud Sioux Tribe from the Rosebud Electric Cooperative were taken out of the calculation of Rosebud Sioux Tribe's indirect benefits. This was done in response to several comments that the Rosebud Electric Cooperative supplies an insignificant portion of the Rosebud Sioux Tribe's electrical requirements. Under Method One, as adjusted, Western levelized total Federal hydropower benefits received by each tribe. The proposed allocations under adjusted Method One (the direct benefit to each tribe) were determined by taking the total Federal hydropower benefit (61.6065 percent in the summer and 55.3396 percent in the winter) to be

received by each tribe less the amount of indirect benefit each tribe receives through its current power suppliers).

The Post-2000 Resource Pool Allocations set forth in this Federal Register notice identify the utility and nonutility customers and Native American tribes to which Western intends to allocate power to implement Subpart C of the Power Marketing Initiative of the Energy Planning and Management Program Final Rule in the P-SMBP-ED.

Response to Customer Comments Regarding Post-2000 Resource Pool Allocations

A. General Comments

Comment: Western received requests for extension of the comment period for the August 30, 1996, Federal Register notice.

Response: 61 FR 52788 published October 8, 1996, extended the deadline for submittal of comments until October 11, 1996. Also, 61 FR 64080 published December 3, 1996, clarified, responded to comments, and requested additional comments regarding the leveled method of calculating proposed allocations for new Native American customers and proposed an alternative method. Comments were accepted regarding this notice until January 6, 1997.

Comment: Western received requests to reconsider the application of Horsecreek Irrigation Cooperative. Horsecreek Irrigation Cooperative does not directly or indirectly receive electrical power from McKenzie Electric Cooperative, Inc. Horsecreek Irrigation Cooperative was formed solely for the purpose of obtaining Western power and does not yet receive any power whatsoever from McKenzie Electric Cooperative, Inc. Horsecreek Irrigation Cooperative is not active and will not be active unless and until Western power is available.

Response: Because Horsecreek Irrigation Cooperative is inactive, Western has declared them ineligible based on the Post-2000 Resource Pool Allocation Procedures General Eligibility Criteria sections III.A, III.E and III.I.

Comment: Western inappropriately evaluated Horsecreek Irrigation Cooperative's meeting of the 100 kW eligibility criteria. The use of the eligibility criteria that the allocations be based on loads experienced in the 1994 summer season and the 1994-95 winter season does not reflect the actual growing seasons, is misguided, and favors other users over agricultural users, who were the primary users for

which Pick-Sloan power was intended to benefit.

Response: The Post-1985 Marketing Plan established the criterion of a minimum allocation to determine eligibility for power allocations. The Post-1985 Marketing Plan minimum allocation criteria was modified as set forth in the Final Procedures. The final allocations of power for new utility and nonutility customers were calculated using Post-1985 Marketing Plan criteria. Under the Post-1985 Marketing Plan criteria, the summer allocations are 24.84413 percent of total summer load and the winter allocations are 35.98853 percent of total winter load. The final allocation procedures as published at 61 FR 41142 stipulated these percentages would be applied to the 1994 summer and 1994-95 winter season loads for utility and nonutility customers. Based on information Horsecreek Irrigation Cooperative supplied in their Applicant Profile Data and our calculation of that data, Western again determined Horsecreek Irrigation Cooperative ineligible under the General Eligibility Criteria sections III.A, III.E and III.I.

Comment: The contract with Western for the existing allocation is contracted with the utility. Tribes choosing to form a separate utility cannot access the allocation already contracted. There is a need for discussion of this subject for an equitable resolution. In absence of a resolution, Western is making it extremely difficult for tribes to form utilities and in some cases, beneficial to the effected utilities that currently provide service.

Response: The intent of the Program was to provide the benefits of Federal hydropower allocations directly to individual tribes. Western does not believe these allocations have created additional burdens for Native American tribes in forming a separate utility. Those tribes with smaller allocations under either method may find it more costly to form a separate utility simply because of the cost associated with supplemental power due to the loss of their indirect benefits.

Comment: Several applicants requested that their applications be given reconsideration. Applicants stated that their rates were not adjusted when the allotment was received by the supplier for power and therefore have not received benefits, directly or indirectly, of Western power.

Response: Western reviewed all applications that were requested to be reconsidered. That review did not find previous applicants declared ineligible to be eligible. Whether or not rates were adjusted for any applicant currently receiving benefit, directly or indirectly,

from a current P-SMBP-ED firm power allocation is outside of the scope of this process.

Comment: One commenter stated that Minor State University's application was not considered because they are currently receiving benefits directly or indirectly and requested an explanation.

Response: Our General Eligibility Criteria in the Post-2000 Resource Pool Allocation Procedures states, "Qualified utility and nonutility applicants must not be currently receiving benefits, directly or indirectly, from a current P-SMBP-ED firm power allocation. Qualified Native American applicants are not subject to this requirement." We have determined that if an entity such as Minor State University is administered by a State which is receiving benefits, then they are also receiving the benefits of Federal power and are therefore, ineligible.

Comment: Western received several comments questioning whether Western will review the application and change their decision if a city/municipality should achieve utility status by the deadline stated in the Federal Register.

Response: It was the responsibility of the city/municipality to provide necessary documentation for Western to determine if the city/municipality met the General Eligibility Criteria. Based upon the information submitted during the application period in their applicant profile data, Western has determined that those entities would not be able to achieve utility status in the given time frame.

Comment: If Western should decide to make additional allocations available in the years 2006 and 2011, a Federal Register notice should be published two years in advance to allow interested cities a chance to obtain utility status. Another commenter requested Western provide applicants ample opportunity prior to the years 2006 and 2011 to develop their own electrical utility.

Response: If additional allocations are made, they shall be made in accordance with the Program. Specifically, 10 CFR 905.35(c) requires entities that desire to purchase power from Western for resale to consumers obtain utility status 3 years prior to the subsequent resource pool. Notice of these requirements were published in a final rule November 20, 1995. The implementation of the Program does not prevent an entity from obtaining utility status at any given time. These allocations and procedures do not in any way affect Western's obligations or flexibility in regards to future resource pools as stipulated in the Program.

Comment: Any allocations of power to the tribes need to recognize and

acknowledge that tribes were denied access to power in all previous allocations. Another questioned how individual tribal member land owners whose land is in trust, as is the tribes, would be able to benefit from the Western allocation program, if the initial motivation for including tribes in the Western allocation process was due to impacts to Indian lands as a result of hydroelectric development on the Missouri. Two commenters stated they would like to remind Western that allocations of power in no way abrogates any outstanding treaty obligations owed to their tribe nor does it impact the tribe's water rights but is merely the result of tribes achieving "Preference Power Customer" status. Another commented that the fair share of the total resource pool allocated to the tribes was determined by Western to reflect a portion of the reservation electrical needs by the year 2000 and to reflect the fact that the tribes had been denied access to Western power in previous allocations.

Response: Western has continued to take steps towards assisting Native Americans in meeting their needs for cost-based hydropower. Western has always considered tribes to be preference entities, but has not historically allocated power to Native Americans in the absence of utility status, eligible irrigation load, or special legislation enacted by Congress. In the past, the benefits of hydropower have been realized by Native Americans through allocations to cooperatives that serve tribal load. The Program changed Western's policy regarding Native Americans and utility status. Therefore, allocations will now be made directly to the tribes. Western agrees that these allocations do not impact tribal water rights or treaty obligations.

Comment: Western received several comments that Western did not follow the Final Power Allocation Procedures of the Post-2000 Resource Pool as published in the Federal Register on August 7, 1996. Specifically, the August 7, 1996, Final Procedures, Section III, Paragraph I states, "The minimum allocation shall be 100 kilowatts (kW)." The Flandreau Santee Sioux Tribe had a proposed winter season allocation of only 20 kW under Method One. This allocation is lower than the minimum allocation in the Final Power Allocation Procedures.

Response: The Final Procedures incorporate the Post-1985 Marketing Plan criterion of a minimum allocation in establishing these allocations. The Post-1985 Marketing Plan established the criterion that eligibility for power allocations was based on an annual

basis and not a seasonal basis. It was never the intent of the Post-1985 Marketing Plan or the Post-2000 allocation process to infer that all seasonal allocations would be a minimum of 100 kW. An applicant meets this criterion as long as one season's proposed allocation meets the minimum allocation of 100 kW. Therefore, in this case, it is possible to receive a winter allocation under the 100 kW minimum as long as the summer season is 100 kW or larger. It should be noted that Western disqualified several utility and nonutility applicants on the basis that both their winter and summer season proposed allocations would be below the 100 kW minimum.

Comment: One commenter expressed concern that Western decided to allocate the remainder to the tribes and actually increase the tribes' share of the resource pool from 75 percent to about 80 percent. They asked that Western look at the rules that were established and see if a greater percentage of people could benefit from low cost hydropower by changing some of the rules. Also, they stated that a small part of the 25 percent of the resource pool originally designated for the new utility and nonutility customers was transferred to the Native American customers. Again they requested Western review this procedure with regard to allocating that small part to either new customers who have not yet formed a "public power agency" or to entities that are preference customers.

Response: Western was obligated to apply the Post-2000 Resource Pool Allocation Procedures to all applicants. This process is designed to allocate the 4 percent as set forth by the Program. Two future 1 percent resource pools were also identified as part of the Program and allocations from these future resource pools will be dealt with in future public processes.

Comment: If the "preference power" method of calculations is used, the tribes should be compensated \$10,000 each and Mni Sose \$100,000 to cover the entire cost for their 3-year effort.

Response: This comment is outside of this process. Western does not have authority to compensate an entity for efforts in this process.

Comment: The Federal government, Department of Energy, Bureau of Reclamation, Army Corps of Engineers, Department of Interior, the Bureau of Indian Affairs, and Western, should collaborate to assure that tribes be allowed to develop and operate their own power utilities. Language should be amended to give tribes the ability to

form utilities as opposed to keeping the oppressive policies ongoing.

Response: The implementation of the Program does not prevent an entity from obtaining utility status.

Comment: One commenter protested the allocations process and demanded compensation for the use of water river rights for the Oglalas, other Sioux tribes, and Missouri River tribes.

Response: This comment is outside of this process. Western does not have authority to compensate an entity for the use of water rights.

Comment: Three commenters requested Western recalculate the proposed allocations for the Native American tribes using only the criteria in the final allocation procedures (the estimated loads).

Response: Western used the Post-2000 Resource Pool Allocation Procedures criteria including the estimated loads in the tribal applications in determining the final allocations for qualified Native American tribes.

Comment: Allocations were arranged in such a way as to discourage a tribe from starting its own utility because the amount allocated was so small.

Response: Allocations were based on the 4 percent resource pool which was derived from the Program. Western's final procedures were published in the Federal Register at 61 FR 41142. Those procedures, in conjunction with the Post-1985 Marketing Plan, established the framework for allocating power from the resource pool, are final, and cannot be changed in this process.

Comment: Western needs to increase the size of the resource pool. One option would be to revamp current facilities to increase generation and reserve surplus for tribes. Another commented that by offering up a resource pool which is woefully inadequate to address the needs of the tribes Western has forced the tribes to fight with each other. Another commented that the tribes now have to place the interest of their own tribes in the forefront and decide which of the two alternatives is best for their tribe. This may lead to possible dissension among the tribes which may be the goal Western is attempting to achieve. Additionally, two commenters stated that the fair share determined by Western does not reflect the argument made by the tribes that the size of the resource pool and the tribal allocation should have been substantially greater.

Response: The 4 percent resource pool was derived from the Program, and therefore the size of the pool is outside this process. This process is designed to allocate the 4 percent resource pool as set forth by the Program. It was the intent of Western to provide benefits

from the resource pool to all eligible entities. Two future 1 percent resource pools were also identified as part of the Program and allocations from these future resource pools will be dealt with in future public processes.

Comment: Outside purchases are needed to supplement the proposed Post-2000 allocation and accommodate a larger allocation to the tribes. Such purchases would not be a detriment to any existing customer of Western. Pick-Sloan purchases are relatively small in contrast to other Western areas.

Response: This comment is outside of this public process. The Final Allocation Procedures and Final Allocations are a direct result of the Program. The Program does not provide for the acquisition of additional outside resources to supplement the 4 percent resource pool.

Comment: Using the power suppliers' existing hydro allocations to provide allocations to tribes implies that the tribes may have rights to part of the power suppliers current allocation. Another commented that using the power suppliers' existing hydro allocation to provide allocations to the tribes implies that the Flandreau Santee Sioux may have rights to part of the City of Flandreau's current allocation. This is a major concern to the City of Flandreau since the tribe was not receiving any power when the City of Flandreau received their allocation in 1977.

Response: The intent of the Program was to provide benefits of Federal hydropower allocations directly to qualified Native American tribes. This is represented in the final allocations. The use of existing hydro allocations in the calculation method does not imply that the tribes have rights to any part of these allocations. Further, it does not change the contractual commitments between Western and the existing customers. Contractual commitments between Western and the existing customers are outside of this public process.

Comments: The proposed allocations for the Native American tribes are based on their estimated population, both on and off the reservations, with the Ponca Tribe of Nebraska having no land base. The commenter believes the allocations should be based on the estimated electrical load on the reservations. The proposed allocation from the estimated loads based on population projections, result in allocations larger than some tribes can utilize. Two commenters stated that the proposed allocations from the estimated loads result in allocations larger than some tribes can currently utilize. Another commented that allocations are more favorable to tribes without service from an existing

Western customer and less favorable to tribes with service from an existing Western customer. Another commented that the amount of the Crow Tribe allocation derived from Method Two, plus the tribe's power supplier's existing allocation, may be larger than the entire load of the Crow Tribe. Finally, one commented that Method Two would provide the Crow Creek Tribe more than 100 percent of their load.

Response: Western does not agree with these comments and our analysis does not support this conclusion. Allocations for Native American tribes were based on estimated loads for the year 2000. In the absence of reliable load data for Native American tribes, population data was used in an effort to estimate Native Americans loads in the year 2000. In this notice, Western has leveled the total Federal hydropower benefits (61.6065 percent in the summer and 55.3396 percent in the winter) to be received by each tribe.

Comment: It should be clearly defined, in the contracts that the allocations go to the tribes themselves or beneficiaries of the tribes.

Response: Contracts for the Post-2000 Resource Pool allocations will be between Western and the allottee.

Comment: One commenter asked if the original low cost power issued to the tribes will still be low cost after all the transmission costs are considered. Another commented that there should be no transmission costs associated with distribution of power to tribes in the Missouri River Basin.

Response: Western will assist the allottee in obtaining third-party transmission arrangements for delivery of firm power. To the extent that utilities are involved in these arrangements, Western will work with those entities. However, as stated in the Final Procedures, it is the ultimate responsibility of the allottee to obtain its own delivery arrangements and to pay the associated costs.

Comment: Western should have allowed tribal input in developing the allocation process.

Response: Tribal input, as well as input from other entities, has been solicited in conjunction with the public process comment period that was initiated January 29, 1996, and concluded January 6, 1997. During that time frame seven informational forums and seven comment forums were held and ongoing opportunities to provide written comments were allowed at each step of the process.

Comment: Two comments stated that the tribes should directly receive the

entire allocation to service the tribal load.

Response: The intent of the Program was to provide the benefits of Federal hydropower allocations directly to individual tribes. The entire allocations contained in this notice will be made directly to the tribes. Any indirect benefits recognized in the calculation method were utilized only to levelize total benefits across the Region at the time of allocation with no intent to create any commitment whatsoever, to transfer these benefits to the tribes. Any indirect benefits received by the tribes are contractual commitments between Western and the existing customers and are outside of this public process.

Comment: The allocation as proposed under Method One penalizes the Crow Tribe as a recipient of Federal power and subjects the Crow Tribe to anti-Indian policies by an existing power supplier.

Response: It is not the intent of the Program to penalize any recipient of Federal power. Under any method of direct allocation, which does not result in full requirements being met by P-SMBP-ED, the tribe will be subject to existing power supplier policies to the extent they desire the existing power supplier to continue to supply the tribe's remaining power needs.

Comment: Revenues from Western could be more helpful to tribes by providing set-aside monies, grants, and startup monies. This is the prime time for a tribe to initially plan for utility status, if it wants to.

Response: This comment is outside of this process. Western does not have the authority to provide revenues to the tribes for set-aside monies, grants or startup monies through this allocation process.

Comment: Was the motivation for the provisions in the 1992 Energy Policy Act to include Indian tribes in Western's allocation planning? Did tribes or representatives from tribes provide testimony, initially under the Energy Policy Act to include benefit provisions to tribal governments?

Response: These comments are outside of this process.

Comment: Did tribes use the negative impacts to Indian lands from hydroelectric development on the Missouri River as justification to include tribes as beneficiaries of Western allocations?

Response: This comment is outside of this process.

Comment: If Western would refer the individual land owner back to the tribe would Western be predisposed to assist and advocate for individual land owners, directly impacted by

hydroelectric development activities, in respect to energy allocations, either through low or no cost energy benefits after the year 2001?

Response: Western intends to provide benefits directly to Native American tribes beginning in 2001 and will work with the tribes to assure receipt of those benefits.

Comment: There is not a clear enough definition as to who a qualified allocation beneficiary can be outside of a reservation boundary.

Response: Off-reservation use of Native American tribe allocations under certain circumstances as determined by Western was allowed for in 60 FR 54151. The circumstances under which off-reservation use of a Native American tribe allocation will be allowed will be determined by Western on a case-by-case basis during the contract negotiation process.

Comment: The allocation should be made to the tribe and to the utility.

Response: The intent of the Program was to provide the benefits of Federal hydropower allocations directly to individual tribes. This principal is consistent with how Western treats existing customers. Western does not feel that the goal of the Program would be served by jointly allocating Native American allocations to utilities and tribes.

Comment: The very concept of the allocation/credit has caused concern among the cooperative membership and an increase to a nonjustifiable higher level will enhance divisiveness and ill feelings.

Response: This situation does exist among some of Western's long term firm power customers who have a different blend of low-cost hydropower and supplemental power. This comment is outside of this process.

Comment: As new preference customers, Native Americans should receive the benefit of the same principles Western has applied in previous marketing plans.

Response: Western's final procedures were published in the Federal Register at 61 FR 41142. Those procedures, in conjunction with the Post-1985 Marketing Plan, established the framework for allocating power from the resource pool. The current process has incorporated principles from prior marketing plans as well as establishing that the new customers will be bound by similar general contract principles as existing customers.

Comment: To revisit the Native American allocation methodology at this late date is counterproductive to expeditious implementation of this program.

Response: This comment was directed at the December 3, 1996, Federal Register notice, which proposed an alternate second method to calculate the proposed tribal allocations. Based upon input received during the public process, Western felt it appropriate to propose an alternate Native American allocation methodology and to extend the comment period to determine power allocations to assure the intent of the Program is satisfied.

Comment: It is important that Western directly involve the Sisseton-Wahpeton Sioux Tribe, and the other Missouri River basin tribes in all future resource planning and allocations. Mni Sose Intertribal Water Rights Coalition, Inc. will also continue to be an active representative of these tribes. Also, one commenter stated that comments submitted pursuant to this notice should not be considered the final comments of their Tribe/Nation. The Crow Tribe Public Utility Commission will continue to review and report on the various aspects of Energy, Electrical Power and ancillary services. Another commented that Western, along with the rest of the Federal Government, has an enduring and continuing trust responsibility for the tribes in the Missouri River Basin.

Response: Western supports the Department of Energy's American Indian policy which stresses the need for a government-to-government, trust-based relationship. Western intends to continue its practice of consultation with tribal governments so that tribal rights and concerns are considered prior to any actions being taken that effect the tribes.

Comment: The delivery of Federal hydropower to the tribes should be made in such a way that the benefit of the allocation is realized by the end user.

Response: Contracts for power of the Post-2000 Resource Pool will be between Western and the allottee.

Comment: One commenter expressed the desire for Western to come to the Standing Rock Reservation to present the contracts in negotiating with Standing Rock Sioux Tribe to honor the government-to-government relationship, because it is taken very seriously at Standing Rock Reservation.

Response: Entering into contractual arrangements with the various entities is the next step of this process. However, this will not begin until the final allocation process has been completed.

Comment: The allocation should be made in the form of energy and not a credit.

Response: Western agrees that allocations in the form of energy is one

viable method of delivering the benefits of Federal hydropower to Native American tribes. However, flexibility must be retained in the delivery of such benefits in order to fit a diverse group of Native American tribes and power suppliers. The method for delivering the benefits of Federal hydropower to the tribes will be determined during the contract negotiation process.

B. Methodology Comments

- Western departed from the Mni Sose Intertribal Water Rights Coalition, Inc. method of allocation without consultation with the tribes and created inequities.

- Western ignored the allocation formula which the tribes agreed upon and poured considerable resources into preparing.

- Two commenters mentioned the plan put forth by Mni Sose Intertribal Water Rights Coalition, Inc. must be acknowledged and used.

- The proposed allocation to the Pine Ridge Tribe is 40 percent greater than what Mni Sose Intertribal Water Rights Coalition, Inc. estimated as their current requirements.

- Current use figures were often unavailable because the five companies that currently serve the Lake Traverse Reservation were not totally cooperative in providing data.

- The allocation process is sorely lacking in consideration of the tribe's needs and wants and the Yankton Sioux Tribe is not going to indicate a preference for either allocation method.

- The differences between the proposed methods of allocation may be perceived to instigate confrontations among or between various tribes, but the ultimate concern of the Native American tribes/Nations is to improve and expand electric goods and services available to improve living conditions and address conditions on many "Indian Reservations" within and throughout the native life sustaining regions of the Upper Missouri River region and beyond.

- Several commented that Section 3, Paragraph D of the General Allocation Criteria, states, "Allocations made to Native American Tribes will be based on estimated load developed by the Native American tribes. Inconsistent estimates will be adjusted by Western during the allocation process." Under Method One, "Proposed Allocations" were not only based on the estimated load developed by the Native Americans, they were adjusted by the estimated current service the Native Americans were already receiving from their power suppliers. The so called "levelizing" of benefits was not part of

The General Allocation Criteria in the Final Procedures. Also, under this method, the Flandreau Tribe will lose 4 percent or 53 kW in the year 2000. After 2000 the tribe will have a net loss of 33 kW.

- Several commenters expressed concern that the average current Western service to the Rosebud Sioux Reservation, as published in the Federal Register, is not correct. Ninety-nine percent of the Rosebud Sioux Tribe's load is served by LaCreek-Electric Cooperative, Inc. and Cherry-Todd Electric Cooperative, Inc., both members of Rushmore Electric Power Cooperative. The small portion of Rosebud Electric Power Cooperative's service with a higher allocation should be ignored for this calculation in order to make the balance correct in how much the tribe should get. Take Rosebud Electric Cooperative out of the formula and the allocation would be fair and correct.

- It is important to the members of Hot Springs Rural Electric Association, Inc. that the precedent set in the P-SMBP-ED be a fair and equitable allocation of the Resource Pool. In the near future, Western will begin to allocate the Resource Pool in the Pick Sloan Missouri Basin, Western Division, and we anticipate similar action in the Colorado River Storage Project.

- The amount of allocation derived from the use of Method One more clearly represents a fair allocation to the Crow Tribe.

- Several commenters strongly encourage Western to apply the leveled method (Method One) of calculating proposed allocations to Native American customers. The support is based on the principle of applying equity among tribal members. These comments suggest that Method Two is not consistent with the principle of equity. Method Two offers greater benefits to some at the expense of others. Unless existing Federal bulk power supply available through current power suppliers is taken into account as part of the final allocations, variations in the amount of Federal power available among tribal interests will vary and lead to further retail rate disparities.

To increase the allocation to Method Two levels does not make sense.

- We support "Method One" as fair and equitable to all Native Americans and current electric utility providers. Neither they nor its member systems serve the region defined in the Federal Register notice but think its important to comment. They anticipate similar action in the Colorado River Storage Project and it is very important to them

and its member systems that the precedent set in the P-SMBP-ED be fair and equitable. Also, they submitted recommendations because expenses for the Pick-Sloan Missouri Basin Program are shared over both divisions. The alternative method does not equitably distribute the benefits of the resource pool or take into account benefits for Native Americans already received through the current electric utility.

- If Western utilizes "Method Two", the Turtle Mountain band of Chippewa Indians would suffer a 27 percent reduction. Tribes which are currently receiving much higher benefits, will receive the much higher allocation which will result in a greater disparity among the tribes.

- Method One is considered inequitable for the reason that tribes receiving Western power through the existing rural electrical cooperatives are more likely to fall in the category of the Crow Creek Sioux Indian Reservation and are not likely to benefit from the current contractual arrangements between the rural electrical cooperatives and Western.

- We request Western use Method Two in calculating the proposed allocations for new Native American customers. The comment suggested that Method Two not only follows the criteria in the final procedures, it also appears to treat all tribes on a more equitable and fair basis.

- Several commenters recommended Method Two for new Native American customers. The "second" method presented by Western more adequately addresses the tribal needs and demands for electrical energy to improve and expand allocations to meet conditions as discussed and developed during coordinated meetings among tribes and Western. Method Two also more fairly distributes the Native American tribes' share of the resource pool among the tribes. Under Method One, some tribes would receive an allocation greatly in excess of their load requirements.

- Method One simply does not do what Western states it is intended to do. It is not a fair or equitable allocation to the tribes.

Response: Western used components of the Mni Sose Water Rights Coalition's allocation method in the development of the Final Allocation Procedures and the Final Allocations. As stated in the Post-2000 Resource Pool Allocation Procedures General Eligibility Criteria section III.D, "Allocations made to Native American tribes will be based on estimated load developed by the Native American tribes. Inconsistent estimates will be adjusted by Western during the allocation process." Western accepted

loads submitted by the tribes which were estimated by the Mni Sose Intertribal Water Rights Coalition. Western also accepted loads estimated using other methods developed by individual tribes. Western only adjusted tribal load estimates when an obvious error was made in the load calculation or when an unreasonable assumption was used in the estimation method.

Western provided an additional opportunity to address and clarify comments regarding the leveled method of calculating proposed allocations for new Native American customers and proposed an alternative method. On December 3, 1996, Western published in the Federal Register, at 61 FR 64080, a Notice of Clarification, Response to Comments and Request for Additional Comments. Western held a public information and comment forum on December 17, 1996, to accept oral and written comments regarding the methodology used to calculate the proposed allocations for new Native American customers. The comment period for this Federal Register notice ended January 6, 1997. The public process was a consultation period for both Native Americans and other interested entities, and the Mni Sose Intertribal Water Rights Coalition, Inc. was involved in that process.

Western recognizes the concern expressed by the Rosebud Sioux Tribe regarding the minor contribution of indirect benefits from the Rosebud Electric Cooperative in comparison to the other two co-suppliers and the inequitable effect it has on the Rosebud Sioux Tribe's proposed allocation under Method One. It was appropriate to adjust the calculation of Rosebud Sioux Tribe's indirect benefit by excluding the indirect benefits provided by Rosebud Electric Cooperative. The Rosebud Sioux Tribe and others raised this issue in both the information meetings and the formal comment forums in addition to sending in written comments. The adjustment to Method One was a data issue and not a change in the guidelines for making the allocations established through the public process. Western was not aware of this discrepancy until information was provided during the process. As a result of this information, Western has adjusted Method One as originally published to address this concern.

Western reviewed the commenter's concern that the Flandreau Tribe could possibly experience a net loss of hydropower benefits, as proposed, w/ considering their total power supply (supplemental power and direct benefits). All long term firm power customers of Western are subject to the

requirement that they will lose 4 percent of their allocation as provided by the Program regardless of what amount is allocated to the tribe.

We recognize the concern of the Crow Creek Sioux Tribe regarding the different rate designs of the cooperatives that serve the reservation and their effect on the ratepayers. Western has no control over these rate designs and this issue is outside of our allocation process. It should be noted that although Crow Creek Sioux Tribe's comment was directed at Method One, Method Two does not correct the rate design problem either.

Western received diverse comments regarding the proposed Method One and Method Two. The intent of the Program was to provide the benefits of Federal hydropower allocations directly to individual tribes in an equitable manner. After reviewing all comments, Western selected Method One, adjusted to address the relatively small indirect

benefits provided to the Rosebud Sioux Tribe by Rosebud Electric Cooperative, to determine the size of the allocations based upon the need to meet an appropriate share of the load for qualified Native American tribes. Western used the Post-2000 Resource Pool Allocation Procedures criteria and exercised its discretion under Reclamation Law in shaping the Final Allocations in response to input during the public process in allocating this resource to eligible applicants. Method One, as adjusted, meets Western's Program requirements and the needs of Western's new customers, while being responsive to the comments received in this process. Western did not receive comments showing an overwhelming support for a change to Method Two. In particular, Mni Sose Interracial Water Rights Coalition, Inc., did not indicate a preference for either Method One or Method Two.

III. Final Power Allocations

The following final power allocations are made in accordance with the Final Procedures published in the Federal Register at 61 FR 41142 on August 7, 1996. All of the allocations are subject to the execution of a contract in accordance with the procedures. Western announces that Native American tribes' share of the resource pool is 80.64 percent in the summer season and 78.33 percent in the winter season. The new utility and nonutility customers' share of the resource pool is 19.36 percent in the summer season and 21.67 percent in the winter season.

Allocations to Native American Tribes

The final allocations of power for new Native American customers and the data these allocations are based upon are as follows:

New native American customers	Estimated demand kilowatts	Average current western service		Post-2000 power allocation	
		Summer	Winter	Summer kilowatts	Winter kilowatts
Blackfeet Nation	18,600	32	27	5,507	5,271
Cheyenne River Sioux	13,500	33	29	3,862	3,556
Chippewa Cree-Rocky Boy	5,000	55	44	330	567
Crow Creek	4,100	50	47	476	342
Crow	12,500	55	44	826	1,417
*Devils Lake Sioux	7,700	22	14	3,050	3,183
Flandreau Santee Sioux	2,355	55	56	156	0
Fort Belknap Indian Community	6,200	28	22	2,084	2,067
Fort Peck Tribes	15,300	34	31	4,224	3,724
Lower Brule Sioux	3,100	33	29	887	817
Lower Sioux	3,750	0	0	2,310	2,075
Northern Cheyenne	9,400	36	37	2,407	1,724
Oglala Sioux-Pine Ridge	29,600	28	24	9,948	9,277
Omaha Tribe of Nebraska	5,100	15	14	2,377	2,108
Ponca Tribe of Nebraska	2,100	8	6	1,126	1,036
Rosebud Sioux	21,300	33	29	6,093	5,610
Santee Sioux Tribe of Nebraska	1,100	10	8	568	521
*Sisseton-Wahpeton Sioux	7,500	40	38	1,620	1,300
Standing Rock Sioux	12,900	30	29	4,077	3,398
*Three Affiliated Tribes	8,000	30	25	2,529	2,427
*Turtle Mountain Chippewa	18,000	35	18	4,789	6,721
Upper Sioux	1,250	42	39	245	204
White Earth Indian Reservation	3,500	6	7	1,946	1,692
Winnebago Tribe of Nebraska	3,100	10	8	1,600	1,468
Yankton Sioux	5,300	25	24	1,940	1,661

The final allocations for new Native American customers were calculated based upon the estimated demand figures set forth in the table above. Estimated demand figures were taken from the Native American tribal applications. Inconsistent demand estimates were adjusted by Western.

In order to appropriately distribute the benefits of Federal hydropower among the tribes, Western calculated the proposed power allocations in the table

above in such a manner as to levelize total Federal hydropower benefits to each of the Native American tribes. This results in a total Federal hydropower benefit of 61.6065 percent in the summer season and 55.3396 percent in the winter season to each of the tribes. To levelize the total Federal hydropower benefits, the average current percentage of Western service that each of the tribes receives through their current power supplier(s) was

utilized and is as shown in the table above. For the Blackfeet Nation, Western used the weighted average of the current percentage of Western service for the remaining tribes. The Blackfeet Nation is served by Glacier Electric Cooperative, which is a total requirements customer of Bonneville Power Administration, therefore the Blackfeet Nation does not receive Western service, but does receive the benefit of Federal hydropower. The

weighted average of the current percentage of Western service changed under the adjusted Method One because Rosebud Sioux Tribe's average current percentage of Western service changed. The final power allocation for each tribe was determined by multiplying the difference between the total Federal hydropower benefit provided to each tribe (61.6065 percent in the summer

season and 55.3396 percent in the winter season) and each tribe's average current percentage of Western service by each tribe's estimated demand.

The final allocations to new Native American customers set forth in the table above are based on the P-SMBP-ED marketable resource available at this time. If the P-SMBP-ED marketable resource is adjusted in the future, the

final allocations will be adjusted accordingly.

B. Allocation to Utility and Nonutility Customers

The final allocations of power for new utility and nonutility customers and the loads these allocations are based upon are as follows:

Utility and Nonutility Customers	1994 Summer season load kilowatts	1994-95 Winter season load kilowatts	Post-2000 power allocation	
			Summer kilowatts	Winter kilowatts
Village of Emerson, NE	1,454	1,146	361	412
City of Estherville, IA	1,040	7,820	2,743	2,814
City of Randalia, NE	1,861	1,386	462	499
City of Pocahontas, IA	3,980	3,144	989	1,131
City of Madison, NE	10,034	3,759	2,493	3,152
City of South Sioux City, NE	24,977	21,846	5,000	5,000
City of Sergeant Bluff, IA	3,076	3,888	1,510	1,399
City of Wakefield, NE	4,717	3,667	1,172	1,320
City of Fairmont, MN	1,330	2,464	579	197
City of Marazion, IA	520	764	129	275
City of Stanton, ND	656	350	163	306

* 5,000 kW is the maximum allocation allowed under the Final Procedures.

The final allocations of power for new utility and nonutility customers were calculated using Post-1985 Marketing Plan criteria. Under the Post-1985 Marketing Plan criteria, the summer allocations are 24.84413 percent of total summer load and the winter allocations are 35.98853 percent of total winter load.

The final allocations to new utility and nonutility customers set forth in the table above are based on the P-SMBP-ED marketable resource available at this time. If the P-SMBP-ED marketable resource is adjusted in the future, the final allocations will be adjusted accordingly.

III. Review Under the Regulatory Flexibility Act

The Regulatory Flexibility Act, 5 U.S.C. 601 et seq. (Act), requires Federal agencies to perform a regulatory flexibility analysis if a proposed regulation is likely to have a significant economic impact on a substantial number of small entities. Western has determined that this rulemaking relates to services offered by Western, and, therefore, is not a rule within the purview of the Act.

IV. Review Under the Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1980, 44 U.S.C. 3501-3520, Western has received approval from the Office of Management and Budget (OMB) for the collection of

customer information in this rule, under control number 1910-1200.

V. Review Under the National Environmental Policy Act

Western requested input regarding the identification of any additional environmental issues both in the Federal Register at 61 FR 2817, January 29, 1996, and at the public meetings. No environmental comments were received or additional environmental issues identified. Therefore, Western has determined that the analysis in the Program Environmental Impact Statement is sufficient for this action and current DOE (10 CFR part 1021) regulations indicate that no further National Environmental Policy Act impact analysis documentation is required.

VI. Determination Under Executive Order 12866

DOE has determined this action does not meet the criteria of Executive Order 12866, 58 FR 51735 and is not a significant regulatory action. Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by Office of Management and Budget is required.

VII. Review Under Executive Order 12988

With respect to the review of existing regulations and the promulgation of new regulations, section 3(a) of Executive Order 12988, "Civil Justice

Reform, 61 FR 4729 (February 7, 1996), imposes on Executive agencies the general duty to adhere to the following requirement: (1) Eliminate drafting errors and ambiguity; (2) write regulations to minimize litigation; (3) provide a clear legal standard for affected conduct rather than a general standard and promote simplification and burden reduction. With regard to the review required by sections 3(a), sections 3(b) of Executive Order 12988 specifically requires that Executive agencies make every reasonable effort to ensure that the regulation: (1) Clearly specifies the preemptive effect, if any; (2) clearly specifies any effect on existing Federal law or regulation; (3) provides a clear legal standard for affected conduct while promoting simplification and burden reduction; (4) specifies the retroactive effect, if any; (5) adequately defines key terms; and (6) addresses other important issues affecting clarity and general draftsmanship under any guidelines issued by the Attorney General. Section 3(c) of Executive Order 12988 requires Executive agencies to review regulations in light of applicable standards in section 3(a) and section 3(b) to determine whether they are met or it is unreasonable to meet one or more of them. DOE has completed the required review and determined that, to the extent permitted by law, the final regulations meet the relevant standards of Executive Order 12988.

VIII. Congressional Notification

The final regulations published today are subject to the Congressional notification requirements of the Small Business Regulatory Enforcement Fairness Act 1996. The Office of Management and Budget has determined that the final regulations do not constitute a "major rule" under the Act (5 USC 801, 804). DOE will report to Congress on the promulgation of the final regulations prior to the effective date set forth at the beginning of this notice.

Issued at Golden, Colorado, February 28, 1997.

J.M. Shafer,

Administrator.

[FR Doc. 97-5996 Filed 3-10-97; 8:45 am]

BILLING CODE 6450-01-P

ENVIRONMENTAL PROTECTION AGENCY

[OPPTS-140256; FRL-5593-5]

Access to Confidential Business Information by Hampshire Research Associates, Inc.

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: EPA has authorized its contractor, Hampshire Research Associates, Inc. (HRA), of Alexandria, Virginia, for access to information which has been submitted to EPA under section 8 of the Toxic Substances Control Act (TSCA). Some of the information may be claimed or determined to be confidential business information (CBI).

DATES: Access to the confidential data submitted to EPA will occur no sooner than March 21, 1997.

FOR FURTHER INFORMATION CONTACT: Susan Hazen, Director, Environmental Assistance Division (7408), Office of Pollution Prevention and Toxics, Environmental Protection Agency, Rm. E-545, 401 M St., SW., Washington, DC 20460, (202) 554-1404, TDD: (202) 554-0551; e-mail: TSCA-Hotline@epamail.epa.gov.

SUPPLEMENTARY INFORMATION: Under contract number 7W-0244-NASA, contractor HRA, of 1600 Cameron St., Alexandria, VA, will assist the Office of Pollution Prevention and Toxics (OPPT) in generating a report that contains data aggregates and comparisons among chemicals and chemical groups collected from the Inventory Update Reports for 1986, 1990, and 1994.

In accordance with 40 CFR 2.306(j), EPA has determined that under EPA contract number 7W-0244-NASA, HRA will require access to CBI submitted to EPA under section 8 of TSCA to perform successfully the duties specified under the contract. HRA personnel will be given access to information submitted to EPA under section 8 of TSCA. Some of the information may be claimed or determined to be CBI.

In a previous notice published in the Federal Register of January 19, 1993 (58 FR 4992; FRL-4182-8), under contract number 68-D2-0064, HRA was authorized for access to CBI submitted to EPA under all sections of TSCA.

EPA is issuing this notice to inform all submitters of information under section 8 of TSCA that EPA may provide HRA access to these CBI materials on a need-to-know basis only. All access to TSCA CBI under this contract will take place at EPA Headquarters. Before access to TSCA CBI is authorized at HRA, EPA will approve their security certification statement.

Clearance for access to TSCA CBI under this contract may continue until September 30, 1997.

HRA personnel will be required to sign nondisclosure agreements and will be briefed on appropriate security procedures before they are permitted access to TSCA CBI.

List of Subjects

Environmental protection. Access to confidential business information.

Dated: March 3, 1997.

Oscar Morales,

Acting Director, Information Management Division, Office of Pollution Prevention and Toxics.

[FR Doc. 97-6017 Filed 3-10-97; 8:45 am]

BILLING CODE 6560-60-F

[OPPTS-140255; FRL-5593-4]

Access to Confidential Business Information by PRC Environmental Management, Inc.

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: EPA has authorized its contractor, PRC Environmental Management, Inc. (PRC), of Chicago, Illinois, access to information which has been submitted to EPA under all sections of the Toxic Substances Control Act (TSCA). Some of the information may be claimed or determined to be confidential business information (CBI).

DATES: Access to the confidential data submitted to EPA will occur no sooner than March 21, 1997.

FOR FURTHER INFORMATION CONTACT: Susan Hazen, Director, Environmental Assistance Division (7408), Office of Pollution Prevention and Toxics, Environmental Protection Agency, Rm. E-545, 401 M St., SW., Washington, DC 20460, (202) 554-1404, TDD: (202) 554-0551; e-mail: TSCA-Hotline@epamail.epa.gov.

SUPPLEMENTARY INFORMATION: Under contract number 68-W4-0004, contractor PRC, of 200 East Randolph Drive, Chicago, IL, will assist the Office of Waste and Chemicals Management and Regional Offices RCRA Enforcement, Permitting and Assistance Programs in the implementation of RCRA/TSCA related initiatives. Major areas of support include permitting activities, Subtitle D solid waste, corrective actions and RCRA program planning.

In accordance with 40 CFR 2.306(j), EPA has determined that under EPA contract number 68-W4-0004, PRC will require access to CBI submitted to EPA under all sections of TSCA to perform successfully the duties specified under the contract. PRC personnel will be given access to information submitted to EPA under all sections of TSCA. Some of the information may be claimed or determined CBI.

EPA is issuing this notice to inform all submitters of information under all sections of TSCA that EPA may provide PRC access to these CBI materials on a need-to-know basis only. All access to TSCA CBI under this contract will take place at PRC's sites located at 200 East Randolph Drive, Suite 4700, Chicago, IL; One Union Square 600 University St., Suite 800, Seattle, WA; 1 Dallas Center, 350 North St. Paul St., Suite 2600, Dallas, TX; and 1099 18th St., Suite 1960, Denver, Co.

PRC will be authorized access to TSCA CBI at their facilities under the EPA *TSCA Confidential Business Information Security Manual*. Before access to TSCA CBI is authorized at PRC's sites, EPA will approve PRC's security certification statements, perform the required inspection of its facilities, and ensure that the facilities are in compliance with the manual. Upon completing review of the CBI materials, PRC will return all transferred materials to EPA.

Clearance for access to TSCA CBI under this contract may continue until December 31, 1998.

PRC personnel will be required to sign nondisclosure agreements and will be briefed on appropriate security

Contract No. 99-UGPR-124
Turtle Mountain Band of
Chippewa Indians
Otter Tail Power Company

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program-Eastern Division

CONTRACT WITH TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS AND
OTTER TAIL POWER COMPANY
FOR BILL CREDITING PROGRAM ARRANGEMENTS

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program-Eastern Division

CONTRACT WITH TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS AND
OTTER TAIL POWER COMPANY
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UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program-Eastern Division

CONTRACT WITH TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS AND
OTTER TAIL POWER COMPANY
FOR BILL CREDITING PROGRAM ARRANGEMENTS

1. PREAMBLE: This Contract is made this 21st day of September, 2000, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388), December 22, 1944, (58 Stat. 887), August 4, 1977, (91 Stat. 565), October 24, 1992, (106 Stat. 2776) and Acts amendatory or supplementary to the foregoing Acts between the UNITED STATES OF AMERICA, acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract or a duly appointed successor, hereinafter called the Contracting Officer, and the Turtle Mountain Band of Chippewa Indians, a Native American Tribe recognized by the Indian Self Determination Act of 1975, 25 U.S.C. § 450b. as amended, hereinafter called Turtle Mountain, Otter Tail Power Company, a corporation duly organized under and by virtue of the laws of the State of

Minnesota, hereinafter called Otter Tail Power, its successors and assigns, each sometimes hereinafter individually called Party or Contractor, and all sometimes hereinafter collectively called the Parties.

2. EXPLANATORY RECITALS:

2.1 Western published a Notice of Final Allocations in the Federal Register on March 11, 1997, at 62 Fed. Reg. 11174 to implement Subpart C - Power Marketing Initiative of the Energy Planning and Management Program at 10 C.F.R. part 905. That notice identified Turtle Mountain to which Western is willing to commit an allocation of available resource in the year 2001:

2.2 Western and Turtle Mountain have entered into Contract No. 97-UGPR-936, as amended, which identifies a bill crediting program as the means to provide the benefit of the allocation to Turtle Mountain. Because Turtle Mountain has elected to participate in the bill crediting program, the utility which serves Turtle Mountain must enter into this Contract. Otter Tail Power agrees to assist in passing the preference power benefit through to Turtle Mountain.

2.3 The Parties desire to enter into this Contract to identify the responsibilities of each Party to enact the bill crediting program.

3. AGREEMENT: The Parties agree to the terms and conditions set forth herein.

4. TERM OF CONTRACT: This Contract shall become effective on the date of execution, and subject to prior termination as otherwise provided for herein, shall remain in effect for successive annual periods through December 31, 2020. This Contract may be terminated by any Party with 90 days advance written notice to all Parties prior to the expiration of each annual period.

5. BILL CREDITING PROGRAM: The bill crediting program shall provide the benefit of the firm power allocation to Turtle Mountain utilizing existing transmission and distribution systems and existing power suppliers. The designated eligible tribal account beneficiaries, hereinafter called Beneficiaries, of Turtle Mountain shall receive a proportionate share of the tribal benefit as a credit to their power bill through Otter Tail Power's existing billing processes. Participation by Otter Tail Power in the bill crediting program and the signing of this Contract does not provide Otter Tail

Power with any ownership or entitlement rights in the preference power allocation, nor does it or is it intended to imply that Otter Tail Power is a preference entity or grant it preference status in accordance with Reclamation Law. No Contractual or beneficial relationship is intended nor created by this Contract between Otter Tail Power and the Beneficiaries, individually or as a group, or Western and the Beneficiaries, individually or as a group.

6. BENEFIT: Western agrees to sell energy designated for Turtle Mountain to Otter Tail Power at a composite rate based upon charges under Western's then current Schedule of Rates for Firm Power Service attached hereto. Western will sell the energy to Otter Tail Power so that Turtle Mountain may receive the benefit associated with its preference power allocation. Also attached to this Contract is Otter Tail Power's then current Schedule of Rates for Firm Power Service which shall be used to determine Otter Tail Power's composite rate. The benefit is derived from the difference between the composite rate for energy from Western and the composite rate for energy from Otter Tail Power.

7. IMPLEMENTATION RESPONSIBILITIES:

7.1 Turtle Mountain: Not less than 90 days prior to January 1, 2001, Turtle Mountain shall furnish to Otter Tail Power and Western the names and addresses of Beneficiaries who are end-use customers of Otter Tail Power and eligible under the Notice of Final Procedures, 61 Fed. Reg. 41142, published on August 7, 1996, to receive the benefits from the bill crediting program as determined by Western. If this information is not provided as outlined above, Otter Tail Power will have 90 days from the date the information is submitted to implement the bill crediting program. Turtle Mountain shall have the right to change Beneficiaries after a 90-day written notice consistent with the billing cycle of Otter Tail Power. Turtle Mountain will designate an authorized representative to make changes of the Beneficiaries and will notify Western and Otter Tail Power of that authorized representative.

7.2 Otter Tail Power: Otter Tail Power shall purchase the energy designated for Turtle Mountain from Western as provided for in Section 6 of this Contract. The amounts of energy purchased by and delivered by Otter Tail Power for each month of the year shall be a percentage of the energy designated to Turtle Mountain as set forth in Exhibit A. Designated Energy

amounts delivered to Otter Tail Power may be adjusted annually if agreed to by the Parties. Otter Tail Power shall maintain billing records in accordance with normal utility practices and shall credit monthly on each account of Beneficiaries, the proportionate share of the benefit of the firm power allocation based on the Beneficiaries' energy usage. The term proportionate for the purposes of this Section shall mean the percentage of the Beneficiaries' energy usage expressed as a percentage of the total energy usage of all Beneficiaries served by Otter Tail Power. The methods of calculation are as follows:

Determination of tribal monthly credit associated with delivery of Western's energy by Otter Tail Power in dollars

$$\text{MAE} \times \text{PSD} \times (\text{Otter Tail Power's CR} - \text{Western's CR}) = \text{BMC}$$

where

MAE = Monthly Amount of Western's Energy Allocation to Turtle Mountain as set forth in Section 2 of Exhibit A

PSD = Power Supplier Distribution Percent of Western's energy delivered by Otter Tail Power as set forth in Section 4 of Exhibit A

CR = Composite Rate

BMC = Beneficiaries Monthly Credit

Determination of tribal beneficiary's monthly credit

$$(MBEU/MTBEU) \times BMC = BPMSC$$

where

MBEU = Monthly Beneficiary's Energy Usage

MTBEU = Monthly Total Beneficiaries' Energy Usage

BMC = Beneficiaries' Monthly Credit

BPMSC = Beneficiary's Proportionate Monthly Share of Credit

Otter Tail Power shall furnish, on an annual basis, a summary of the amounts of benefit for firm power allocation credited to Beneficiaries to the Parties.

7.3 Western: Western will sell to Otter Tail Power the proportionate share of energy as set forth in Exhibit A. If at any time Otter Tail Power is found to be violating the obligations of this Contract or the spirit of this program, Western reserves the unilateral right to terminate this Contract and discontinue making the sale of energy to Otter Tail Power at its sole discretion.

8. EXHIBIT MADE PART OF ORIGINAL CONTRACT: Exhibit A, attached hereto, is hereby made part of this Contract and each shall be in force and effect in

accordance with its terms until respectively superseded by a subsequent exhibit.

9. GENERAL POWER CONTRACT PROVISIONS: The General Power Contract Provisions (GPCP) effective July 10, 1998, attached hereto, are made part of this Contract the same as if they had been expressly set forth herein. Pursuant to Provision 13.4, the Parties agree to implement a net billing procedure.

10. AUDIT/DISPUTE RESOLUTION: Turtle Mountain or its authorized representative shall have the right, during normal business hours, to examine and inspect billing records of Otter Tail Power for Beneficiaries, to the extent permitted by law, and consistent with Otter Tail Power's policies regarding inspection of records, related to such transactions to verify the reasonableness and accuracy of the benefits. In the event of any dispute concerning the benefits provided to Turtle Mountain related to the sale of energy by Western, Turtle Mountain and Otter Tail Power, shall attempt, in good faith, to resolve such disputes. In the event such informal dispute resolution does not provide a satisfactory resolution, either Turtle Mountain or Otter Tail Power may request a mutually agreed upon third party to resolve the matter in dispute. Such resolution shall be final and binding.

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By Robert J. Harris

Title Power Marketing Manager

Address P.O. Box 35800

Billings, MT 59107-5800

(SEAL)

TURTLE MOUNTAIN BAND OF
CHIPPEWA INDIANS

By Richard LaPrade

Title Secretary & Treasurer

Address P.O. Box 900

Belcourt, ND 58316

Attest:

By Jillan Pettie
Title Field Secretary

(SEAL)

OTTER TAIL POWER COMPANY

By Doug Gilbey
Vice President,

Title Chief Operating Officer, Energy Deliver

Address P.O. Box 496

Fergus Falls, MN 56538-0496

Attest:

By Gen A Kouk
Title Corporate Secretary

Exhibit A
Contract No. 99-UGPR-124
Turtle Mountain Band of
Chippewa Indians
Otter Tail Power Company

EXHIBIT A
(Energy Values for Bill Crediting Program Arrangements
and Percentage Participation of Parties)

1. This Exhibit A made this 21st day of September, 2000, effective under and as a part of Contract No. 99-UGPR-124 dated September 21, 2000, hereinafter called the Contract, shall become effective on the effective date of the Contract, and shall remain in effect either until superseded by another Exhibit A or until the termination of the Contract.

2. ENERGY VALUES FOR BILL CREDITING PROGRAM ARRANGEMENTS: Western has established, for each month of the year, values for the energy of Western to Turtle Mountain as shown below:

Billing Period	KWH	Billing Period	KWH
<u>Winter Season:</u>		<u>Summer Season:</u>	
November	3,065,535	May	1,811,623
December	3,485,256	June	1,956,729
January	3,564,415	July	2,102,932
February <u>1/</u>	3,460,460	August	2,149,840
March	3,169,167	September	1,931,750
April	3,049,834	October	1,858,592

1/ Energy amounts to be adjusted for extra day in leap year.

3. Western unilaterally reserves the right to appropriately modify the above energy values in the event that the Contract Rate of Deliveries for firm power for Turtle Mountain are modified.

Exhibit A
Contract No. 99-UGPR-124
Turtle Mountain Band of
Chippewa Indians
Otter Tail Power Company

4. PERCENTAGE PARTICIPATION OF PARTIES: Listed below are the participating parties of the bill crediting program and the percentages of the energy under Section 2 that are designated to Turtle Mountain:

<u>Power Supply/Delivery Systems</u>	<u>Percent</u>
Basin Electric Power Cooperative/Central Power Electric Cooperative/North Central Electric Cooperative, Inc.	45
Basin Electric Power Cooperative/Central Power Electric Cooperative/Northern Plains Electric Cooperative, Inc.	25
Otter Tail Power	<u>30</u>
TOTAL	100

This percentage shall be referred to as Power Supplier Distribution.

Extended through January 31, 2001 by Rate Order No. WAPA-83

Schedule P-SED-F6
(Supersedes Schedule P-SED-F5)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

PICK-SLOAN MISSOURI BASIN PROGRAM-EASTERN DIVISION
MONTANA, NORTH DAKOTA, SOUTH DAKOTA, MINNESOTA, IOWA, NEBRASKA

SCHEDULE OF RATES FOR FIRM POWER SERVICE

Effective:

First Step: The first day of the first full billing period beginning on or after February 1, 1994, through September 30, 1994.

Second Step: Beginning on the first day of the first full billing period beginning on or after October 1, 1994, through January 31, 1999.

Available:

Within the marketing area served by the Eastern Division of the Pick-Sloan Missouri Basin Program.

Applicable:

To the power and energy delivered to customers as firm power service.

Character:

Alternating current, 60 hertz, three phase, delivered and metered at the voltages and points established by contract.

Monthly Rate:

First Step:

DEMAND CHARGE: \$3.00 for each kilowatt per month (kW/month) of billing demand.

ENERGY CHARGE: 7.76 mills for each kilowatt-hour (kWh) for all energy delivered as firm power service. An additional charge of 3.38 mills per kWh (mills/kWh), for a total of 11.14 mills/kWh, will be assessed for all energy delivered as firm power service that is in excess of 60 percent monthly load factor and within the delivery obligations under the provisions of the power sales contract.

BILLING DEMAND: The billing demand will be as defined by the power sales contract.

Second Step:

DEMAND CHARGE: \$3.20 for each kW-month of billing demand.

ENERGY CHARGE: 8.32 mills for each kWh for all energy delivered as firm power service. An additional charge of 3.38 mills/kWh for a total of 11.70 mills/kWh will be assessed for all energy delivered as firm power service that is in excess of 60 percent monthly load factor and within the delivery obligations under the provisions of the power sales contracts.

BILLING DEMAND: The billing demand will be as defined by the power sales contract.

Adjustments:

For Character and Conditions of Service: Customers who receive deliveries at transmission voltage may in some instances be eligible to receive a 5 percent discount on capacity and energy charges when facilities are provided by the customer that result in a sufficient savings to the United States to justify the discount. The determination of eligibility for receipt of the voltage discount shall be exclusively vested in the United States.

For Billing of Unauthorized OVERRUNS: For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual firm power and/or energy obligations, such overrun shall be billed at 10 times the above rate.

For Power Factor: None. The customer will be required to maintain a power factor at the point of delivery between 95 percent lagging and 95 percent leading.

WAPA BILL CREDITING PROGRAM RIDER

Rates Zones 1 & 9

AVAILABILITY: This rider is available on a voluntary basis and is limited to customers who are eligible for the Western Area Power Administration ("Western") Bill Crediting Program (Program) and are served under the following rate designations: R-01N,R-03N,F-61N, G-01N, C-02N.

TERM OF SERVICE: Service under this rider shall be for a period not less than 90 days.

PRICING METHODOLOGY: The credit is calculated monthly and depends on the individual Tribe's allocation from Western for that month and the composite rate for both Western and Otter Tail. A participating customer's bill is calculated using the following formula:
(per Western contract)

$(MDEU/MTBEU) \times BMC = BPMSC, \text{ where}$

- MBEU = Monthly Beneficiary's (participating customer) Energy Usage
- MTBEU = Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage
- BMC = Beneficiaries' (participating Native American Tribe) Monthly Credit
 $BMC = MAE \times PSD \times (\text{Otter Tail's composite rate} - \text{WAPA's composite rate}), \text{ where}$
- MAE = Monthly Amount of WAPA's energy Allocation to the Native American Tribe
- PSD = Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail

Otter Tail's composite rate will be recalculated annually. Western's composite rate will be changed when Western updates it.

BILL DETERMINATION: A Bill Credit will be applied to the customer's monthly bill rendered after each monthly billing period. The bill consists a bill calculated on the customers standard rate less a credit for the Western benefit.

COST OF ENERGY ADJUSTMENT: The Bill Credit is applied after the standard bill is calculated. The cost of energy adjustment has already been properly applied to the customer's billing prior to applying the Bill Credit.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Docket No.
Approved:

EFFECTIVE for bills dated on
and after _____, 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

SPECIAL PROVISIONS:

1. Eligibility for the Program, and thus this Rider, is determined by the Native American Tribe and Western, and not Otter Tail Power Company.
2. If there is a change in the legal identity of the customer receiving service under this Rider, credit under this Rider shall be terminated unless Otter Tail, Western, the affected Tribe and the customer determine otherwise.
3. Changes are subject to the Contract for Bill Crediting arrangements between Otter Tail Power Company, Western Area Power Administration and the affected Native American Tribe, a copy of which is attached as Attachment 1.

RULES AND REGULATIONS: Service under this rider is subject to orders of the North Dakota Public Service Commission and to the "General Rules and Regulations - Electric" currently on file with the North Dakota Public Service Commission.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Docket No.
Approved:

EFFECTIVE for bills dated on
and after _____, 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

Contract No. 99-UGPR-124
Turtle Mountain Band of
Chippewa Indians
Otter Tail Power Company

Attachment 1
Page 34 of 81

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program-Eastern Division

CONTRACT WITH TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS AND
OTTER TAIL POWER COMPANY
FOR BILL CREDITING PROGRAM ARRANGEMENTS

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

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UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program-Eastern Division

CONTRACT WITH TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS AND
OTTER TAIL POWER COMPANY
FOR BILL CREDITING PROGRAM ARRANGEMENTS

1. PREAMBLE: This Contract is made this 21st day of September, 2000, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388), December 22, 1944, (58 Stat. 887), August 4, 1977, (91 Stat. 565), October 24, 1992, (106 Stat. 2776) and Acts amendatory or supplementary to the foregoing Acts between the UNITED STATES OF AMERICA, acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract or a duly appointed successor, hereinafter called the Contracting Officer, and the Turtle Mountain Band of Chippewa Indians, a Native American Tribe recognized by the Indian Self Determination Act of 1975, 25 U.S.C. § 450b. as amended, hereinafter called Turtle Mountain, Otter Tail Power Company, a corporation duly organized under and by virtue of the laws of the State of

Minnesota, hereinafter called Otter Tail Power, its successors and assigns, each sometimes hereinafter individually called Party or Contractor, and all sometimes hereinafter collectively called the Parties.

2. EXPLANATORY RECITALS:

2.1 Western published a Notice of Final Allocations in the Federal Register on March 11, 1997, at 62 Fed. Reg. 11174 to implement Subpart C - Power Marketing Initiative of the Energy Planning and Management Program at 10 C.F.R. part 905. That notice identified Turtle Mountain to which Western is willing to commit an allocation of available resource in the year 2001.

2.2 Western and Turtle Mountain have entered into Contract No. 97-UGPR-936, as amended, which identifies a bill crediting program as the means to provide the benefit of the allocation to Turtle Mountain. Because Turtle Mountain has elected to participate in the bill crediting program, the utility which serves Turtle Mountain must enter into this Contract. Otter Tail Power agrees to assist in passing the preference power benefit through to Turtle Mountain.

2.3 The Parties desire to enter into this Contract to identify the responsibilities of each Party to enact the bill crediting program.

3. AGREEMENT: The Parties agree to the terms and conditions set forth herein.

4. TERM OF CONTRACT: This Contract shall become effective on the date of execution, and subject to prior termination as otherwise provided for herein, shall remain in effect for successive annual periods through December 31, 2020. This Contract may be terminated by any Party with 90 days advance written notice to all Parties prior to the expiration of each annual period.

5. BILL CREDITING PROGRAM: The bill crediting program shall provide the benefit of the firm power allocation to Turtle Mountain utilizing existing transmission and distribution systems and existing power suppliers. The designated eligible tribal account beneficiaries, hereinafter called Beneficiaries, of Turtle Mountain shall receive a proportionate share of the tribal benefit as a credit to their power bill through Otter Tail Power's existing billing processes. Participation by Otter Tail Power in the bill crediting program and the signing of this Contract does not provide Otter Tail

Power with any ownership or entitlement rights in the preference power allocation, nor does it or is it intended to imply that Otter Tail Power is a preference entity or grant it preference status in accordance with Reclamation Law. No Contractual or beneficial relationship is intended nor created by this Contract between Otter Tail Power and the Beneficiaries, individually or as a group, or Western and the Beneficiaries, individually or as a group.

6. BENEFIT: Western agrees to sell energy designated for Turtle Mountain to Otter Tail Power at a composite rate based upon charges under Western's then current Schedule of Rates for Firm Power Service attached hereto. Western will sell the energy to Otter Tail Power so that Turtle Mountain may receive the benefit associated with its preference power allocation. Also attached to this Contract is Otter Tail Power's then current Schedule of Rates for Firm Power Service which shall be used to determine Otter Tail Power's composite rate. The benefit is derived from the difference between the composite rate for energy from Western and the composite rate for energy from Otter Tail Power.

7. IMPLEMENTATION RESPONSIBILITIES:

7.1 Turtle Mountain: Not less than 90 days prior to January 1, 2001, Turtle Mountain shall furnish to Otter Tail Power and Western the names and addresses of Beneficiaries who are end-use customers of Otter Tail Power and eligible under the Notice of Final Procedures, 61 Fed. Reg. 41142, published on August 7, 1996, to receive the benefits from the bill crediting program as determined by Western. If this information is not provided as outlined above, Otter Tail Power will have 90 days from the date the information is submitted to implement the bill crediting program. Turtle Mountain shall have the right to change Beneficiaries after a 90-day written notice consistent with the billing cycle of Otter Tail Power. Turtle Mountain will designate an authorized representative to make changes of the Beneficiaries and will notify Western and Otter Tail Power of that authorized representative.

7.2 Otter Tail Power: Otter Tail Power shall purchase the energy designated for Turtle Mountain from Western as provided for in Section 6 of this Contract. The amounts of energy purchased by and delivered by Otter Tail Power for each month of the year shall be a percentage of the energy designated to Turtle Mountain as set forth in Exhibit A. Designated Energy

amounts delivered to Otter Tail Power may be adjusted annually if agreed to by the Parties. Otter Tail Power shall maintain billing records in accordance with normal utility practices and shall credit monthly on each account of Beneficiaries, the proportionate share of the benefit of the firm power allocation based on the Beneficiaries' energy usage. The term proportionate for the purposes of this Section shall mean the percentage of the Beneficiaries' energy usage expressed as a percentage of the total energy usage of all Beneficiaries served by Otter Tail Power. The methods of calculation are as follows:

Determination of tribal monthly credit associated with delivery of Western's energy by Otter Tail Power in dollars

$$\text{MAE} \times \text{PSD} \times (\text{Otter Tail Power's CR} - \text{Western's CR}) = \text{BMC}$$

where

MAE = Monthly Amount of Western's Energy Allocation to Turtle Mountain as set forth in Section 2 of Exhibit A

PSD = Power Supplier Distribution Percent of Western's energy delivered by Otter Tail Power as set forth in Section 4 of Exhibit A

CR = Composite Rate

BMC = Beneficiaries Monthly Credit

Determination of tribal beneficiary's monthly credit

$$(MBEU/MTBEU) \times BMC = BPMSC$$

where

MBEU = Monthly Beneficiary's Energy Usage

MTBEU = Monthly Total Beneficiaries' Energy Usage

BMC = Beneficiaries' Monthly Credit

BPMSC = Beneficiary's Proportionate Monthly Share of Credit

Otter Tail Power shall furnish, on an annual basis, a summary of the amounts of benefit for firm power allocation credited to Beneficiaries to the Parties.

7.3 Western: Western will sell to Otter Tail Power the proportionate share of energy as set forth in Exhibit A. If at any time Otter Tail Power is found to be violating the obligations of this Contract or the spirit of this program, Western reserves the unilateral right to terminate this Contract and discontinue making the sale of energy to Otter Tail Power at its sole discretion.

8. EXHIBIT MADE PART OF ORIGINAL CONTRACT: Exhibit A, attached hereto, is hereby made part of this Contract and each shall be in force and effect in

accordance with its terms until respectively superseded by a subsequent exhibit.

9. GENERAL POWER CONTRACT PROVISIONS: The General Power Contract Provisions (GPCP) effective July 10, 1998, attached hereto, are made part of this Contract the same as if they had been expressly set forth herein. Pursuant to Provision 13.4, the Parties agree to implement a net billing procedure.

10. AUDIT/DISPUTE RESOLUTION: Turtle Mountain or its authorized representative shall have the right, during normal business hours, to examine and inspect billing records of Otter Tail Power for Beneficiaries, to the extent permitted by law, and consistent with Otter Tail Power's policies regarding inspection of records, related to such transactions to verify the reasonableness and accuracy of the benefits. In the event of any dispute concerning the benefits provided to Turtle Mountain related to the sale of energy by Western, Turtle Mountain and Otter Tail Power, shall attempt, in good faith, to resolve such disputes. In the event such informal dispute resolution does not provide a satisfactory resolution, either Turtle Mountain or Otter Tail Power may request a mutually agreed upon third party to resolve the matter in dispute. Such resolution shall be final and binding.

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By Robert J. Harris

Title Power Marketing Manager

Address P.O. Box 35800

Billings, MT 59107-5800

(SEAL)

TURTLE MOUNTAIN BAND OF
CHIPPEWA INDIANS

By Richard Laframboise

Title Secretary/Treasurer

Address P.O. Box 900

Belcourt, ND 58316

Attest:

By Jillan Pettie
Title Tribal Secretary

(SEAL)

OTTER TAIL POWER COMPANY

By Doug Gillman
Vice President,

Title Chief Operating Officer, Energy Deliver

Address P.O. Box 496

Fergus Falls, MN 56538-0496

Attest:

By Ken A. Kowk
Title Corporate Secretary

Exhibit A
Contract No. 99-UGPR-124
Turtle Mountain Band of
Chippewa Indians
Otter Tail Power Company

EXHIBIT A
(Energy Values for Bill Crediting Program Arrangements
and Percentage Participation of Parties)

1. This Exhibit A made this 21st day of September, 2000, effective under and as a part of Contract No. 99-UGPR-124 dated September 21, 2000, hereinafter called the Contract, shall become effective on the effective date of the Contract, and shall remain in effect either until superseded by another Exhibit A or until the termination of the Contract.

2. ENERGY VALUES FOR BILL CREDITING PROGRAM ARRANGEMENTS: Western has established, for each month of the year, values for the energy of Western to Turtle Mountain as shown below:

Billing Period	KWH	Billing Period	KWH
<u>Winter Season:</u>		<u>Summer Season:</u>	
November	3,065,535	May	1,811,623
December	3,485,256	June	1,956,729
January	3,564,415	July	2,102,932
February 1/	3,460,460	August	2,149,840
March	3,169,167	September	1,931,750
April	3,049,834	October	1,858,592

1/ Energy amounts to be adjusted for extra day in leap year.

3. Western unilaterally reserves the right to appropriately modify the above energy values in the event that the Contract Rate of Deliveries for firm power for Turtle Mountain are modified.

Exhibit A
Contract No. 99-UGPR-124
Turtle Mountain Band of
Chippewa Indians
Otter Tail Power Company

4. PERCENTAGE PARTICIPATION OF PARTIES: Listed below are the participating parties of the bill crediting program and the percentages of the energy under Section 2 that are designated to Turtle Mountain:

<u>Power Supply/Delivery Systems</u>	<u>Percent</u>
Basin Electric Power Cooperative/Central Power Electric Cooperative/North Central Electric Cooperative, Inc.	45
Basin Electric Power Cooperative/Central Power Electric Cooperative/Northern Plains Electric Cooperative, Inc.	25
Otter Tail Power	<u>30</u>
TOTAL	100

This percentage shall be referred to as Power Supplier Distribution.

Extended through January 31, 2001 by Rate Order No. WAPA-83

Schedule P-SED-F6
(Supersedes Schedule P-SED-F5)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

PICK-SLOAN MISSOURI BASIN PROGRAM-EASTERN DIVISION
MONTANA, NORTH DAKOTA, SOUTH DAKOTA, MINNESOTA, IOWA, NEBRASKA

SCHEDULE OF RATES FOR FIRM POWER SERVICE

Effective:

First Step: The first day of the first full billing period beginning on or after February 1, 1994, through September 30, 1994.

Second Step: Beginning on the first day of the first full billing period beginning on or after October 1, 1994, through January 31, 1999.

Available:

Within the marketing area served by the Eastern Division of the Pick-Sloan Missouri Basin Program.

Applicable:

To the power and energy delivered to customers as firm power service.

Character:

Alternating current, 60 hertz, three phase, delivered and metered at the voltages and points established by contract.

Monthly Rate:

First Step:

DEMAND CHARGE: \$3.00 for each kilowatt per month (kW/month) of billing demand.

ENERGY CHARGE: 7.76 mills for each kilowatt-hour (kWh) for all energy delivered as firm power service. An additional charge of 3.38 mills per kWh (mills/kWh), for a total of 11.14 mills/kWh, will be assessed for all energy delivered as firm power service that is in excess of 60 percent monthly load factor and within the delivery obligations under the provisions of the power sales contract.

BILLING DEMAND: The billing demand will be as defined by the power sales contract.

Second Step:

DEMAND CHARGE: \$3.20 for each kW-month of billing demand.

ENERGY CHARGE: 8.32 mills for each kWh for all energy delivered as firm power service. An additional charge of 3.38 mills/kWh for a total of 11.70 mills/kWh will be assessed for all energy delivered as firm power service that is in excess of 60 percent monthly load factor and within the delivery obligations under the provisions of the power sales contracts.

BILLING DEMAND: The billing demand will be as defined by the power sales contract.

Adjustments:

For Character and Conditions of Service: Customers who receive deliveries at transmission voltage may in some instances be eligible to receive a 5 percent discount on capacity and energy charges when facilities are provided by the customer that result in a sufficient savings to the United States to justify the discount. The determination of eligibility for receipt of the voltage discount shall be exclusively vested in the United States.

For Billing of Unauthorized Overruns: For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual firm power and/or energy obligations, such overrun shall be billed at 10 times the above rate.

For Power Factor: None. The customer will be required to maintain a power factor at the point of delivery between 95 percent lagging and 95 percent leading.

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/99

Otter Tail Power Company

Line No.		Total	Allocator (see page4)	Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 29)			\$ 104,453,088
REVENUE CREDITS				
2	Account No. 454 (page 4, line 34)	252,451	PP 1.00000	252,451
3	Margin on sales for resale in base rates (Note K)	537,000	PP 1.00000	\$537,000.00
4		0	PP 1.00000	0
5		0	PP 1.00000	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)			<u>789,451</u>
7	NET REVENUE REQUIREMEN (line 1 minus line 6)			<u>\$ 103,663,637</u>
DIVISOR				
8	Total kWh Page 401(a) line 28 * 1,000			5,645,199,000
9	Total kWh Page 401(a) line 23 * 1,000 Requirement Sales for Resale			-2,728,000
10	Total kWh Page 401(a) line 24 * 1,000 Non-Requirement Sales for Resale			-1,219,782,000
11	Total kWh Page 401(a) line 18 * 1,000 Net Transmission for others			-776,635,000
12				
13				
14				
15	Divisor (sum lines 8-14)			<u>3,646,054,000</u>
16	Composite Rate of Production - Cost / kWh (line 7 / line 15)	<u>\$0.0284</u>		

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/99

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Otter Tail Power Company Company Total	(4)		(5) Production (Col 3 times Col 4)
				Allocator (see page 4)		
RATE BASE:						
GROSS PLANT IN SERVICE						
1		Production 206.42.g	308,172,273	PP	1.00000	308,172,273
2		Transmission 206.53.g	151,498,575	NA		0
3		Distribution 206.69.g	242,106,169	NA		0
4		General & Intangible 206.5.g & 83.g	75,566,032	W/S	0.35095	26,520,229
5		Common 356.1	0	CE	0.35095	0
6		TOTAL GROSS PLANT (sum lines 1-5)	<u>777,343,049</u>	GP=	43.056%	<u>334,692,502</u>
ACCUMULATED DEPRECIATION						
7		Production 219.18-22.c	170,107,252	PP	1.00000	170,107,252
8		Transmission 219.23.c	52,523,542	NA		0
9		Distribution 219.24.c	92,014,657	NA		0
10		General & Intangible 219.25.c	24,999,356	W/S	0.35095	8,773,633
11		Common 356.1	0	CE	0.35095	0
12		TOTAL ACCUM. DEPRECIATION (sum lines 7-11)	<u>339,644,807</u>			<u>178,880,885</u>
NET PLANT IN SERVICE						
13		Production (line 1 - line 7)	138,065,021			138,065,021
14		Transmission (line 2 - line 8)	98,975,033			0
15		Distribution (line 3 - line 9)	150,091,512			0
16		General & Intangible (line 4 - line 10)	50,566,676			17,746,596
17		Common (line 5 - line 11)	0			0
18		TOTAL NET PLANT (sum lines 13-17)	<u>437,698,242</u>	NP=	35.598%	<u>155,811,617</u>
ADJUSTMENTS TO RATE BASE (Note A)						
19		Account No. 281 (enter negativ 273.8.k)	0	PP	zero	0
20		Account No. 282 (enter negativ 275.k+278.41)	-95,042,175	NP	0.35598	-33,833,069
21		Account No. 283 (enter negativ 277.9.k)	-656,790	NP	0.35598	-233,804
22		Account No. 190 234.8.c	24,089,138	NP	0.35598	8,575,240
23		Account No. 255 (enter negativ 267.h.8)	-16,239,781	NP	0.35598	-5,781,030
24		TOTAL ADJUSTMENTS (sum lines 19- 23)	<u>-87,849,608</u>			<u>-31,272,663</u>
25		LAND HELD FOR FUTURE USE 214.x.d (Note B)	37,619	NA	1.00000	37,619
WORKING CAPITAL (Note H)						
26		CWC calculated	11,067,716			9,224,881
27		Materials & Supplies (Note G) 227.1.c + 227.7.c	6,780,835	PP	1.00000	6,780,835
28		Prepayments (Account 165) 111.46.d	-13,013,448	GP	0.43056	-5,603,065
29		TOTAL WORKING CAPITAL (sum lines 26 - 28)	<u>4,835,103</u>			<u>10,402,651</u>
30		RATE BASE (sum lines 18, 24, 25, & 29)	<u>354,721,356</u>		<u>356,651,000</u>	<u>134,979,224</u>

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/99

Line No.	(1) RATE BASE:	(2) Form No. 1 Page, Line, Col.	Otter Tail Power Company		(5) Production (Col 3 times Col 4)
			(3) Company Total	(4) Allocator (see page 4)	
GROSS PLANT IN SERVICE					
1	Production	206.42.g	308,172,273	PP 1.00000	308,172,273
2	Transmission	206.53.g	151,498,575	NA	0
3	Distribution	206.69.g	242,106,169	NA	0
4	General & Intangible	206.5.g & 83.g	75,566,032	W/S 0.35095	26,520,229
5	Common	356.1	0	CE 0.35095	0
6	TOTAL GROSS PLANT (sum lines 1-5)		<u>777,343,049</u>	GP= 43.056%	<u>334,692,502</u>
ACCUMULATED DEPRECIATION					
7	Production	219.18-22.c	170,107,252	PP 1.00000	170,107,252
8	Transmission	219.23.c	52,523,542	NA	0
9	Distribution	219.24.c	92,014,657	NA	0
10	General & Intangible	219.25.c	24,999,356	W/S 0.35095	8,773,633
11	Common	356.1	0	CE 0.35095	0
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		<u>339,644,807</u>		<u>178,880,885</u>
NET PLANT IN SERVICE					
13	Production	(line 1 - line 7)	138,065,021		138,065,021
14	Transmission	(line 2 - line 8)	98,975,033		0
15	Distribution	(line 3 - line 9)	150,091,512		0
16	General & Intangible	(line 4 - line 10)	50,566,676		17,746,596
17	Common	(line 5 - line 11)	0		0
18	TOTAL NET PLANT (sum lines 13-17)		<u>437,698,242</u>	NP= 35.598%	<u>155,811,617</u>
ADJUSTMENTS TO RATE BASE (Note A)					
19	Account No. 281 (enter negativ 273.8.k)		0	PP zero	0
20	Account No. 282 (enter negativ 275.k+278.41)		-95,042,175	NP 0.35598	-33,833,069
21	Account No. 283 (enter negativ 277.9.k)		-656,790	NP 0.35598	-233,804
22	Account No. 190 234.8.c		24,089,138	NP 0.35598	8,575,240
23	Account No. 255 (enter negativ 267.h.8)		-16,239,781	NP 0.35598	-5,781,030
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		<u>-87,849,608</u>		<u>-31,272,663</u>
25	LAND HELD FOR FUTURE USE 214.x.d (Note B)		37,619	NA 1.00000	37,619
WORKING CAPITAL (Note H)					
26	CWC calculated		11,067,716		9,224,881
27	Materials & Supplies (Note G) 227.1.c + 227.7.c		6,780,835	PP 1.00000	6,780,835
28	Prepayments (Account 165) 111.46.d		-13,013,448	GP 0.43058	-5,603,065
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		<u>4,835,103</u>		<u>10,402,651</u>
30	RATE BASE (sum lines 18, 24, 25, & 29)		<u>354,721,356</u>	<u>356,651,000</u>	<u>134,979,224</u>

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 12/31/99	
		Otter Tail Power Company			
(1)	(2)	(3)	(4)	(5)	
Line	Form No. 1		Allocator (see	Production	
No.	Page, Line, Col.	Company Total	page4)	(Col 3 times Col 4)	
O&M					
1	Production 321.80.b	97,371,829	PP 1.00000	97,371,829	
2	Less: Cost of Sales for Resale (Note J)	31,571,512	1.00000	31,571,512	
3	A&G 323.168.b	23,863,145	W/S 0.35095	8,374,875	
4	Less FERC Annual Fees	62,096	W/S 0.35095	21,793	
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note	1,086,653	W/S 0.35095	381,366	
5a	Plus Transmission Related Reg. Comm. Exp. (Note D)	27,012	PP 1.00000	27,012	
6	Common 356.1	0	CE 0.35095	0	
7	Transmission Lease Payments	0	1.00000	0	
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)	88,541,725		73,799,045	
DEPRECIATION EXPENSE					
9	Production 336.2-6.b	8,362,144	PP 1.00000	8,362,144	
10	General 336.9.b	2,556,744	W/S 0.35095	897,300	
11	Common 336.10.b	0	CE 0.35095	0	
12	TOTAL DEPRECIATION (Sum lines 9 - 11)	10,918,888		9,259,444	
TAXES OTHER THAN INCOME TAXES (Note E)					
LABOR RELATED					
13	Payroll 262.i	0	W/S 0.35095	0	
14	Highway and vehicle 262.i	0	W/S 0.35095	0	
PLANT RELATED					
16	Property 262.i	9,727,171	GP 0.43056	4,188,127	
17	Gross Receipts 262.i	0	PP zero	0	
18	Other 262.i	447,448	GP 0.43056	192,653	
19	Payments in lieu of taxes	0	GP 0.43056	0	
20	TOTAL OTHER TAXES (sum lines 13 - 19)	10,174,619		4,380,780	
INCOME TAXES (Note F)					
21	$T = 1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$	34.99%			
22	$CIT = (T / (1 - T)) * (1 - (WCLTD / R))$ where WCLTD = (page 4, line 27) and R = (page 4, line 30) and FIT, SIT & p are as given in footnote F.	37.08%			
23	$1 / (1 - T) =$ (from line 21)	1.5381			
24	Amortized Investment Tax Credit (266.8f) (enter negative)	-1,152,461			
25	Income Tax Calculation = line 22 * line 28	12,542,324	NA	4,772,628	
26	ITC adjustment (line 23 * line 24)	-1,772,634	NP 0.35598	-631,021	
27	Total Income Taxes (line 25 plus line 26)	10,769,690		4,141,607	
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]	33,827,786	NA	12,872,212	
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)	154,232,708		104,453,088	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/99

Otter Tail Power Company

SUPPORTING CALCULATIONS AND NOTES

Line No.	Production Plant		
1	Total production plant (page 2, line 2, column 3)		151,498,575
2			0
3			0
4	Production plant included in composite rates (line 1 less lines 2 & 3)		151,498,575
5	Percentage of production plant included in composite rates (line 4 divided by line 1)	TP=	1.00000
5(a)	Gross Plant Allocator GP page 2 line 6, Ratio of gross production plant to gross total plant	GP=	0.43056
5(b)	Net Plant Allocator NP page 2 line 18, Ratio of net production plant to net total plant	NP=	0.35598
Production Expenses			
6	Total production expenses (page 3, line 1, column 3)		97,371,829
7			0
8	Included production expenses (line 6 less line 7)		97,371,829
9	Percentage of production expenses after adjustment (line 8 divided by line 6)		1.00000
10	Percentage of production plant included in Composite Rate (line 5)	TP	1.00000
11	Percentage of production expenses included in composite Rate (line 9 times line 10)	TE=	1.00000

WAGES & SALARY ALLOCATOR (W&S)

	Form 1 Reference	\$	PP	Allocation	
12	Production	354.18.b	10,039,195	1.00	10,039,195
13	Transmission	354.19.b	2,664,840	0.00	0
14	Distribution	354.20.b	7,928,593	0.00	0
14(a)	Customer Accounts & Svc	354.21,22,23.b	7,972,786		
15	Administrative & General	354.24	12,148,223	35.10%	4,263,472
16	Total (sum lines 12-15)		40,753,637		14,302,667 =
					(\$ / Allocation) = 0.35095 = WS

COMMON PLANT ALLOCATOR (CE) (Note G)

		\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)	CE
17	Electric	200.3.c	773,956,618		
18	Gas	200.3.d	0	1.00000	0.35095 = 0.35095
19	Water	200.3.e	0		
20	Total (sum lines 17 - 19)		773,956,618		

RETURN (R)

21	Long Term Interest (117, sum of 56c through 60c)			\$	11,440,490
22	Preferred Dividends (118.29c) (positive number)			\$	2,266,578
Development of Common Stock:					
23	Proprietary Capital (112.14d)				279,192,427
24	Less Preferred Stock (line 28)				-38,831,000
25	Less Account 216.1 (112.12d) (enter negative)				-48,038,069
26	Common Stock (sum lines 23-25)				192,323,358
		\$	%	Cost (Note H)	Weighted
27	Long Term Debt (112, sum of 16d through 19d)	154,585,750	40.08%	0.0740	0.0297 = WCLTD (weighted cost of
28	Preferred Stock (112.3d)	38,831,000	10.07%	0.0584	0.0059 Long-term debt)
29	Common Stock (line 26)	192,323,358	49.86%	0.1200	0.0598
30	Total (sum lines 27-29)	385,740,108			0.0954 = R

REVENUE CREDITS

			Load
31	ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note I)		
32	a. Bundled Non-RQ Sales for Resale (311.x.h)		1,219,782,000
33	b. Bundled Sales for Resale included in Divisor on page 1		1,222,510,000
33	Total of (a)-(b)		(2,728,000)
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)		\$252,451
35	ACCOUNT 447 (Sales for resale, rents) (300.b.11, b19(portion))		\$45,159,477
36	a. all sales for resale transactions		\$0
37	Total of (a)-(b)		\$45,159,477

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/99

Otter Tail Power Company

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note
Letter

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated.
- B Identified in Form 1 as being only production related.
- C Cash Working Capital assigned to production is one-eighth of O&M allocated to production at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 100-111 line 46 in the Form 1.
- D Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to production service, or production siting itemized at 351.h.
- E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded.
- F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26).
Inputs Required:

FIT =	32.60%	
SIT =	3.54%	(State Income Tax Rate or Composite SIT)
p =	0.00%	(percent of federal income tax deductible for state purposes)
- G Enter dollar amounts
- H Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- I Line 33 must equal zero since all short-term power sales must be unbundled and the production component reflected in Account No. 456 and all other uses are to be included in the divisor.
- J Cost of sales for resale are removed per OTP 1999 COSS page 8-1
- K Margin on Sales for resale in base rates North Dakota \$254,025, System \$537,000

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)

Attachment 1
Page 56 of 81
Bernadeen Quillag



VIA FAX AND OVERNIGHT MAIL

December 12, 2000

Mr. Jon H. Mielke
Executive Secretary
North Dakota Public Service Commission
State Capitol -- 600 E. Boulevard
Bismarck, ND 58505-0480

**Re: In the Matter of Otter Tail Power Company's Modifications to its
Application for Approval of a Bill Crediting Rider for Customers Eligible
for Western Area Power Administration's Bill Crediting Program
Case No. PU-401-00-593**

Dear Mr. Mielke:

Enclosed for filing please find the original, along with seven copies, of Otter Tail Power Company's Modifications to its Application for Approval of a Bill Crediting Rider for Customers Eligible for Western Area Power Administration's Bill Crediting Program. Also enclosed are two versions of the proposed bill crediting tariff, one showing the modifications and one as amended.

Should you have any questions, please feel free to call Pete Beithon at 218-739-8607.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Pete Beithon", with a horizontal line extending to the right.

Pete Beithon
Supervisor, Regulatory Economics
Otter Tail Power Company
Enclosures

**STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

In the Matter of Otter Tail Power Company's
Application for Approval of a Bill Crediting
Rider for Customers Eligible for
Western Area Power Administration's
Bill Crediting Program

Case No. PU-401-00-593

**MODIFICATIONS TO OTTER TAIL POWER COMPANY'S TARIFF
APPLICATION FOR A BILL CREDITING RIDER**

1. INTRODUCTION

As a result of the informal hearing held 12-6-00, Otter Tail Power Company is submitting the following changes suggested by Staff and the Commission to its tariff (Exhibit 3 of its original application). A version indicating the changes and the revised version are attached.

2. CHANGES TO THE TARIFF APPLICATION FILED 11-7-00

- A. Under the PRICING METHODOLGY section of the tariff, correct a typographical error and change acronym MDEU to MBEU in the formula **(MDEU/MTBEU) x BMC = BPMSC**.
- B. Under the PRICING METHODOLGY section of the tariff add a definition of BPMSC above the definition of MBEU:
 - a. **BPMSC = Beneficiary's Proportionate Monthly Share of Credit**
- C. Under the PRICING METHODOLGY section of the tariff, in the BMC definition, change the words "Otter Tail's composite rate" to the value 2.84 cents. This is the same rate as filed, this change just makes the rate part of the tariff. Any changes to the composite rate in the future will require a filing.

3. GENERAL FILING INFORMATION

Pursuant to North Dakota Rules Part 69-02-02-04, Otter Tail provides the following general information:

A. Name, Address, and Telephone Number of Utility.

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Bruce Gerhardson
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

C. Date of Filing.

This modification is being filed on December 12, 2000.

D. Title of Utility Employee Responsible for Filing.

Pete Beithon
Supervisor, Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 5538-0496
(218) 739-8607

4. CONCLUSION.

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve the WAPA Bill Crediting Rider, with the above changes to be effective as of January 1, 2001.

WAPA BILL CREDITING PROGRAM RIDER

Rates Zones 1 & 9

AVAILABILITY: This rider is available on a voluntary basis and is limited to customers who are eligible for the Western Area Power Administration ("Western") Bill Crediting Program (Program) and are served under the following rate designations: R-01N,R-03N,F-61N, G-01N, C-02N.

TERM OF SERVICE: Service under this rider shall be for a period not less than 90 days.

PRICING METHODOLOGY: The credit is calculated monthly and depends on the individual Tribe's allocation from Western for that month and the composite rate for both Western and Otter Tail. A participating customer's bill is calculated using the following formula:
(per Western contract)

- (T) $(\text{MDEU MBEU} / \text{MTBEU}) \times \text{BMC} = \text{BPMSC}$, where
- (N) $\text{BPMSC} = \frac{\text{Beneficiary's Proportionate Monthly Share of Credit}}{\text{Monthly Beneficiary's (participating customer) Energy Usage}}$
- $\text{MTBEU} = \text{Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage}$
- $\text{BMC} = \text{Beneficiaries' (participating Native American Tribe) Monthly Credit}$
- (C) $\text{BMC} = \text{MAE} \times \text{PSD} \times (\text{Otter Tail's composite rate } \$0.0284 - \text{WAPA's composite rate})$, where
- $\text{MAE} = \text{Monthly Amount of WAPA's energy Allocation to the Native American Tribe}$
- $\text{PSD} = \text{Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail}$

Otter Tail's composite rate will be recalculated annually. Western's composite rate will be changed when Western updates it.

BILL DETERMINATION: A Bill Credit will be applied to the customer's monthly bill rendered after each monthly billing period. The bill consists a bill calculated on the customers standard rate less a credit for the Western benefit.

COST OF ENERGY ADJUSTMENT: The Bill Credit is applied after the standard bill is calculated. The cost of energy adjustment has already been properly applied to the customer's billing prior to applying the Bill Credit.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Docket No.
Approved:

EFFECTIVE for bills dated on
and after , 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

SPECIAL PROVISIONS:

1. Eligibility for the Program, and thus this Rider, is determined by the Native American Tribe and Western, and not Otter Tail Power Company.
2. If there is a change in the legal identity of the customer receiving service under this Rider, credit under this Rider shall be terminated unless Otter Tail, Western, the affected Tribe and the customer determine otherwise.
3. Changes are subject to the Contract for Bill Crediting arrangements between Otter Tail Power Company, Western Area Power Administration and the affected Native American Tribe, a copy of which is attached as Attachment 1.

RULES AND REGULATIONS: Service under this rider is subject to orders of the North Dakota Public Service Commission and to the "General Rules and Regulations - Electric" currently on file with the North Dakota Public Service Commission.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Docket No.
Approved:

EFFECTIVE for bills dated on
and after _____, 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

WAPA BILL CREDITING PROGRAM RIDER

Rates Zones 1 & 9

AVAILABILITY: This rider is available on a voluntary basis and is limited to customers who are eligible for the Western Area Power Administration ("Western") Bill Crediting Program (Program) and are served under the following rate designations: R-01N,R-03N,F-61N, G-01N, C-02N.

TERM OF SERVICE: Service under this rider shall be for a period not less than 90 days.

PRICING METHODOLOGY: The credit is calculated monthly and depends on the individual Tribe's allocation from Western for that month and the composite rate for both Western and Otter Tail. A participating customer's bill is calculated using the following formula:

(per Western contract)

(MBEU /MTBEU) x BMC = BPMSC, where

BPMSC = Beneficiary's Proportionate Monthly Share of Credit

MBEU = Monthly Beneficiary's (participating customer) Energy Usage

MTBEU = Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage

BMC = Beneficiaries' (participating Native American Tribe) Monthly Credit

BMC = MAE x PSD x (\$0.0284 – WAPA's composite rate), where

MAE = Monthly Amount of WAPA's energy Allocation to the Native American Tribe

PSD = Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail

Otter Tail's composite rate will be recalculated annually. Western's composite rate will be changed when Western updates it.

BILL DETERMINATION: A Bill Credit will be applied to the customer's monthly bill rendered after each monthly billing period. The bill consists a bill calculated on the customers standard rate less a credit for the Western benefit.

COST OF ENERGY ADJUSTMENT: The Bill Credit is applied after the standard bill is calculated. The cost of energy adjustment has already been properly applied to the customer's billing prior to applying the Bill Credit.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION

Docket No.

Approved:

EFFECTIVE for bills dated on
and after , 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

SPECIAL PROVISIONS:

1. Eligibility for the Program, and thus this Rider, is determined by the Native American Tribe and Western, and not Otter Tail Power Company.
2. If there is a change in the legal identity of the customer receiving service under this Rider, credit under this Rider shall be terminated unless Otter Tail, Western, the affected Tribe and the customer determine otherwise.
3. Changes are subject to the Contract for Bill Crediting arrangements between Otter Tail Power Company, Western Area Power Administration and the affected Native American Tribe, a copy of which is attached as Attachment 1.

RULES AND REGULATIONS: Service under this rider is subject to orders of the North Dakota Public Service Commission and to the "General Rules and Regulations - Electric" currently on file with the North Dakota Public Service Commission.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Docket No.
Approved:

EFFECTIVE for bills dated on
and after _____, 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)

Attachment 1
Page 03 of 04
Bernadeen Beithon

VIA FAX AND OVERNIGHT MAIL

December 13, 2000



Mr. Jon H. Mielke
Executive Secretary
North Dakota Public Service Commission
State Capitol – 600 E. Boulevard
Bismarck, ND 58505-0480

**Re: In the Matter of Otter Tail Power Company's Additional Modifications to its Application for Approval of a Bill Crediting Rider for Customers Eligible for Western Area Power Administration's Bill Crediting Program
Case No. PU-401-00-593**

Dear Mr. Mielke:

Enclosed for filing please find the original, along with seven copies, of Otter Tail Power Company's Additional Modifications to its Application for Approval of a Bill Crediting Rider for Customers Eligible for Western Area Power Administration's Bill Crediting Program.

Also enclosed are two versions of the proposed bill crediting tariff showing the additional modifications and one as amended.

Should you have any questions, please feel free to call Pete Beithon at 218-739-8607.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Pete Beithon".

Pete Beithon
Supervisor, Regulatory Economics
Otter Tail Power Company
Enclosures

**STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

In the Matter of Otter Tail Power Company's
Application for Approval of a Bill Crediting
Rider for Customers Eligible for
Western Area Power Administration's
Bill Crediting Program

Case No. PU-401-00-593

**ADDITIONAL MODIFICATIONS TO OTTER TAIL POWER COMPANY'S
TARIFF APPLICATION FOR A BILL CREDITING RIDER**

1. INTRODUCTION

As a result of the informal hearing held 12-6-00 and its 12-12-00 filing, Otter Tail Power Company is submitting the following and additional changes suggested by Staff to its tariff (Exhibit 3 of its original application). A version indicating the modifications with the additional changes and the revised version are attached.

2. CHANGES TO THE TARIFF APPLICATION FILED 12-12-00

- A. Under AVAILABILITY, add the words "or WAPA" to ("Western"). The terms Western and acronym WAPA are used interchangeable in the tariff.
- B. Under the PRICING METHODOLOGY section of the tariff, correct the description and clarify the description of the Western composite rate. Delete the words "and Otter Tail" as Otter Tail is using a fixed rate in this tariff.
- C. Just above the words BILL DETERMINATION, Delete "Otter Tail's composite rate will be recalculated annually. Western's composite rate will be changed when Western updates it." Otter Tail has agreed to a fixed rate and based on the clarification in B. the Western rate is defined already.

3. GENERAL FILING INFORMATION

Pursuant to North Dakota Rules Part 69-02-02-04, Otter Tail provides the following general information:

A. Name, Address, and Telephone Number of Utility.

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Bruce Gerhardson
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

C. Date of Filing.

This modification is being filed on December 13, 2000.

D. Title of Utility Employee Responsible for Filing.

Pete Beithon
Supervisor, Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 5538-0496
(218) 739-8607

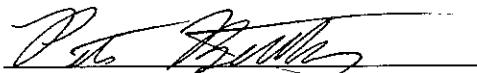
4. CONCLUSION.

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve the WAPA Bill Crediting Rider, with the above changes to be effective as of January 1, 2001.

Date: December 13, 2000

Respectfully submitted,

OTTER TAIL POWER COMPANY



Pete Beithon
Supervisor, Regulatory Economics
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8607

WAPA BILL CREDITING PROGRAM RIDER

Rates Zones 1 & 9

(C) **AVAILABILITY:** This rider is available on a voluntary basis and is limited to customers who are eligible for the Western Area Power Administration ("Western or WAPA") Bill Crediting Program (Program) and are served under the following rate designations: R-01N,R-03N,F-61N, G-01N, C-02N.

TERM OF SERVICE: Service under this rider shall be for a period not less than 90 days.

(C) **PRICING METHODOLOGY:** The credit is calculated monthly and depends on the individual Tribe's allocation from Western for that month and the composite rate for ~~both Western and Otter Tail~~ as published in Western's current Schedule of Rates for Firm Power Service. A participating customer's bill is calculated using the following formula:
(per Western contract)

(T) ~~(MDEU~~ **MBEU /MTBEU) x BMC = BPMSC, where**

(N) **BPMSC =** Beneficiary's Proportionate Monthly Share of Credit

MBEU = Monthly Beneficiary's (participating customer) Energy Usage

MTBEU = Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage

BMC = Beneficiaries' (participating Native American Tribe) Monthly Credit

(C) **BMC =** MAE x PSD x (~~Otter Tail's composite rate~~ \$0.0284 - WAPA's composite rate), *where*

MAE = Monthly Amount of WAPA's energy Allocation to the Native American Tribe

PSD = Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail

(D) ~~Otter Tail's composite rate will be recalculated annually. Western's composite rate will be changed when Western updates it.~~

BILL DETERMINATION: A Bill Credit will be applied to the customer's monthly bill rendered after each monthly billing period. The bill consists a bill calculated on the customers standard rate less a credit for the Western benefit.

COST OF ENERGY ADJUSTMENT: The Bill Credit is applied after the standard bill is calculated. The cost of energy adjustment has already been properly applied to the customer's billing prior to applying the Bill Credit.

NORTH DAKOTA PUBLIC

SERVICE COMMISSION
Docket No. PU-401-00-593
Approved:

EFFECTIVE for bills dated service rendered on
and after January 1, 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

SPECIAL PROVISIONS:

1. Eligibility for the Program, and thus this Rider, is determined by the Native American Tribe and Western, and not Otter Tail Power Company.
2. If there is a change in the legal identity of the customer receiving service under this Rider, credit under this Rider shall be terminated unless Otter Tail, Western, the affected Tribe and the customer determine otherwise.
3. Changes are subject to the Contract for Bill Crediting arrangements between Otter Tail Power Company, Western Area Power Administration and the affected Native American Tribe, a copy of which is attached as Attachment 1.

RULES AND REGULATIONS: Service under this rider is subject to orders of the North Dakota Public Service Commission and to the "General Rules and Regulations - Electric" currently on file with the North Dakota Public Service Commission.

NORTH DAKOTA PUBLIC

SERVICE COMMISSION
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EFFECTIVE for bills dated service rendered on
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APPROVED: Doug Kjellerup
Chief Operating Officer

WAPA BILL CREDITING PROGRAM RIDER

Rates Zones 1 & 9

AVAILABILITY: This rider is available on a voluntary basis and is limited to customers who are eligible for the Western Area Power Administration ("Western or WAPA") Bill Crediting Program (Program) and are served under the following rate designations: R-01N,R-03N,F-61N, G-01N, C-02N.

TERM OF SERVICE: Service under this rider shall be for a period not less than 90 days.

PRICING METHODOLOGY: The credit is calculated monthly and depends on the individual Tribe's allocation from Western for that month and the composite rate for Western as published on Western's current Schedule of Rates for Firm Power Service. A participating customer's bill is calculated using the following formula:

(per Western contract)

$(\text{MBEU} / \text{MTBEU}) \times \text{BMC} = \text{BPMSC}$, where

BPMSC = Beneficiary's Proportionate Monthly Share of Credit

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MTBEU = Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage

BMC = Beneficiaries' (participating Native American Tribe) Monthly Credit

$\text{BMC} = \text{MAE} \times \text{PSD} \times (\$0.0284 - \text{WAPA's composite rate})$, where

MAE = Monthly Amount of WAPA's energy Allocation to the Native American Tribe

PSD = Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail

BILL DETERMINATION: A Bill Credit will be applied to the customer's monthly bill rendered after each monthly billing period. The bill consists a bill calculated on the customers standard rate less a credit for the Western benefit.

COST OF ENERGY ADJUSTMENT: The Bill Credit is applied after the standard bill is calculated. The cost of energy adjustment has already been properly applied to the customer's billing prior to applying the Bill Credit.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Docket No. PU-401-00-593
Approved:

EFFECTIVE for Service rendered on
and after January 1, 2001, in ND

APPROVED: Doug Kjellerup
Chief Operating Officer

SPECIAL PROVISIONS:

1. Eligibility for the Program, and thus this Rider, is determined by the Native American Tribe and Western, and not Otter Tail Power Company.
2. If there is a change in the legal identity of the customer receiving service under this Rider, credit under this Rider shall be terminated unless Otter Tail, Western, the affected Tribe and the customer determine otherwise.
3. Changes are subject to the Contract for Bill Crediting arrangements between Otter Tail Power Company, Western Area Power Administration and the affected Native American Tribe, a copy of which is attached as Attachment 1.

RULES AND REGULATIONS: Service under this rider is subject to orders of the North Dakota Public Service Commission and to the "General Rules and Regulations - Electric" currently on file with the North Dakota Public Service Commission.

AUTHENTICATED

Exhibit A, Revision 2
Contract No. 99-UGPR-124
Turtle Mountain Band of Chippewa Indians
Otter Tail Power Company

EXHIBIT A
(Energy Values for Bill Crediting Program Arrangements
and Percentage Participation of Parties)

1. This Exhibit A made this 6th day of February, 2006, under and as a part of Contract No. 99-UGPR-124, dated 9/22/2000, hereinafter called the Contract, shall become effective on January 1, 2006. Upon such effective date, this Exhibit A shall terminate and supersede Exhibit A dated 9/22/2000, and shall remain in effect until superseded by another Exhibit A or until the termination of the Contract.

2. DEMAND AND ENERGY VALUES FOR BILL CREDITING PROGRAM ARRANGEMENTS: Western has established, for each month of the year, values for the demand and energy from Western to the Tribe as shown below:

Summer Season:	kW ^{2/}	kWh	Winter Season:	kW ^{2/}	kWh
May	3,943	1,808,652	November	5,936	3,058,905
June	4,548	1,953,520	December	6,618	3,477,718
July	4,762	2,099,484	January	6,706	3,556,706
August	4,781	2,146,315	February ^{1/}	6,668	3,452,975
September	4,174	1,928,582	March	6,494	3,162,312
October	3,760	1,855,544	April	5,977	3,043,238

^{1/} Energy amount for leap year will be 3,576,295 kWh.

^{2/} kW amounts included in this Exhibit are for reference purposes only.

3. Western unilaterally reserves the right to appropriately modify the above demand and energy values in the event that the Contract Rates of Delivery for firm power for the Tribe are modified.

Exhibit A, Revision 2
Contract No. 99-UGPR-124
Turtle Mountain Band of Chippewa Indians
Otter Tail Power Company

4. PERCENTAGE PARTICIPATION OF PARTIES: Listed below are the participating parties of the bill crediting program and the percentages of the demand and energy under Section 2 that is designated to the Tribe:

<u>Power Supply/Delivery Systems</u>	<u>Percent</u>
Basin Electric Power Cooperative / Central Power Electric Cooperative / North Central Electric Cooperative, Inc.	45
Basin Electric Power Cooperative / Central Power Electric Cooperative / Northern Plains Electric Cooperative, Inc.	35
Otter Tail Power Company	20
TOTAL	<u>100</u>

This percentage shall be referred to as Power Supplier Distribution.

WESTERN AREA POWER ADMINISTRATION

By *Robert A. Pehl*

Title Power Marketing Manager

Address P.O. Box 35800

Billings, MT 59107-5800

TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS

(SEAL)

By *Ken W. Davis*

Attest:

Title Tribal Chairman

By *Curtis T. Davis*

Address P.O. Box 900

Title Secretary-Treasurer

Belcourt, ND 58316

Exhibit A, Revision 2
Contract No. 99-UGPR-124
Turtle Mountain Band of Chippewa Indians
Otter Tail Power Company



(SEAL)

Attest:

By Ron L. Spangler Jr.

Title Notary

OTTER TAIL POWER COMPANY

By CEL MFL

Title President

Address P.O. Box 496

Fergus Falls, MN 56538-0496

AUTHENTICATED
Exhibit A, Revision 2
Contract No. 99-UGPR-131
Three Affiliated Tribes
Otter Tail Power Company

EXHIBIT A
(Energy Values for Bill Crediting Program Arrangements
and Percentage Participation of Parties)

1. This Exhibit A made this 24th day of March, 2006, under and as a part of Contract No. 99-UGPR-131, dated September 22, 2000, hereinafter called the Contract, shall become effective on January 1, 2006. Upon such effective date, this Exhibit A shall terminate and supersede Exhibit A dated February 7, 2002, and shall remain in effect until superseded by another Exhibit A or until the termination of the Contract.

2. DEMAND AND ENERGY VALUES FOR BILL CREDITING PROGRAM ARRANGEMENTS: Western has established, for each month of the year, values for the demand and energy from Western to the Tribe as shown below:

Summer Season:	kW ^{2/}	kWh	Winter Season:	kW ^{2/}	kWh
May	2,083	955,122	November	2,143	1,104,592
June	2,401	1,031,626	December	2,390	1,255,828
July	2,515	1,108,706	January	2,422	1,284,351
August	2,525	1,133,437	February ^{1/}	2,408	1,246,893
September	2,204	1,018,456	March	2,345	1,141,933
October	1,986	979,886	April	2,158	1,098,934

^{1/} Energy amount for leap year will be 1,291,425 kWh.

^{2/} kW amounts included in this Exhibit are for reference purposes only.

3. Western unilaterally reserves the right to appropriately modify the above demand and energy values in the event that the Contract Rate of Deliveries for firm power for the Tribe are modified.

Exhibit A, Revision 2
Contract No. 99-UGPR-131
Three Affiliated Tribes
Otter Tail Power Company

4. PERCENTAGE PARTICIPATION OF PARTIES: Listed below are the participating parties of the bill crediting program and the percentages of the demand and energy under Section 2 that is designated to the Tribe:

<u>Power Supply/Delivery Systems</u>	<u>Percent</u>
Otter Tail Power Company	10
Basin Electric Power Cooperative / Oliver Mercer Electric Cooperative	0
Basin Electric Power Cooperative / Upper Missouri G&T Electric Cooperative, Inc. / Mountrail-Williams Electric Cooperative	14
Basin Electric Power Cooperative / Upper Missouri G&T Electric Cooperative, Inc. / McKenzie Electric Cooperative, Inc.	67
Basin Electric Power Cooperative / Central Power Electric Cooperative / McLean Electric Cooperative, Inc.	9
TOTAL	100

This percentage shall be referred to as Power Supplier Distribution.

WESTERN AREA POWER ADMINISTRATION

By Robert P. Hill

Title Power Marketing Manager

Address P.O. Box 35800

Billings, MT 59107-5800

SEAL PROVIDED
ON
ORIGINAL COPY

(SEAL)

Attest:

By [Signature]

Title Secretary

THREE AFFILIATED TRIBES

By Tom R. Hall

Title Chairman

Address HC 3, Box 2

New Town, ND 58763

Exhibit A, Revision 2
Contract No. 99-UGPR-131
Three Affiliated Tribes
Otter Tail Power Company



(SEAL)

Attest:

By *Ron L Spangler Jr*
Title *Notary*

OTTER TAIL POWER COMPANY

By *CEL RPK*

Title *President*

Address P.O. Box 496

Fergus Falls, MN 56538-0496

EXHIBIT A
 (Energy Values for Bill Crediting Program Arrangements
 and Percentage Participation of Parties)

1. This Exhibit A made this 6th day of February, 2006, under and as a part of Contract No. 99-UGPR-141, dated September 22, 2000, hereinafter called the Contract, shall become effective on January 1, 2006. Upon such effective date, this Exhibit A shall terminate and supersede Exhibit A dated April 3, 2003, and shall remain in effect until superseded by another Exhibit A or until the termination of the Contract.

2. DEMAND AND ENERGY VALUES FOR BILL CREDITING PROGRAM

ARRANGEMENTS: Western has established, for each month of the year, values for the demand and energy from Western to the Tribe as shown below:

Summer Season:	kW <u>2/</u>	kWh	Winter Season:	kW <u>2/</u>	kWh
May	2,511	1,151,888	November	2,811	1,448,668
June	2,896	1,244,150	December	3,134	1,647,013
July	3,033	1,337,111	January	3,176	1,684,421
August	3,045	1,366,937	February <u>1/</u>	3,158	1,635,295
September	2,659	1,228,269	March	3,075	1,497,641
October	2,394	1,181,752	April	2,831	1,441,248

1/ Energy amount for leap year will be 1,693,698 kWh.

2/ kW amounts included in this Exhibit are for reference purposes only.

3. Western unilaterally reserves the right to appropriately modify the above demand and energy values in the event that the Contract Rates of Deliveries for firm power for the Tribe are modified.

4. PERCENTAGE PARTICIPATION OF PARTIES: Listed below are the participating parties of the bill crediting program and the percentages of the demand and energy under Section 2 that is designated to the Tribe:

<u>Power Supply/Delivery Systems</u>	<u>Percent</u>
Basin Electric Power Cooperative / Central Power Electric Cooperative, Inc. / Northern Plain Electric Cooperative, Inc.	21
Minnkota Power Cooperative, Inc. / Nodak Electric Cooperative, Inc.	19
Otter Tail Power Company	60
TOTAL	100

This percentage shall be referred to as Power Supplier Distribution.

WESTERN AREA POWER ADMINISTRATION

By Robert K. Kull

Title Power Marketing Manager

Address P.O. Box 35800

Billings, MT 59107-5800

SPIRIT LAKE SIOUX TRIBE

By Mary Pearson

Title Tribe Chair

Address P.O. Box 359

Fort Totten, ND 58335-0359

(SEAL)

Attest:

By Miriam A. Pearson

Title Sec/Treasurer



(SEAL)

Attest:

By Ron L. Spangler Jr.

Title Notary

OTTER TAIL POWER COMPANY

By Chad M. Olson

Title PRESIDENT

Address P.O. Box 496

Fergus Fall, MN 56538

AUTHENTICATED

Exhibit A, Revision 1
Contract No. 99-UGPR-192
Sisseton-Wahpeton Sioux Tribe
Offer Tail Power Company

EXHIBIT A
(Energy Values for Bill Crediting Program Arrangements
and Percentage Participation of Parties)

1. This Exhibit A made this 10 day of July, 2006, under and as a part of Contract No. 99-UGPR-192, dated November 9, 2000, hereinafter called the Contract, shall become effective on January 1, 2006. Upon such effective date, this Exhibit A shall terminate and supersede Exhibit A dated November 9, 2000, and shall remain in effect until superseded by another Exhibit A or until the termination of the Contract.

2. **DEMAND AND ENERGY VALUES FOR BILL CREDITING PROGRAM ARRANGEMENTS:** Western has established, for each month of the year, values for the demand and energy from Western to the Tribe as shown below:

Summer Season:	kW 2/	kWh	Winter Season:	kW 2/	kWh
May	1,334	611,822	November	1,149	591,665
June	1,538	660,828	December	1,280	672,673
July	1,611	710,203	January	1,297	687,951
August	1,617	726,045	February 1/	1,289	667,887
September	1,412	652,391	March	1,256	611,666
October	1,272	627,685	April	1,156	588,634

1/ Energy amount for leap year will be 691,740 kWh.

2/ kW amounts included in this Exhibit are for reference purposes only.

3. Western unilaterally reserves the right to appropriately modify the above demand and energy values in the event that the Contract Rate of Deliveries for firm power for the Tribe are modified.

Exhibit A, Revision 1
Contract No. 99-UGPR-192
Sisseton-Wahpeton Sioux Tribe
Otter Tail Power Company

4. PERCENTAGE PARTICIPATION OF PARTIES: Listed below are the participating parties of the bill crediting program and the percentages of the demand and energy under Section 2 that is designated to the Tribe:

<u>Power Supply/Delivery Systems</u>	<u>Percent</u>
Basin Electric/East River/Whetstone Valley Electric Cooperative, Inc.	47
Basin Electric/East River/Codington-Clark Electric Cooperative, Inc.	23
Otter Tail Power Company	<u>30</u>
TOTAL	100

This percentage shall be referred to as Power Supplier Distribution.

WESTERN AREA POWER ADMINISTRATION

By Robert Reel

Title Power Marketing Manager

Address P.O. Box 35800

Billings, MT 59107-5800

SEAL PROVIDED
ON
ORIGINAL COPY

SISSETON-WAHPETON SIOUX TRIBE

By S. D. Lee

Title Tribal Vice-Chairman

Address P.O. Box 509

Agency Village, SD 57262-0509

(SEAL)

Attest:

By Dorothy McAllister

Title Notary Public

my commission expires 2/3/2011.

Exhibit A, Revision 1
Contract No. 99-UGPR-192
Sisseton-Wahpeton Sioux Tribe
Otter Tail Power Company



(SEAL)

OTTER TAIL POWER COMPANY

By Chad M. Flanigan

Attest:

Title PRESIDENT

By Ron L. Spangler Jr.

Address P.O. Box 496

Title Notary

Fergus Falls, MN 56538-0496

WAPA BILL CREDITING PROGRAM RIDER

Rates Zones 1 & 9

AVAILABILITY: This rider is available on a voluntary basis and is limited to customers who are eligible for the Western Area Power Administration ("Western or WAPA") Bill Crediting Program (Program) and are served under the following rate designations: R-01N,R-03N,F-61N, G-01N, C-02N.

TERM OF SERVICE: Service under this rider shall be for a period not less than 90 days.

PRICING METHODOLOGY: The credit is calculated monthly and depends on the individual Tribe's allocation from Western for that month and the composite rate for Western as published on Western's current Schedule of Rates for Firm Power Service. A participating customer's bill is calculated using the following formula:

(per Western contract)

$(\text{MBEU} / \text{MTBEU}) \times \text{BMC} = \text{BPMSC}$, where

BPMSC = Beneficiary's Proportionate Monthly Share of Credit

MBEU = Monthly Beneficiary's (participating customer) Energy Usage

MTBEU = Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage

BMC = Beneficiaries' (participating Native American Tribe) Monthly Credit

$\text{BMC} = \text{MAE} \times \text{PSD} \times (\$0.0436 - \text{WAPA's composite rate})$, where

MAE = Monthly Amount of WAPA's energy Allocation to the Native American Tribe

PSD = Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail

BILL DETERMINATION: A Bill Credit will be applied to the customer's monthly bill rendered after each monthly billing period. The bill consists a bill calculated on the customer's standard rate less a credit for the Western benefit.

COST OF ENERGY ADJUSTMENT: The Bill Credit is applied after the standard bill is calculated. The cost of energy adjustment has already been properly applied to the customer's billing prior to applying the Bill Credit.

SPECIAL PROVISIONS:

1. Eligibility for the Program, and thus this Rider, is determined by the Native American Tribe and Western, and not Otter Tail Power Company.
2. If there is a change in the legal identity of the customer receiving service under this Rider, credit under this Rider shall be terminated unless Otter Tail, Western, the affected Tribe and the customer determine otherwise.
3. Changes are subject to the Contract for Bill Crediting arrangements between Otter Tail Power Company, Western Area Power Administration and the affected Native American Tribe, a copy of which is attached as Attachment 1.

RULES AND REGULATIONS: Service under this rider is subject to orders of the North Dakota Public Service Commission and to the "General Rules and Regulations - Electric" currently on file with the North Dakota Public Service Commission.

NORTH DAKOTA PUBLIC
SERVICE COMMISSION
Approved:
Case No. PU-

EFFECTIVE for Bills rendered on
and after February 1, 2009, in ND

APPROVED:
Bernadeen Brutlag
Manager, Regulatory Services

WAPA BILL CREDITING PROGRAM RIDER

Rates Zones 1 & 9

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 MBEU = Monthly Beneficiary's (participating customer) Energy Usage
 MTBEU = Monthly Total Beneficiaries' (participating Native American Tribe) Energy Usage
 BMC = Beneficiaries' (participating Native American Tribe) Monthly Credit
 $\text{BMC} = \text{MAE} \times \text{PSD} \times (\$0.0436284 - \text{WAPA's composite rate})$, where
 MAE = Monthly Amount of WAPA's energy Allocation to the Native American Tribe
 PSD = Power Supplier Distribution Percent of WAPA's energy delivered by Otter Tail

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COST OF ENERGY ADJUSTMENT: The Bill Credit is applied after the standard bill is calculated. The cost of energy adjustment has already been properly applied to the customer's billing prior to applying the Bill Credit.

NORTH DAKOTA PUBLIC

EFFECTIVE for BillsService rendered on

SERVICE COMMISSION

and after FebruaryJanuary 1, 20094,
in ND

Docket No. PU-401-00-593

Approved: December 20, 2000

APPROVED: Doug Kjellerup
Chief Operating Officer
Bernadeen Brutlag
Manager, Regulatory Services

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota
ELECTRIC RATE SCHEDULE

Volume 1, Sheet 92
Rate Designation M-33N, Page 2 of 2
Original

SPECIAL PROVISIONS:

1. Eligibility for the Program, and thus this Rider, is determined by the Native American Tribe and Western, and not Otter Tail Power Company.
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NORTH DAKOTA PUBLIC

EFFECTIVE for BillsService rendered on

SERVICE COMMISSION

and after FebruaryJanuary 1, 20094,
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APPROVED: Doug Kjellerup
Chief Operating Officer
Bernadeen Brutlag
Manager, Regulatory Services

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2007

Otter Tail Power Company

Line No.				Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 29)			\$ 196,278,101
REVENUE CREDITS		<u>Total</u>	<u>Allocator (see page4)</u>	
2	Account No. 454 (page 4, line 34)	-7,636	PP 1.00000	-7,636
3	Margin on sales for resale in base rates (Note K)	10,076,337	PP 1.00000	\$10,076,337.00
4		0	PP 1.00000	0
5		0	PP 1.00000	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)			<u>10,068,701</u>
7	NET REVENUE REQUIREMENT (line 1 minus line 6)			<u>\$ 186,209,400</u>
DIVISOR				
8	Total kWh Page 401(a) line 28 * 1,000			7,774,226,000
9	Total kWh Page 401(a) line 23 * 1,000 Requirement Sales for Resale			-3,648,000
10	Total kWh Page 401(a) line 24 * 1,000 Non-Requirement Sales for Resale			-3,539,753,000
11	Total kWh Page 401(a) line 18 * 1,000 Net Transmission for others			74,063,000
12	Less kWh from WAPA for customers on bill crediting program (Note N)			-29,870,000
13				
14				
15	Divisor (sum lines 8-14)			<u>4,275,018,000</u>
16	Composite Rate of Production - Cost / kWh (line 7 / line 15)	<u><u>\$0.0436</u></u>		

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2007

Line No.	(1) RATE BASE:	(2) Form No. 1 Page, Line, Col.	Otter Tail Power Company		(5) Production (Col 3 times Col 4)
			(3) Company Total	(4) Allocator (see page4)	
GROSS PLANT IN SERVICE					
1	Production	205.46.g	437,953,045	PP 1.00000	437,953,045
2	Transmission	207.58.g	191,578,726	NA	0
3	Distribution	207.75.g	322,406,327	NA	0
4	General & Intangible	205.5.g & 207.99.g	75,302,250	W/S 0.36165	27,233,425
5	Common	356.1	0	CE 0.36165	0
6	TOTAL GROSS PLANT (sum lines 1-5)		1,027,240,348	GP= 45.285%	465,186,470
ACCUMULATED DEPRECIATION					
7	Production	219.20-24.c+112.34.c	204,160,582	PP 1.00000	204,160,582
8	Transmission	219.25.c	78,196,657	NA	0
9	Distribution	219.26.c	135,691,945	NA	0
10	General & Intangible	219.28.c	27,926,505	W/S 0.36165	10,099,756
11	Common	356.1	0	CE 0.36165	0
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		445,975,689		214,260,338
NET PLANT IN SERVICE					
13	Production	(line 1- line 7)	233,792,463		233,792,463
14	Transmission	(line 2- line 8)	113,382,069		0
15	Distribution	(line 3 - line 9)	186,714,382		0
16	General & Intangible	(line 4 - line 10)	47,375,745		17,133,669
17	Common	(line 5 - line 11)	0		0
18	TOTAL NET PLANT (sum lines 13-17)		581,264,659	NP= 43.169%	250,926,132
ADJUSTMENTS TO RATE BASE (Note A)					
19	Account No. 281 (enter negative)	273.8.k	0	PP zero	0
20	Account No. 282 (enter negative)	275.9.k+278.41.f	-140,292,782	NP 0.43169	-60,562,989
21	Account No. 283 (enter negative)	277.9.k	-2,793,136	NP 0.43169	-1,205,769
22	Account No. 190	234.8.c	35,726,223	NP 0.43169	15,422,653
23	Account No. 255 (enter negative)	267.h.8	-16,761,505	NP 0.43169	-7,235,774
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		-124,121,200		-53,581,879
25	LAND HELD FOR FUTURE USE	214.x.d (Note B)	29,656	NA 1.00000	29,656
WORKING CAPITAL					
26	CWC - (Note C)	calculated	21,786,572		19,414,007
27	Materials & Supplies (Note G)	227.1.c + 227.7.c	12,653,769	PP 1.00000	12,653,769
28	Prepayments (Account 165)	111.57.c (less acct 228.32)	-33,525,629	GP 0.45285	-15,182,103
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		914,712		16,885,673
30	RATE BASE (sum lines 18, 24, 25, & 29)		458,087,827	356,651,000	214,259,582

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 12/31/2007	
	(1)	(2)	Otter Tail Power Company (3)	(4)	(5)
Line	Form No. 1		Production		
No.	Page, Line, Col.	Company Total	Allocator (see page4)	(Col 3 times Col 4)	
O&M					
1	Production 321.80.b - 327.2.m.2	159,757,481	PP 1.00000	159,757,481	
2	Less: Cost of Sales for Resale (Note J)	15,313,212	1.00000	15,313,212	
3	A&G 323.197.b	32,629,723	W/S 0.36165	11,800,698	
4	Less FERC Annual Fees 351.5.h+351.25.h	296,244	W/S 0.36165	107,138	
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note D)	2,599,528	W/S 0.36165	940,132	
5a	Plus Production Related Reg. Comm. Exp. (Note D)	114,359	PP 1.00000	114,359	
6	Common 356.1	0	CE 0.36165	0	
7	Transmission Lease Payments	0	1.00000	0	
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)	174,292,579		155,312,056	
DEPRECIATION EXPENSE					
9	Production 336.2-6.b	9,122,626	PP 1.00000	9,122,626	
10	General 336.9.b	2,445,357	W/S 0.36165	884,375	
11	Common 336.10.b	0	CE 0.36165	0	
12	TOTAL DEPRECIATION (Sum lines 9 - 11)	11,567,983		10,007,001	
TAXES OTHER THAN INCOME TAXES (Note E)					
LABOR RELATED					
13	Payroll 262.i	0	W/S 0.36165	0	
14	Highway and vehicle 262.i	0	W/S 0.36165	0	
PLANT RELATED					
16	Property 263.7,12,19.i	8,657,755	GP 0.45285	3,920,670	
17	Gross Receipts 262.i	0	PP zero	0	
18	Other 263.15,16,21.i	753,852	GP 0.45285	341,382	
19	Payments in lieu of taxes	0	GP 0.45285	0	
20	TOTAL OTHER TAXES (sum lines 13 - 19)	9,411,607		4,262,052	
INCOME TAXES (Note F)					
21	$T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$ =	39.03%			
22	$CIT=(T/1-T) * (1-(WCLTD/R))$ = where WCLTD=(page 4, line 27) and R=(page 4, line30) and FIT, SIT & p are as given in footnote F.	44.47%			
23	$1 / (1 - T)$ = (from line 21)	1.6402			
24	Amortized Investment Tax Credit (266.8.f) (enter negative)	-1,169,156			
25	Income Tax Calculation = line 22 * line 28	18,113,024	NA	8,471,932	
26	ITC adjustment (line 23 * line 24)	-1,917,592	NP 0.43169	-827,805	
27	Total Income Taxes (line 25 plus line 26)	16,195,432		7,644,127	
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]	40,735,099	NA	19,052,864	
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)	252,202,700		196,278,101	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2007

Otter Tail Power Company

SUPPORTING CALCULATIONS AND NOTES

Line				
<u>No.</u>	Production Plant			
1	Total production plant (page 2, line 2, column 3)			191,578,726
2				0
3				0
4	Production plant included in composite rates (line 1 less lines 2 & 3)			<u>191,578,726</u>
5	Percentage of production plant included in composite rates (line 4 divided by line 1)	TP=		1.00000
5(a)	Gross Plant Allocator GP page 2 line 6, Ratio of gross production plant to gross total plant	GP=		0.45285
5(b)	Net Plant Allocator NP page 2 line 18, Ratio of net production plant to net total plant	NP=		0.43169
	Production Expenses			
6	Total production expenses (page 3, line 1, column 3)			159,757,481
7				0
8	Included production expenses (line 6 less line 7)			<u>159,757,481</u>
9	Percentage of production expenses after adjustment (line 8 divided by line 6)			1.00000
10	Percentage of production plant included in Composite Rate (line 5)	TP		1.00000
11	Percentage of production expenses included in composite Rate (line 9 times line 10)	TE=		1.00000

WAGES & SALARY ALLOCATOR (W&S)

	Form 1 Reference	\$	PP	Allocation	
12	Production	354.20.b, 22.b	14,645,123	1.00	14,645,123
13	Transmission	354.21.b	5,967,940	0.00	0
14	Distribution	354.23.b	10,138,266	0.00	0
14(a)	Customer Accounts & Svc	354.24,25,26.b	9,743,420		
15	Administrative & General	354.24	19,595,620	36.17%	7,086,851
16	Total (sum lines 12-15)		60,090,369		<u>21,731,974</u>
					= 0.36165 = WS

COMMON PLANT ALLOCATOR (CE) (Note G)

		\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)	CE
17	Electric	200.3.c	956,823,748	1.00000	*
18	Gas	200.3.d	0		
19	Water	200.3.e	0		
20	Total (sum lines 17 - 19)		956,823,748		0.36165 = 0.36165

	(Note L)	\$	%	Cost (Note H)	Weighted	
21	Long Term Debt	185,725,713	43.11%	0.0630	0.0272	=WCLTD (weighted cost of
22	Preferred Stock	15,500,000	3.60%	0.0475	0.0017	Long-term debt)
23	Common Stock	229,633,133	53.30%	0.1125	0.0600	
24	Total (sum lines 21-23)	430,858,846			<u>0.0889</u>	=R

REVENUE CREDITS

			Load
25	ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note I)		
25	a. Bundled Non-RQ Sales for Resale * 1000 (311.g "Subtotal non-RQ")		3,539,753,000
26	b. Bundled Sales for Resale included in Divisor on page 1 * 1000		3,539,753,000
27	Total of (a)-(b)		<u>0</u>
28	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) 300.19.b		<u>-\$7,636</u>
29	ACCOUNT 447 (Sales for resale, rents) (300.11.b, 19.b(portion))		
29	a. all sales for resale transactions		\$20,345,040
30			\$0
31	Total of (a)-(b)		<u>\$20,345,040</u>

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2007

Otter Tail Power Company

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note
Letter

- A The balances in Accounts 190, 281, 282 and 283, are adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
- B Identified in Form 1 as being only production related.
- C Cash Working Capital assigned to production is one-eighth of O&M allocated to production at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 100-111 line 46 in the Form 1.
- D Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to production service, or production siting itemized at 351.h.
- E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded.
- F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by $(1/1-T)$ (page 3, line 26).
- | | | | |
|------------------|--------|---|------------------|
| Inputs Required: | | | |
| FIT = | 35.00% | Composite | |
| SIT= | 6.20% | (State Income Tax Rate or Composite SIT) | Composite |
| p = | 0.00% | (percent of federal income tax deductible for state purposes) | |
- G Enter dollar amounts
- H Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE is the rate proposed in the most recent ND Rate Case filing using a 2007 Test Year.
- I Line 33 must equal zero since all short-term power sales must be unbundled and the production component reflected in Account No. 456 and all other uses are to be included in the divisor.
- J Cost of sales for resale are removed per OTP Actual Year W/P B-15, Page 5. Also, the current year WAPA purchased power costs are removed from the calculation.
- K Margin on Sales for resale as proposed for base rates in the most recent North Dakota Rate Case filing are \$4,133,109, System \$10,076,337. These amounts should be carried forward until an order has been received in the most recent rate case and then should be adjusted, if necessary.
- L Capital Structure proposed in the most recent ND Rate Case filing.
- M Not Used
- N Purchases from Western for eligible customers under the bill crediting program are subtracted out of production costs along with the associated kWh as they are part of FERC Form Costs FERC Form 1 Page 327.2 (g) 2 & 327.2 (m) 2 (WEC transactions, line 2)