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October 1, 2009

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

Re: In the Matter of the Application for an Advance Determination of Prudence for the CapX2020 Group 1 Transmission Projects Otter Tail Power Company, Case No. PU-_____

Dear Mr. Nitschke:

Otter Tail Power Company ("Otter Tail") hereby submits an original and seven copies of the enclosed supplement to its Application for an Advance Determination of Prudence and supporting documents for the CapX2020 Group 1 Transmission Projects. For Otter Tail, the enclosed submittal is intended to supplement the prior filing made on September 18, 2009 in this matter (the "September 18 Filing") so as to conform with the North Dakota Public Service Commission's (the "Commission") filing requirements and evidentiary procedures. That original filing was made jointly between Otter Tail and Northern States Power Company, a Minnesota Corporation ("Xcel Energy"). Xcel Energy is simultaneously filing a new set of Application materials.

Otter Tail respectfully requests that the September 18 Filing be deemed as Otter Tail's original filing in this matter and that the documents enclosed with this letter supplement and supersede the information provided in September 18 Filing except as indicated. Most of the enclosed materials are designated as "Joint" filings to reflect that both Xcel Energy and Otter Tail rely on the same material in support of their individual filing. All "Joint" documents are identical to the items submitted by Xcel Energy and are intended to be applicable to both Otter Tail and Xcel Energy. Separate copies will be provided by Xcel Energy for its filing.

Otter Tail makes this filing pursuant to North Dakota Century Code § 49-05-16 and the Commission's rules of procedure in North Dakota Administrative Code § 69-02-02-04. Enclosed in this filing are:

1) Otter Tail's revised filing consisting of all documents contained in the September 18 Filing supplemented to conform with the Commission's filing requirements and evidentiary procedures, is intended to superseded the September 18 Filing and is comprised of:

   a) Joint Application for an Advance Determination of Prudence:

      (i) Otter Tail Appendix A – Corporate Documents (an original version was included with the September 18 Filing and is in the possession of the Commission);

      (ii) Joint Appendix B – Project Construction Schedule;

      (iii) Joint Appendix C – MISO Cost Allocation Methodology;

   b) Joint Exhibit A – Direct Testimony, Schedules and Verification of Ms. Laura McCarten (an original signed and notarized verification of Ms. McCarten's verification was included with the September 18 Filing and is in the possession of the Commission);

   c) Joint Exhibit B – Direct Testimony, Schedules and Verification of Mr. Timothy J. Rogelstad (an original signed and notarized verification of Mr. Rogelstad's verification was included with the September 18 Filing and is in the possession of the Commission);

   d) Joint Exhibit C – Direct Testimony, Schedules and Verification of Mr. Paul J. Lehman (an original signed and notarized verification of Mr. Lehman's verification was included with the September 18 Filing and is in the possession of the Commission); and

   e) Verification of Mr. Dean Pawlowski verifying the filing on behalf of Otter Tail.

2) Seven copies of the following replacement pages intended to replace certain pages filed in the September 18 Filing:

a) New first page of the Application, specifying that it is a "Joint" Application and is identical to the Application provided by Xcel Energy;

b) New page six (6) of the Application, replacing the previous page six (6) to account for Xcel Energy's recent corporate documents filing;

c) New cover sheet for Otter Tail Appendix A to identify this Appendix as applicable only to Otter Tail;

d) New cover sheet for Joint Appendix B to identify this Appendix as applicable to both Otter Tail and Xcel Energy;

e) New cover sheet for Joint Appendix C to identify this Appendix as applicable to both Otter Tail and Xcel Energy

f) New verification of Mr. Dean Pawlowski to verify the application on behalf of Otter Tail only;

g) New cover sheet for Joint Exhibit A – Direct Testimony, Schedules and Verification of Ms. Laura McCarten to identify this exhibit as applicable to both Otter Tail and Xcel Energy;

h) New cover sheet for Joint Exhibit B – Direct Testimony, Schedules and Verification of Mr. Timothy J. Rogelstad to identify this exhibit as applicable to both Otter Tail and Xcel Energy; and

i) New cover sheet for Joint Exhibit C – Direct Testimony, Schedules and Verification of Mr. Paul J. Lehman to identify this exhibit as applicable to both Otter Tail and Xcel Energy.

Also included in the September 18 Filing were (a) Otter Tail's filing fee in the amount of $125,000 and (b) the motion of Mr. Lawrence Bender requesting the admission *pro hac vice* of several attorneys to appear before the Commission in this matter. Otter Tail respectfully requests that these items be deemed to be submitted to

the Commission in the instant matter. Otter Tail also respectfully requests that the Commission remove the verification of Mr. James R. Alders as applicable to Xcel Energy from the documents provided in the September 18 Filing.

Otter Tail looks forward to working with the Commission in the review of this filing and respectfully requests that the Commission make a determination that the Group 1 Transmission Projects meet the Advance Determination of Prudence requirements of N.D.C.C. § 49-05-16. To ease any administrative burden, Otter Tail would be happy to make a representative available to physically remove and replace the referenced pages in the original and copies of the filing

Please feel free to contact me at 218.739.8947 with any questions or if the Commission requires any additional items to deem our application complete.

Sincerely,

Dean Pawlowski

DP/zs
Enclosures

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION	**CASE NO. PU-_____**
OTTER TAIL POWER COMPANY	**CASE NO. PU-_____**
IN THE MATTER OF THE APPLICATION FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR THE CAPX2020 GROUP 1 TRANSMISSION PROJECTS	**JOINT APPLICATION FOR ADVANCE DETERMINATION OF PRUDENCE**

INTRODUCTION AND SUMMARY

Northern States Power Company, a Minnesota corporation, ("Xcel Energy") and Otter Tail Power Company ("Otter Tail") (collectively "Applicants"), each respectfully submit this Application to the North Dakota Public Service Commission (the "Commission") for an Advance Determination of Prudence ("ADP") pursuant to North Dakota Century Code § 49-05-16 for the construction of the following four high-voltage transmission line projects, of which three will be constructed in a double-circuit compatible configuration, necessary to maintain the reliability of the transmission system serving the region:

- A 345 kV line and associated equipment between Fargo, North Dakota and the Northwestern quadrant of the Twin Cities, Minnesota (the "Fargo Project");

- A 345 kV line, associated system connections and equipment between eastern South Dakota and the Southeast quadrant of the Twin Cities in Minnesota (the "Brookings Project");

- A 345 kV line and associated system connections and equipment between the Southeast quadrant of the Twin Cities in Minnesota to La Crosse, Wisconsin (the "La Crosse Project"); and

- A 230 kV line and associated equipment between Bemidji and Grand Rapids, Minnesota (the "Bemidji Project").

(collectively referred to as the "Group 1 Projects"). Applicants, together with nine other regional utilities,[1] through a comprehensive planning effort that has become known as the CapX2020 Transmission Expansion Initiative ("CapX2020"), have identified the Group 1 Projects as necessary for a number of interrelated reasons to maintain the reliability of the transmission system serving the region. Development and construction of the Group 1 Projects is a reasonable and prudent way to implement new transmission investment for the region for the following reasons:

- The collaborative and joint effort among utilities, resulting in the Group 1 Projects, allows for efficient planning and development of transmission, permitting, routing, scheduling, material purchasing, overall project development, and improves costs and project benefits;

- The Group 1 Projects are needed for overall system reliability;

- The Group 1 Projects are needed to address community service reliability issues in Fargo, Grand Forks, the greater Red River Valley, and several other communities in the region;

- The Group 1 Projects are needed to support generation expansion in North Dakota and the region;

- The construction of the 345 kV Group 1 Projects using a double-circuit compatible configuration is a prudent and available alternative.;

- The Group 1 Projects are needed to establish a common foundation for future development across the system to allow for regional generation to access the wider MISO market; and

- The Group 1 Projects cost effectively balance immediate and future needs.

[1] The current roster of 11 CapX2020 sponsoring utilities who are playing a role in CapX2020 include: Central Minnesota Municipal Power Agency, Dairyland Power Cooperative, Great River Energy, Minnesota Power, Minnkota Power Cooperative, Missouri River Energy Services, Otter Tail Power Company, Rochester Public Utilities, Southern Minnesota Municipal Power Agency and WPPI Energy, Northern State Power Company, a Wisconsin corporation, and Xcel Energy (collectively the "CapX2020 Utilities").

In the aggregate, the Group 1 Projects will require investment of approximately $1.8 billion.[2] Applicants will provide the estimated cost impact to their North Dakota ratepayers of their proposed investment in the Group 1 Projects and a description of how those costs are allocated to North Dakota customers. Applicants will, in general, recover their capital costs for their ownership of the Group 1 Projects through the Midwest Independent Transmission System Operator, Inc. ("MISO") from users of the MISO Transmission System.[3] Based on the current MISO cost allocation for the Group 1 Projects (as discussed more fully later), the cumulative effect on Xcel Energy's and Otter Tail's North Dakota ratepayers is likely to represent less than 5% of the total retail rate impact of the investment in the Group 1 Projects by the CapX2020 Utilities.

Through discussion of the reasons identified above, Applicants will demonstrate that the Group 1 Projects are reasonable and prudent and provide a cost-effective way to serve the multiple needs of North Dakota, as well as the region and that North Dakota will receive substantial direct benefits from construction of the Group 1 Projects. In support of their Application, Applicants have filed Direct Testimony and Exhibits of the following witnesses:

- Laura McCarten – Testimony relating to the relationship of the CapX2020 Utilities and the overall CapX2020 Initiative.

- Timothy Rogelstad – Testimony relating to the transmission planning process, the coordinated CapX2020 Initiative transmission planning efforts, and the benefits of the Group 1 Projects.

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[2] Final ownership decisions have not yet been made and participants will have the opportunity to decide whether or not to invest in any of the projects at the time all material permits have been acquired. At this time, the CapX2020 Utilities anticipate ownership to generally be in proportion to the anticipated impacts on each utility's customers. As of the date of this Application, Applicant Xcel Energy is expected to have an ownership interest in all four of the CapX2020 Group 1 Projects while Applicant Otter Tail is expected to have an ownership interest in all the CapX2020 Group 1 Projects except the La Crosse Project. Ownership issues are addressed in the accompanying Direct Testimony of Ms. Laura McCarten.

[3] As Transmission Owning Members of MISO, Applicants will recover their proportionate investment in the Group 1 Projects pursuant to the cost allocation policies and ratemaking requirements of the MISO Tariff. It is the cost of charges that Applicants will pay to MISO pursuant to MISO's cost allocation policy that will impact their retail customers. Cost impact issues are further discussed in the accompanying Direct Testimony of Mr. Paul Lehman.

- Paul Lehman – Testimony relating to the cost recovery and allocation methodologies for the Group 1 Projects.

The remainder of the Application is organized into the following sections:

- Standard of Review for an ADP
- Request for Separate Dockets and Scheduling Conference
- Description of Applicants and the Group 1 Projects
- Reasons Supporting an ADP for the Group 1 Projects
- Applicants' Estimated Ratepayer Impact
- Communications and Service
- Conclusion

STANDARD OF REVIEW

North Dakota law provides that the Commission may issue an Order approving an advance determination of prudence if "the [C]omission determines that the resource addition is reasonable and prudent." Specifically, North Dakota law provides:

> **49-05-16. Advance Determination of Prudence.** A public utility proposing to construct, lease, or make improvements to an energy conversion facility, renewable energy facility, transmission facility, or proposed energy purchase contract from another entity or person for the purpose of ensuring reliable electric service to its customers may file an application with the commission for advance determination of prudence regarding the proposal....

This standard is similar to the "honestly and prudently invested" standard that the Commission uses for ratemaking. N.D.C.C. § 49-06-02. The general prudence standard calls for determining whether the utility action was reasonable at the time it was taken under all relevant circumstances. *See* Charles F. Philips, Jr., THE REGULATION OF PUBLIC UTILITIES – THEORY AND PRACTICE at 292 (Public Utility Reports 1988); *see also* David. J. Muchow, William A. Mogel, ENERGY LAW AND TRANSACTIONS at § 4.02[3][b] (2009).

Under N.D.C.C. § 49-05-16, the Commission may issue an order approving the prudence of a transmission facility if three conditions are met:

a. The public utility files with its application a projection of costs to the date of the anticipated commercial operation of the transmission facility addition;

b. The commission provides notice and holds a hearing, if appropriate, in accordance with section 49-02-02; and

c. The commission determines that the transmission facility is reasonable and prudent.

The Commission's standard for issuing an advance determination of prudence is, therefore, similar to the determination that would be made in a rate case, while the timing of the decision is different. Rather than wait to consider the prudence of a particular investment in a rate case after construction, the advance determination of prudence process considers prudence at the time of the decision to invest in the resource, instead of well after the investment has been made. Thus, the standard to be applied in this proceeding does not impose a higher or different standard for approval than would be found in a rate case; rather, it is the same or similar standard applied at a different point in time in the resource acquisition process.

In this Application, Applicants provide a projection of costs to the date of the anticipated commercial operation of the Group 1 Projects as well as the reasons they believe their investment in the Group 1 Projects with the other participating utilities is both reasonable and prudent.

REQUEST FOR SEPARATE DOCKETS AND SCHEDULING CONFERENCE

Due to the fact that the Group 1 Projects will affect Xcel Energy's and Otter Tail's ratepayers differently, Applicants respectfully request that the Commission assign this matter two case numbers, one for each Applicant, respectively. N.D. Admin. Code §§ 69-02-01-04; 69-02-01-10. Applicants respectfully request, however, that the Commission address both cases simultaneously as the basis for an ADP because Applicants' development of the Group 1 Projects is similar for both Xcel Energy and Otter Tail. N.D. Admin. Code §§ 69-02-04-04; 69-02-01-10.

In addition, Applicants request that the Commission hold a scheduling conference addressing both dockets as soon as practicable to discuss a procedural schedule for this matter. Applicants further request that the Commission render a final determination regarding the prudence of Applicants' proposed participation in the development of the Group 1 Projects in accordance with N.D.C.C. § 49-05-16(2).

DESCRIPTION OF APPLICANTS AND GROUP 1 PROJECTS

A. Xcel Energy

Xcel Energy is a Minnesota corporation duly authorized to conduct business in the State of North Dakota as a public utility subject to the jurisdiction and regulation of the Commission pursuant to Title 49 of the North Dakota Century Code. The full name and address of Xcel Energy is:

Northern States Power Company,
a Minnesota corporation
414 Nicollet Mall
Minneapolis, Minnesota 55401

Xcel Energy also operates in North Dakota from the following address:

Northern States Power Company
2302 Great Northern Drive
Fargo, North Dakota 58102

Xcel Energy's Certificate of Incorporation and amendments thereto were filed with the Commission on September 30, 2009 and are incorporated herein by reference.

Xcel Energy and its affiliate Northern States Power Company, a Wisconsin corporation ("NSP-W") operate an integrated utility system in a service territory in five upper Midwest states including North Dakota. Xcel Energy presently serves approximately 86,000 retail electric customers in and around Fargo, Grand Forks and Minot, North Dakota. Xcel Energy owns approximately 250 miles of transmission lines and 12 substations in North Dakota and is in the processes of developing the Merricourt Wind Project in North Dakota. Xcel Energy is a participating utility in all four of the Group 1 Projects.

B. Otter Tail

Otter Tail is a Minnesota corporation duly authorized to conduct business in the State of North Dakota as a public utility subject to the jurisdiction and regulation of the Commission pursuant to Title 49 of the North Dakota Century Code. The full name and address of Otter Tail is:

Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56537

Otter Tail's Certificate of Incorporation and amendments thereto are attached as Appendix A.

Otter Tail serves retail electric customers in North Dakota, Minnesota and South Dakota. Otter Tail presently serves approximately 56,900 customers in North Dakota. In North Dakota, Otter Tail is a part-owner and serves as operating agent of the Coyote Station near Beulah, owns 56 MW of fuel oil combustion turbines near Jamestown, owns 40.5 MW (and purchases the energy output of an additional 19.5 MW) of wind generation near Langdon, owns 48 MW of wind generation near Ashtabula, owns 49.5 MW of wind generation near Luverne, purchases the energy output of 19 MW of wind generation near Edgeley and owns 2,725 miles of transmission lines.

C. Group 1 Project Descriptions

Applicants and the other CapX2020 Utilities determined that new transmission facilities are needed in the region to address several categories of issues facing the region, as described further below and in the testimony of Mr. Timothy Rogelstad. The Group 1 Projects are described in this Section and depicted in the Regional Projects Maps.

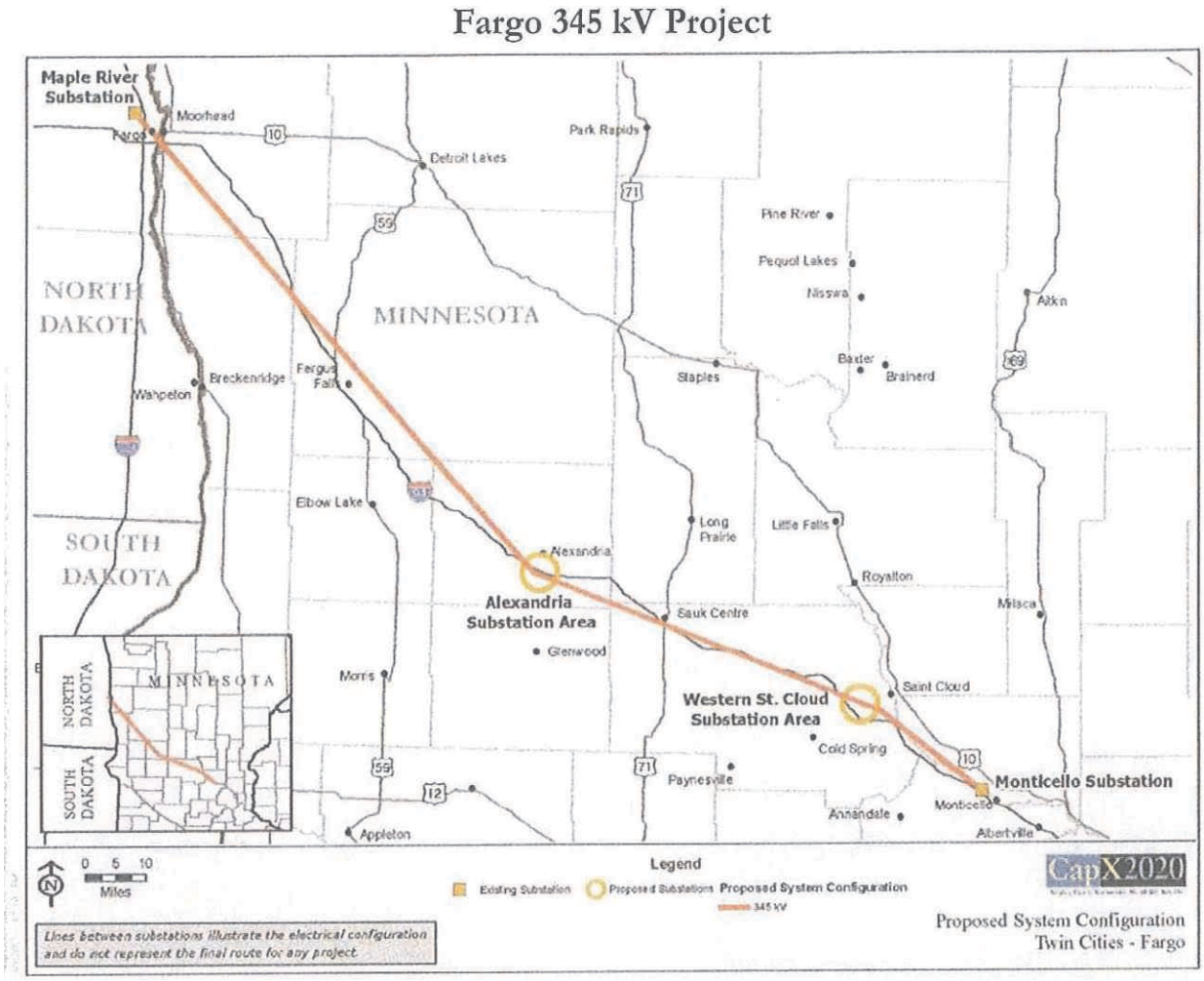
1. The Fargo Project

The Fargo Project will consist of an approximately 250-mile long, 345 kV transmission line from a connection near Fargo, North Dakota to Alexandria, Minnesota, to St. Cloud, Minnesota, and ending at the Monticello Substation near the Twin Cities, Minnesota.

Each of these line segments will be constructed in a double-circuit compatible configuration by using structures capable of supporting a second circuit in the future. The first segment will consist of a 345 kV circuit between the Fargo, North Dakota area, either at the existing Maple River Substation or at a new Fargo area substation approved by the Commission during the route permitting phase and an expanded substation in the Alexandria, Minnesota area (Alexandria Substation). This segment will be approximately 120-150 miles long depending on how it is ultimately routed. The second segment will consist of a 345 kV circuit from the Alexandria Substation to a new substation (Quarry Substation) on the western side of St. Cloud, Minnesota. This segment would be approximately 60-80 miles long. The third segment will include a 345 kV circuit between Quarry Substation and Monticello Substation on the Monticello Power Plant site in Monticello, Minnesota. This segment will be approximately 30-40 miles long.

Figure 1 is a map showing the proposed Fargo Project area and configuration:

Figure 1



2. The Brookings Project

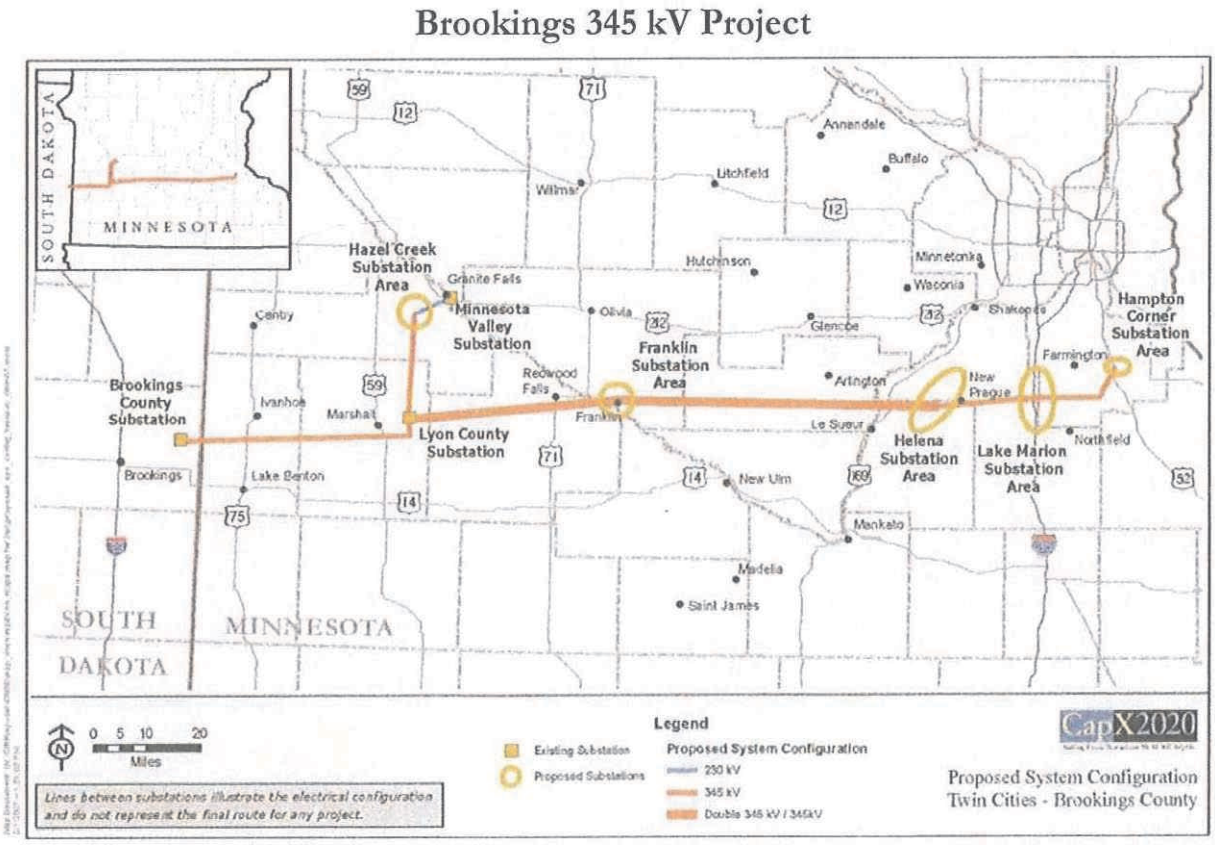
The Brookings Project is an approximately 200-mile long, 345 kV transmission line that will consist of a series of 345 kV segments between the Brookings County Substation in Brookings County, South Dakota and a new substation in the southeast corner of the Twin Cities area in Minnesota with intermediate connections to load centers. The Brookings Project will also include an approximately 25-mile, 345 kV circuit from the Lyon County Substation near Marshall, Minnesota to a new substation southwest of Granite Falls, Minnesota (Hazel Creek Substation), and an approximately 8 to 10 mile, 230 kV transmission line from the Hazel Creek Substation to the existing Minnesota Valley Substation on the east side of Granite Falls, Minnesota.

The western-most segment will be a 345 kV circuit between the Brookings County Substation and the Lyon County Substation. This segment will be approximately 50 to 55 miles long and will be constructed in a double-circuit compatible configuration by using structures capable of supporting a second circuit in the future. The next segment will be from the Lyon County Substation to the new Hazel Creek Substation and then on to Minnesota Valley Substation near Granite Falls, Minnesota. This segment will be approximately 35 miles long, will in part replace an existing 115 kV line, and will be constructed in a double-circuit compatible configuration by using structures capable of supporting a second 345 kV circuit in the future. The next segment will consist of a double circuit 345 kV transmission line between the Lyon County Substation and a new substation in the Franklin, Minnesota area. This segment will be approximately 45 miles long. The next segment of the Project will consist of a double circuit 345 kV transmission line between the Franklin, Minnesota area substation and a new substation (Helena Substation) generally in the vicinity of New Prague, Minnesota. The Franklin – Helena segment of the Project will be approximately 45 miles long.

There are two additional 345 kV single circuit segments of the Brookings Project in the far southern part of the Twin Cities metropolitan area in Minnesota. From the Helena Substation, the 345 kV single circuit will continue east to the Lake Marion Substation in Scott County, Minnesota. From the Lake Marion Substation, the 345 kV circuit will continue to the new Hampton Substation. These two segments combined will be 45 to 55 miles long and will be constructed using the double-circuit compatible configuration.

Figure 2 is a map showing the Brooking Project area and configuration:

Figure 2



3. The La Crosse Project

The La Crosse Project is an approximately 150-mile long transmission line that will consist of a series of 345 kV transmission line circuits from the Southeast Twin Cities area to Rochester, and on to La Crosse, Wisconsin. The La Crosse Project also includes two new 161 kV transmission lines in the Rochester, Minnesota area.

The northwestern terminus of the La Crosse Project will be the new Hampton Substation which will connect the new 345 kV transmission line to the existing Prairie Island – Blue Lake 345 kV transmission line in the vicinity of Hampton, Minnesota. From the new Hampton Substation, the new 345 kV transmission line will be routed to a new substation (North Rochester Substation). This segment of the La Crosse Project will be approximately 40 to 50 miles long and will be constructed using the double-circuit compatible configuration.

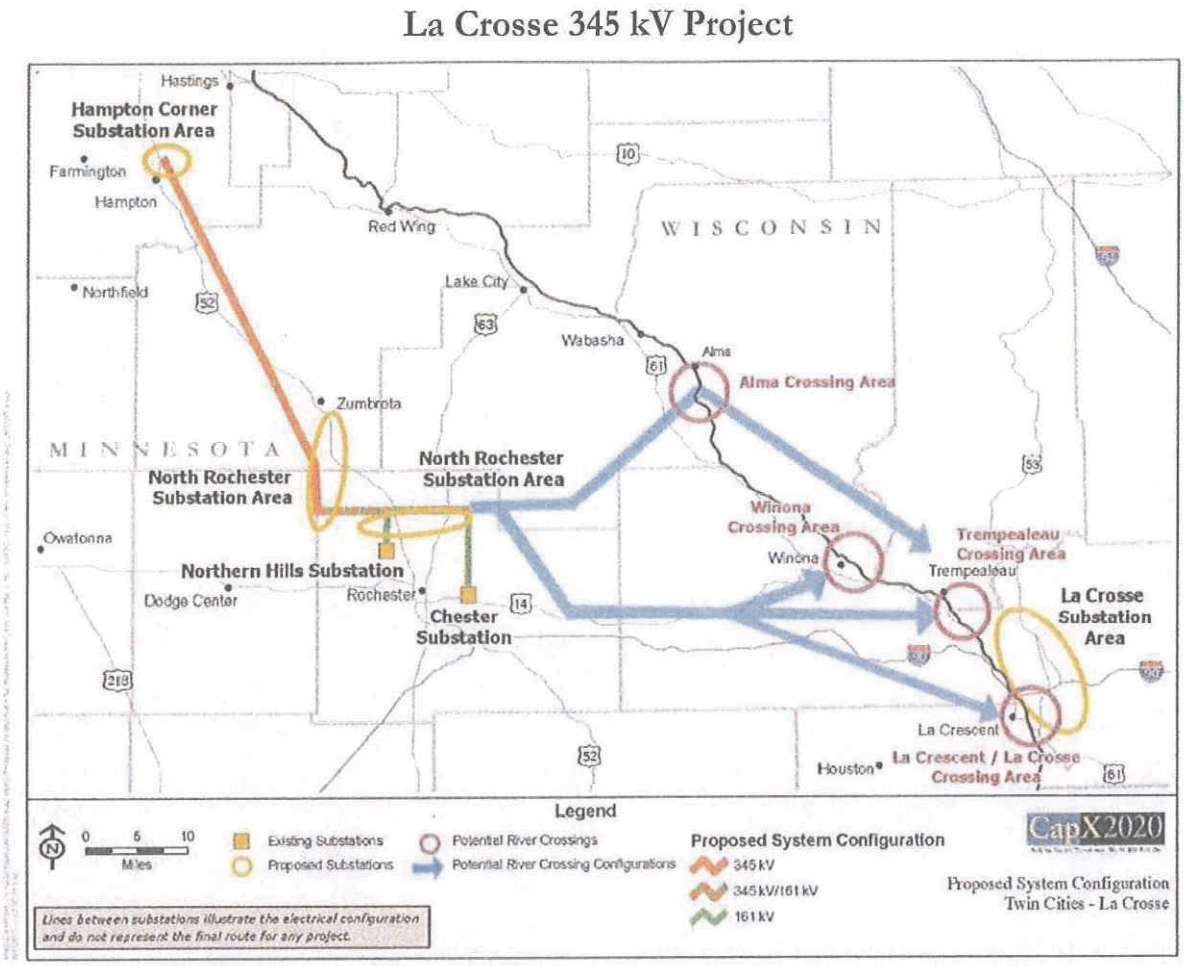
As part of the La Crosse Project, two 161 kV transmission lines will connect the new North Rochester Substation to two existing distribution substations in the Rochester

area, the Chester and Northern Hills Substations. The North Rochester – Northern Hills 161 kV transmission line will be approximately 10 – 15 miles long. The North Rochester – Chester 161 kV transmission line will be approximately 20 to 30 miles long.

The remaining segment of the 345 kV transmission line will connect the North Rochester Substation to a substation in the La Crosse, Wisconsin area. The estimated length of the segment will be 45 – 90 miles depending on where the line is routed to cross the Mississippi River and may be constructed using the double-circuit compatible configuration.

Figure 3 is a map showing the proposed LaCrosse Project area and configurations:

Figure 3

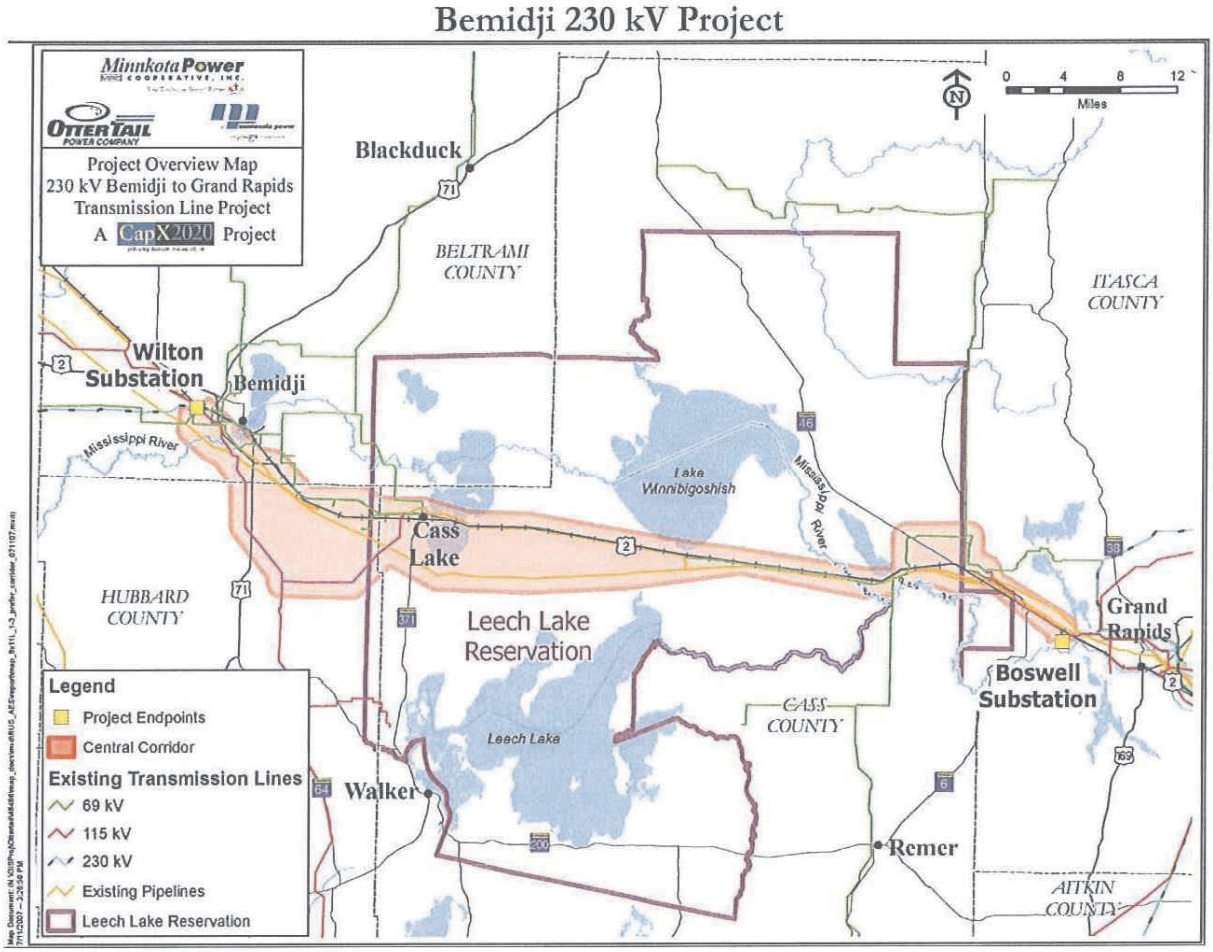


4. The Bemidji Project

The Bemidji Project is an approximately 68-mile long, 230 kV transmission line from the Wilton Substation near Bemidji, Minnesota to a substation near Cass Lake (Clear Lake Substation) and then to the Boswell Substation in Cohasset, Minnesota.

Figure 4 shows the proposed Bemidji Project area and configuration:

Figure 4



D. Double-Circuit Compatible Configuration

Applicants and the other CapX2020 Utilities initially considered constructing single-circuit 345 kV lines for three 345 kV projects of the Group 1 Projects – Fargo, LaCrosse and Brookings (except for the Lyon County – Helena segment of the Brookings Project which was initially designed to be double circuited) (referred to as the "Three 345 kV Projects"). As a result of the long-term planning horizon and Applicants' desire to ensure the transmission system continues to meet customer

requirements in the future, Applicants decided to construct the Three 345 kV Projects using double-circuit capable structures.

A "double-circuit compatible" configuration means that the segments of the Three 345 kV Projects would be built on structures and on right-of-way sufficient to accommodate a second 345 kV circuit at some point in the future. Only one circuit would be strung upon construction. The second circuit will be strung when circumstances warrant and all necessary regulatory approvals are received. This configuration ensures that these projects will be available for future expansion (via deployment of the second circuit) when that additional capacity is deemed to be needed by the Commission.

The CapX2020 Utilities are currently exploring the cost, technical, and potential regulatory issues surrounding whether it would be more appropriate to install the davit arms and conductor for the second circuit of the Three 345 kV Projects at the time of initial construction. The lines would be operated as a single circuit until future circumstances and regulatory approvals deem the second circuit necessary. CapX2020 planners are analyzing the installation of all davit arms as part of initial construction which may be a lower cost approach because it would mitigate the need for larger structures and would avoid expensive and complex construction on the poles after the first circuit has been energized. As part of the analysis, CapX2020 planners are also considering the potential impacts of installing the second set of conductors as part of initial construction. The potential benefits may include: (i) less impact to landowners because of a single construction period, (ii) lower line losses and operating costs because of the additional conductor and (iii) avoiding complex and perhaps costly construction methods to add a second circuit to structures holding a "live" circuit. The CapX2020 Utilities will continue to analyze the impacts, costs and regulatory issues associated with concurrent installation and will provide additional information in the future.

E. Estimated Costs of Group 1 Projects

The estimated installed cost of each Project is as follows:

- The Fargo Project: $500-750 million
- The Brookings Project: $650-800 million
- The La Crosse Project: $400-500 million
- The Bemidji Project: $100-140 million

Applicants offer these costs as currently developed estimates, with full acknowledgement that there is a degree of variability in the estimates presented. Right

now, many of the Projects are in early stages of the routing and other regulatory processes and therefore, the precise routes of the lines are yet to be determined. As explained in the Projects descriptions above, the total length of each line is still approximate and can range significantly depending on the final route that is approved. In addition, project managers are working together to develop Request for Proposals and construction and procurement contracts in order to begin vendor selection for materials and supplies required for the Group 1 Projects. At this stage, none of those agreements are finalized nor executed and therefore, there are no definitive costs pertaining to procurement activities. The project managers have developed reasonable estimates of the range of costs for each project and the final cost of the Projects is expected to fall within a range depending upon final routes, configurations, final vendor agreements, and other factors.

As with any projects of this magnitude, cost estimates will continue to be refined as more detailed information becomes available. Applicants will update the Commission with the latest cost information in subsequent updates and in routing filings.

F. Project Schedule

The in-service dates for the Group 1 Projects are currently contemplated as follows:

- The Fargo Project: Monticello – St. Cloud segment 2011, St. Cloud – Fargo segment 2015;
- The Brookings Project: Brookings Co. – Helena segment 2012, Helena – Hampton Corner segment 2013;
- The La Crosse Project: North Rochester – Northern Hills 161 kV line 2012, 345 kV circuits 2015; and
- The Bemidji Project: 2012.

Preliminary development schedules for each of the Group 1 Projects are presented as Appendix B. In total, the Group 1 Projects represent about 700 miles of transmission line construction. Scheduling the construction of multiple, large-scale Projects in the same time frame is a complex undertaking. Project planners are working with engineering consultants, construction vendors and equipment providers to refine project estimates. It is likely some adjustments to in-service dates and schedules will be required to overcome resource limitations and develop the Projects as cost effectively as possible. Potential regulatory hurdles, such as the timing of route permits, environmental permits, CPCNs, and issues related to the MISO Tariff may

also impact the schedule. Applicants will keep the Commission informed as changes occur to the schedules.

G. Regulatory Status of the Group 1 Projects

1. North Dakota

Xcel Energy and Great River Energy plan to make applications with the Commission soon for a Certificate of Public Convenience and Necessity ("CPCN") and for Corridor Compatibility and Route Permits for the North Dakota portion of the Fargo Project. These applications will seek approval to construct the North Dakota portion of the Fargo Project and will provide a record to determine the route for that segment.

2. Minnesota

a. Certificates of Need

Applicants have obtained Certificates of Need for the Group 1 Projects from the Minnesota Public Utilities Commission ("MPUC"). On May 22, 2009, applicants for the Minnesota Certificates of Need (Xcel Energy and Great River Energy) for the Three 345 kV Projects (Fargo, La Crosse and Brookings) obtained the requested Certificates of Need from the MPUC. In that Order, the MPUC granted certificates of need for each of the Three 345 kV Projects, finding that the projects are necessary to provide benefits throughout the upper Midwest region.[4] At that time, the MPUC decided to place certain conditions on the Brookings Project, requiring the capacity enabled by that project to be dedicated to renewable energy sources without regard to the established and approved Resource Plans of Xcel Energy and Great River Energy. Xcel Energy and Great River Energy subsequently sought reconsideration of that Order and requested that the MPUC remove the conditions. At its July 14, 2009 Agenda Meeting, the MPUC agreed to reconsider its decision and decided to modify the conditions. The conditions provide a number of reporting requirements and seek to coordinate resource planning and transmission planning in Minnesota. In addition, the conditions require that Xcel Energy and Great River Energy coordinate acquiring renewable generation projects with the proposed in-service dates of the Brookings

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[4] See In the Matter for the Application of Northern States Power Company and Great River Energy for Certificates of Need for Three 345 kV Transmission Line Projects and Associated System Connections, MPUC Docket No. ET02, E002/CN-06-1115, Order Granting Certificates of Need With Conditions (May, 22, 2009). More information about the Minnesota process can be found at http://www.puc.state.mn.us/docs/capx2020c.pdf.

Project, unless such acquisition is not contemplated in their resource requirements and is excused by a future order of the MPUC.

In its July 14, 2009 Order, the MPUC granted a Certificate of Need for the Bemidji Project, recognizing the need for this line to serve communities in the Grand Forks and Northern Red River Valley areas.[5]

b. Routing Proceedings

On June 4, 2008, Applicant Otter Tail, Minnesota Power and Minnkota Power Cooperative filed an Application for a Route Permit for the Bemidji Project with the MPUC. That process is ongoing.

On December 29, 2008, Great River Energy and Xcel Energy filed an Application for a Route Permit for the Brookings Project with the MPUC. That process is ongoing.

On April 8, 2009, Xcel Energy and Great River Energy filed an Application for a Route Permit for the Monticello, Minnesota to St. Cloud, Minnesota segment of the Fargo Project with the MPUC. That process is ongoing.

Xcel Energy and Great River Energy anticipate filing route permit applications for the remainder of the Fargo Project and for the Minnesota portion of the La Crosse Project later in 2009.

Applicants and other CapX2020 Utilities are also working with the U.S. Department of Agriculture's Rural Utilities Service to comply with federal environmental review standards by completing the Environmental Impact Statement process for the Bemidji Project.

3. South Dakota

Great River Energy anticipates filing an application for a Facilities Permit with the South Dakota Public Utilities Commission for the South Dakota portion of the Brookings Project in the near future.

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[5] *In the Matter of the Application of Otter Tail Power Company, Minnesota Power and Minnkota Power Cooperative, Inc. for a 230 kV Transmission Line from Bemidji to Grand Rapids, Minnesota*, MPUC Docket No. E017, E015 & ET-6/CN-07-1222, Order Granting Certificate of Need (July 14, 2009).

4. Wisconsin

Xcel Energy anticipates that an Application for a CPCN, which addresses both need and routing for the Wisconsin portion of the La Crosse Project, will be filed with the Wisconsin Public Service Commission in late 2009.

Applicants are also working with the U.S. Department of Agriculture's Rural Utilities Service to comply with federal environmental review standards by completing the Environmental Impact Statement process for the La Crosse Project.

Applicants will provide updates regarding the current status of all regulatory filings to the Commission and additional updates as further regulatory filings are made for each of the Group 1 Projects.

REASONS SUPPORTING AN ADP FOR THE GROUP 1 PROJECTS

A. The Collaborative and Joint Effort Among Utilities, Resulting in the Group 1 Projects, Allows for Efficient Planning and Development of Transmission, Permitting, Routing, Scheduling, Material Purchasing, Overall Project Development, and Improves Costs and Project Benefits

1. A Coordinated Approach

The CapX2020 Initiative was developed to create a regional approach to transmission planning that would help coordinate the development of transmission infrastructure to meet the increasing demand for electricity in the upper Midwest region.[6] Regional utilities developed a long-range plan, the "Vision Plan", from which the utilities began to formulate strategies for implementing the transmission system additions that would be necessary to address regional needs over the next decade and beyond.

CapX2020 has established a coordinated regional approach to addressing both regional and community reliability needs, and longer-term growth. A coordinated regional approach is essential in part because some utility companies serving customers in the region serve customers in a multi-state system. For example, Applicant Xcel Energy serves customers in North Dakota, South Dakota, and Minnesota, with an affiliate serving Wisconsin and Michigan. Applicant Otter Tail serves customers in North Dakota, South Dakota, and Minnesota. Companies with multi-state service territories plan on a system wide-basis, not on a state-by-state basis.

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[6] More information on the CapX2020 initiative can be found at www.capx2020.com. Please see the Direct Testimony of Laura McCarten for information regarding the business relationship and investment strategies of the CapX2020 Utilities.

The analysis undertaken in the Vision Plan took a similar system-wide approach to considering what transmission would be beneficial for the entire region. The analysis consists of simulations of the performance of the electrical transmission system as the demand for power grows over time. Based on the most recent forecasts from utility planners at the time of the analysis, demand for power was projected to grow significantly in the service territories of regional utilities by 2020. Because forecasts are uncertain predictions of the future, engineers tested their results with lower projection of growth as well. The performance of the transmission system also depends on the location of generation that is needed to serve the growing demand for electricity. In the Vision Plan analysis, wide ranges of locational generation dispersion were tested to determine their affect on transmission requirements.

Transmission engineers modeled the performance of the existing transmission system under a variety of growth and locational generation dispersion circumstances and found numerous situations in which the system would not meet reliability standards established by the North American Electric Reliability Corporation ("NERC"). The analysis found increasing weakness in the ability of the transmission system to reliably meet demand as the need for power grows system wide.

The analysis then tested a series of transmission alternatives to address the system deficiencies that were identified. Some of the alternatives were identified by the Vision Plan study effort and some of the alternatives were identified in previous studies to address sub-regional concerns on the system.

The Vision Plan supports several important conclusions. First, it is clear that without major transmission investments the system will experience repeated limitations in power capacity that threaten reliability. Since the transmission and generation system of the region operates as one integrated system, equipment failures in any one part of the system can affect service across broad geographic areas. In many respects, reliable service to our North Dakota customers depends on equipment and transmission lines far from the state. Second, to the extent North Dakota needs to import energy, access to generation to serve North Dakota customers can be restricted by the performance of the system elsewhere and those restrictions will grow without improvements to the system. Third, North Dakota is a net-exporting state and is dependent upon a robust transmission system to access regional markets for excess generation. The ability to export North Dakota generation is already constrained and new transmission is needed to enhance that access.

Based on this analysis, the CapX2020 Utilities determined that the Group 1 Projects are necessary under any reasonable set of future circumstances (this is addressed more fully below). They address the most immediate system reliability issues while

providing a platform to build upon for additional transmission projects that will be needed in the future.

The Fargo and Bemidji Projects strengthen the immediate ties from the Red River Valley and the rest of North Dakota to the rest of the network serving the region, thereby enhancing reliability. The Brookings and La Crosse Projects strengthen the network in ways that reduce the chances of problems elsewhere affecting North Dakota and increase system capacity to access generation markets further east and south.

The testimony of Mr. Timothy Rogelstad describes the CapX2020 Vision Plan analysis in more detail.

2. Joint Development and Construction of Projects

To ensure cost-effective implementation of the Group 1 Projects, Applicants, through their participation in the CapX2020 Initiative, have provided for a prudent means of developing the Projects. The CapX2020 Initiative was formed to meet the growing transmission needs of all utilities in the region. By coordinating regional planning, the region's utilities are able to develop solutions to regional transmission needs instead of piecemeal solutions that could lead to duplicative transmission facilities being built. Further, by acting as a group, the CapX2020 Utilities obtain improved efficiency in permitting, routing, scheduling, material purchasing, and overall project development. Overall, Applicants' participation in the initiative allows us to lessen our costs and achieve greater benefits from the Group 1 Projects due to the strength and size of the organization.

By working together, the CapX2020 Utilities have been able to develop a comprehensive set of alternatives for improvement of the transmission system, as opposed to crafting piecemeal solutions that would result from individual utility solutions. This coordinated approach provides real value to North Dakota. By combining their resources and working together, the CapX2020 Utilities will reduce the overall amount of transmission that would otherwise need to be constructed to serve North Dakota. Thus, overall, North Dakota's customers will be responsible for lower costs than would otherwise have happened. In addition, one of the important features of the Vision Plan was the recognition that significant new generation from North Dakota is likely. A coordinated transmission plan that accommodates that predicted new generation will provide North Dakota with significant new transmission capacity at a time when new generation in the area is likely.

Second, working together within the regulatory environment to jointly file applications for permits in all of the affected jurisdictions allows regulators to more

fully understand the scope, benefits, and impacts of the projects and not be subjected to numerous separate filings by individual utilities on separate projects that may often times work at cross purposes. Applicants believe that their joint efforts have improved the overall efficiency in obtaining the necessary regulatory permits. The current Application provides the Commission with an opportunity to consider simultaneously the requests of two utilities for their respective costs incurred in the same projects. This approach provides the Commission with valuable insights into the joint planning process while also ensuring that the Commission can review both utilities' expenditures arising out of the same projects.

Third, the joint approach of Applicants and the other CapX2020 Utilities is a prudent way to proceed with developing the projects in order to spread the costs among a broad array of utilities. An investment of approximately $1.8 billion for all of the Group 1 Projects would be difficult for any one utility to undertake. By collaborating with a number of other regional utilities, Applicants are able to successfully spread their risks and balance their costs. This multiparty approach is a prudent way to proceed through the development, construction, and ownership phases. Once again, this joint approach provides significant benefits to North Dakota. North Dakota is the beneficiary of major new transmission infrastructure that provides substantial opportunity for significant future generation and load growth, while being responsible for less than 5% of the costs.

Finally, Applicants and the CapX2020 Utilities recognize that there will be benefits arising from a coordinated effort in securing materials and services required to build the Group 1 Projects. As such, a joint sourcing approach is being utilized in order to minimize or eliminate inter-project competition for labor and material resources, maximize leverage in the market by standardizing specifications and sourcing for the total volume of major materials and resource needs across all four project, establish a common request for proposal ("RFP") process to present "one CapX2020 face" to the market, eliminate inefficiencies, and enhance inter-project flexibility where possible for services.

For example, utilizing a joint sourcing process across the projects creates a spend volume asset. This volume consolidation and early RFP activity allows manufactures and suppliers the ability to plan fabrication in advance of the delivery needs. This approach works to avoid the premium costs associated with orders outside of the lead time and typically garners more attractive pricing when the suppliers, manufactures and contractors are able to advance plan their production schedules or field resources.

Applicants believe that absent their participation, the ability to develop an overall transmission system solution as comprehensive and robust as the Group 1 Projects would not have been possible.

B. The Group 1 Projects are Needed for Overall System Reliability

It has been decades since significant improvements have been made to the regional network and the system has reached its limits. Multiple areas of concern on the system, which will only get worse over time, require additional transmission in order to enhance the overall system reliability, including reliability for North Dakota customers who are reliant on the interconnected regional system. The Group 1 Projects address many near term- and mid-term system issues.

The Group 1 Projects represent a prudent and coordinated set of transmission improvements designed to address both near and long-term needs of Applicants' customers as well as the needs of the other regional utilities. Planning engineers analyzed many alternatives to constructing the Group 1 Projects to confirm whether these were the correct projects to construct. Alternatives considered included upgrades to currently built facilities, double-circuiting existing facilities, adding localized generation and using higher and lower voltage transmission lines. Applicants determined that these alternatives did not adequately meet all of the identified needs. The Group 1 Projects, on the other hand, provide sufficient transmission to satisfy all of the identified needs, plus provide a solid platform for future system expansion to address future growth. By providing a foundation for future system build-out, the Group 1 Projects are a prudent way to cost-effectively meet additional system-wide needs past the year 2020 planning horizon.[7]

C. The Group 1 Projects are Needed to Address Community Service Reliability Issues in Fargo, Grand Forks, the Greater Red River Valley, as Well as Several Other Specific Communities in the Region

In addition to system wide growth concerns, the transmission system must be able to reliably deliver power to individual communities. Transmission planners monitor the performance of the system and identify limits that could affect power deliveries to individual communities or load centers on the system. Power must be able to flow even if one of the most critical elements of the system fails.

There are a number of situations developing on the system in which service is threatened if a critical piece of equipment fails during high demand periods. The four Group 1 Projects have been configured to address these emerging community service reliability issues.

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[7] For additional information regarding CapX2020 planning activities beyond the year 2020 planning horizon, please see the Direct Testimony of Mr. Timothy J. Rogelstad.

1. Red River Valley

The major population centers in the Red River Valley in North Dakota are an example of growing concern about community service reliability. Electrically, a broad area from Grand Forks to Fargo, and from Jamestown to Brainerd and Alexandria depends on a system of high voltage transmission lines to provide electrical power. As the demand for power grows in the area over the next several years, the failure of a key 345 kV transmission line – the Center – Jamestown – Maple River line – could jeopardize service to the entire area.

The area has experienced the outage of the Center – Jamestown – Maple River 345 kV line on more than one occasion in recent years. In 2005, the line was down for 34 hours on November 29th and 30th, during a three-day snow and ice storm. The storm caused 57 different line outages in the area and caused service interruptions to nearly 50,000 customers in North Dakota, South Dakota, and Minnesota, including intentional interruptions to prevent failures on overloaded facilities.

The Bemidji Project will strengthen electrical ties with the rest of the transmission system east of the Red River Valley and alleviate concerns in the northern part of the Red River Valley centered on Grand Forks. With the Fargo Project, reliable service to Fargo, North Dakota and the southern portion of the Red River Valley electrical area will be maintained.

2. Other Communities

Other communities in and around the Red River Valley area will also be served by portions of the CapX2020 Group 1 Projects. The Alexandria area is another example of growing reliability concerns. The loss of a 115 kV circuit in the Alexandria area could result in significant reduction in reliability. Similarly, existing problems in the St. Cloud area call for a new 345 kV connection in the near future. A single transmission line outage could also jeopardize service to the St. Cloud area during high demand periods.

The Fargo Project was a prudent choice as it addressed multiple customer service issues (St. Cloud, Alexandria, Fargo) while simultaneously providing a robust connection that will accommodate growth in and around North Dakota. Likewise, the Bemidji Project is also needed to alleviate reliability concerns in Bemidji and surrounding area.

The other CapX2020 Group 1 Projects also address important local community reliability issues. With regard to the La Crosse Project, today the transmission system serving Rochester, Minnesota cannot meet the demand for power should any one of

three sources to the city fail during high demand periods. That is why Rochester Public Utilities must run its Silver Lake generating station to ensure reliable service to the city even when more economical power is available. Similarly, system reliability concerns are developing on the system serving the La Crosse, Wisconsin and Winona, Minnesota areas.

Finally, the Brookings Project provides community service benefits to a number of communities in Western Minnesota as well as the Southern Suburbs of the Twin Cities. Long term, this facility provides benefits to Marshall, New Ulm, New Prague, and other regional communities as well as providing additional transmission to support the growing suburban communities such as Lakeville, Minnesota. The Brookings Project alleviates strain on the system in the Southern Twin Cities metro area and provides an important link to the larger transmission system.

D. The Group 1 Projects are Needed to Support Generation Expansion in Both North Dakota and the Region

There is a growing need for transmission capacity to support significant new generation throughout the region. The Group 1 Projects will increase system capacity to support generation expansion in North Dakota. They will increase the North Dakota Export ("NDEX"), thus increasing the ability to reliably export generation produced in North Dakota to energy markets to the east and south. Transmission studies have shown that the Group 1 Projects will increase NDEX by several hundred megawatts. The Fargo Project is expected to increase transfer across the NDEX limit by approximately 350 MW (depending upon the size and location of generation), which will support additional outlet for generators in northwest Minnesota and southeastern North Dakota. The Bemidji Project increases NDEX by about 100 MW. And the combination of building both the Fargo and Bemidji Projects results in approximately 550 MW of NDEX increase. The Brookings Project will result in further increases to NDEX. Recent analysis has shown that the combined effect of the Group 1 Projects should result in an overall incremental increase to NDEX of 700-800 MW. Actual results will be dependent upon the size and location of future generation.

To serve this growing demand of customers in the upper Midwest, large amounts of new electric generation of all kinds will need to be installed. Taking into account emerging policies regarding new generation sources as well as growing demand, several thousand megawatts of new generation will be needed in the coming decade and beyond. These anticipated generation additions further justify the expansion of the bulk transmission network serving the region.

Additional transmission facilities are needed to move the electricity generated to load centers where that power will be used. Further, regional utilities are now required or encouraged to supply additional electricity from renewable sources. For example, North Dakota and surrounding states all have renewable energy goals and requirements. North Dakota lawmakers passed the Renewable and Recycled Energy Objective that established the goal of achieving ten percent of retail electric sales from renewable and recycled energy sources by 2015. N.D.C.C. § 49-02-28. Legislative initiatives of this type throughout the region contribute to a need for additional renewable generation. Furthermore, interest nationally in renewable energy has intensified.

Large scale generation projects are often not constructed near the load that will consume the electricity generated. For example, North Dakota currently has substantial generation based on traditional fossil fuels and has rich wind resources that can be developed. However, North Dakota's loads are not large enough to absorb all of the electricity that is and can be generated within the state. Further, the ability to export generation out of North Dakota is constrained by limits on the existing system. Additional generation outlet will allow existing and new generation to reach areas where it can be consumed.

The Group 1 Projects will increase the amount of generation that can be supported in and exported out of North Dakota by increasing the capacity of the transmission system to move energy between North Dakota and the rest of the system further east by several hundreds of megawatts. The Brookings Project will allow the continued development of generation in western Minnesota and eastern South Dakota and alleviate some strain on the transmission system in North Dakota by creating an additional path for North Dakota based generation to move eastward. The La Crosse Project will provide additional capacity to transmit generation and is an important step toward building transmission capacity that will allow generation better access to energy markets for generation produced in the region. The Group 1 Projects are a necessary prerequisite for subsequent transmission projects that will increase the capacity of the system to receive even larger blocks of power from the Dakotas.

Notably, the addition of the Brookings Project (in addition to the Fargo and Bemidji Projects) will further increase the NDEX limit, providing an enhanced ability for North Dakota to maximize its participation in developing regional markets.

The additional generation outlet capabilities created by the Group 1 Projects will provide significant benefits to North Dakota and the region. By increasing power export capability and providing a path to the wider energy markets administered by MISO, the Group 1 Projects will enhance existing generation value and create the potential for additional generation development. The ability to support this additional

generation can also help spur economic development in North Dakota and the region for support services and manufacturing related to the development of generation. In particular, the state has over the last few years experienced job growth and economic development in the areas of construction services and manufacturing related to renewable energy.

E. The Construction of the 345 kV Group 1 Projects Using a Double-Circuit Compatible Configuration is a Prudent and Available Alternative

Applicants are proposing to build the Three 345 kV Projects to include the capability for adding a second circuit in the future for the remainder of the facilities in order to maximize the use of corridors and rights of way, provide for a cost-effective way to increase future capacity and create key regional transmission corridors. The discussion below demonstrates that this "double-circuit compatible" configuration is a reasonable and prudent course of action in light of the alternative configurations considered by the planners.

1. Alternatives Considered for the Three 345 kV Projects

As described above, the CapX2020 planning process demonstrated that new transmission is a prudent option to meet all identified need categories.[8] The planning process identified a number of transmission upgrades that are necessary in the near and mid term planning horizons to keep pace with customer needs. None of the alternatives considered were found to satisfy all of the identified needs in a cost-effective manner. Finally, with regard to the Three 345 kV Projects, planners determined that having the future ability to expand the capacity by adding a second circuit as circumstances warrant is a reasonable and prudent use of resources.

Both higher and lower voltage configurations were considered. An important factor in the alternative voltage analyses was the interest in making use of the existing transmission system in the region and thereby reducing the need to upgrade other facilities to accommodate the Group 1 Projects. The Three 345 kV Projects are designed to expand and strengthen the existing 345 kV system located in North Dakota and surrounding states, while the Bemidji Project is designed to coordinate with the existing 230 kV system located in the Bemidji-Grand Rapids area. All of the Group 1 Projects work together and with the overall system to provide a robust and reliable transmission system for regional utility customers through 2020 and beyond.

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[8] Please see the Direct Testimony of Mr. Timothy J. Rogelstad for a more complete discussion of the CapX2020 planning process.

Higher voltage lines, such as 500 kV or 765 kV transmission lines, could be used to provide high capacity transmission of power. While these voltages may have been appropriate for some needs, these voltages would not be as advantageous as matching the existing 345 kV and 230 kV systems in North Dakota and our region. While these voltages could meet the identified generator outlet need, the capacity of these higher voltage lines would be limited by the amount of energy flows that could be handled by the lower voltage system, thereby lessening the system reliability and community service reliability benefits. In order to properly utilize these extra high voltage lines, new high voltage transmission lines (either 230 kV or 345 kV – depending on the surrounding system configuration) would have to be built to support a 500 kV or 765 kV transmission project to avoid overloading the surrounding lower voltage (115 kV and 69 kV) system. The use of a double-circuit compatible configuration for the Three 345 kV Projects will provide similar transmission capacity to a 500 kV transmission line when the double circuit is complete but the additional cost of obtaining that additional capacity is deferred to when the surrounding transmission system is capable of supporting it.

Lower voltage lines were also evaluated. The lower voltage lines were determined not to be a reasonable alternative in a majority of situations because they cannot provide efficient transfer capability over the long distances required to satisfy all identified needs. Lower voltage lines result in higher line losses which reduce the efficiency and desirability of this alternative, especially for generator outlet capability. In addition to losses, Applicants determined that it would be necessary to implement multiple lower voltage lines in a given area to provide the same transmission capacity from a single 345 kV line. This could result in a proliferation of route corridors and would create significant additional environmental impacts with no added electrical performance.

A number of other alternative configurations were considered in determining that the Group 1 Projects are a reasonable and prudent set of upgrades that are appropriate for the system. Applicants considered double-circuiting the Group 1 Projects and in some instances concluded that double-circuiting and co-locating transmission lines can be appropriate. However, there are limitations on the ability to double circuit lines based on relevant reliability requirements. For example, one factor that must be considered whether double circuiting is a feasible option is compliance with NERC Standard TPL-003-0, System Performance Following Loss of Two or More Bulk Electric System Elements. This standard requires transmission planners to demonstrate that the system can be operated reliably under specified contingency conditions. The 345 kV Group 1 Projects, as proposed in the double-circuit compatible configuration, satisfy all relevant NERC criteria.

Applicants also analyzed whether upgrading existing facilities would satisfy the identified needs and found that refurbished and upgraded facilities were not adequate to address all of the necessary issues.

Finally, under some circumstances, the availability of local peaking generation can delay the need for new transmission. However, in this circumstance, local generation could not satisfy all of the categories of need identified and use of local generation is not an appropriate replacement for the Three 345 kV Group 1 Projects.

For the Three 345 kV Projects, the double-circuit compatible configuration will maximize the use of corridors and rights of way and will offer a cost-effective way to increase future capacity. This configuration will also create key regional transmission corridors. The double-circuit compatible configuration will allow for future capacity additions to the bulk power network on existing structures within these rights-of-way instead of on new structures in new corridors. This helps to mitigate proliferation of corridors and is a prudent expenditure in anticipation of future needs.

Since most of the benefits of a second circuit can not be realized until other future transmission projects occur, the CapX2020 Utilities determined that the most prudent option is to install larger structures now that are capable of carrying the second circuit at some time in the future as circumstances warrant. Applicants and the other CapX2020 Utilities are reviewing the timing and other implications of the double-circuit compatible approach.

2. Project Specific Alternatives

Below, Applicants address a number of the project-specific alternatives considered that demonstrate the prudence of the double-circuit compatible configuration for each of the three 345 kV projects.

a. The Fargo Project

With regard to the Fargo Project, a number of alternative transmission and generation configurations were considered and analyzed to determine that the 345 kV double-circuit capable configuration is the most prudent available project to satisfy the identified needs. Significantly, providing a new 345 kV source linking the greater Red River Valley area to the 345 kV system serving Twin Cities load centers provides a strong electrical connection between two significant load pockets in the region and, therefore, helps create a stronger and more robust regional electric system. Using lower voltage lines, such as 115 kV or 161 kV lines, would not serve that purpose.

Nevertheless, lower voltage alternatives along with upgrading the existing system were considered but found to be electrically inferior at significant cost. Adding additional

capacitor banks to the existing 115 kV system was found to be insufficient to overcome the long term system issues in the Red River Valley. Even adding a second 230 kV line in the region would have resulted in significant expense without equivalent system performance as offered by the Fargo Project.

When considering all of the communities served by the Fargo Project, it was concluded that a lower voltage option would result in many more miles of transmission construction at significant expense, while providing inadequate overall system performance. In addition to the proliferation of corridors, relying upon lower voltage lines to serve the types of needs supporting the Fargo Project would result in higher losses, and a more inefficient system.[9] The study work that was done specifically for the Fargo Project determined that adding the Fargo Project along with the Bemidji Project results in the best available losses profile.

A number of other options were also considered but found not to be preferable to the double-circuit compatible configuration. 345 kV single-circuit, 345 kV double-circuit, 345/500 kV double circuit, 500 kV single circuit and 500 kV double-circuit were all considered. Generally the higher voltage lines were found to increase costs significantly while not providing any near-term benefits. A single-circuit 500 kV line would have increased costs by $170 million or more with no immediate ability to take advantage of the increased voltage. Similarly deploying a second 345 kV circuit at this time was found to increase costs with no corresponding near-term electrical benefit. It was found that building the poles slightly larger to accommodate deployment of a second circuit in the future provided the best balance of up-front cost versus long-term benefits. Using the larger "double-circuit compatible" structures would result in an incremental increase in costs compared to 345 kV single-circuit of about 20% or around $80-100 million. This increased investment now provides a prudent first step toward deploying the second circuit in the future when circumstances warrant.

For example, assuming the addition of 1,200 MW of generation from the North or the West of Fargo would require significant additional transmission. Thus if significant generation from Central North Dakota is deployed, new transmission will be needed to accommodate that generation. Applicants determined that under such a scenario, adding a second circuit to the Fargo Project would provide the transfer

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[9] When electric energy is transmitted, some of it is dissipated or "lost" as heat during transmission. This means that additional electric energy must be produced and transmitted to make of for the amount that was lost. Losses are correlated to the impedance of the transmission line, which simply means that the larger the conductor/higher the voltage, the lower the losses. Losses consist of deman (MW) and energy (MWh) losses which can be derived to estimate the amount of additional generation that must be deployed to satisfy customer requirements.

capability necessary for such a major generation addition. If major new generation is developed in Central North Dakota, additional transmission will be required to carry that power from the source to regional load centers. Having the ability to further expand the system with the second circuit will facilitate ensuring that the transmission system is adequate for whatever new generation is proposed.

b. The Brookings Project

A primary need for the Brookings Project is to facilitate additional generation from the west to major load centers to the south and east. As such, planners focused on voltages that would facilitate bulk transfer of power from these regions. A 345 kV line was found to fit well with the existing system to provide for bulk transfers of generation from west to east.

Similar to the Fargo Project, a variety of options were considered, including 345 kV single-circuit, 345 kV double-circuit, 345/500 kV double-circuit, 500 kV single-circuit and 500 kV double-circuit. Once again, it was determined that deploying higher voltage or double circuit options immediately would result in significant additional cost without near-term benefits. For example a 500 kV single-circuit line would increase costs by $175 million or more with no immediate ability to take advantage of the increased voltage. Rather, the double-circuit compatible configuration provides the future ability to achieve comparable long-term capacity goals as would be found with a 500 kV line but results in only an approximately 8% or $50 million increase at this time. In the future when the second circuit is needed, the additional installation costs will better match the timing of that need.

c. The La Crosse Project

The La Crosse Project was developed following a number of study efforts to determine the most prudent configuration. Planners recognized that providing a 345 kV source from the Twin Cities load center to the southeast would provide a strong 345 kV source to the south and east. It will also provide an additional high voltage path for electric transfers both into and out of the region. When coupled with other expected regional transmission projects, the La Crosse Project will be an important element to facilitate power transfers from generation sources in the west to major load centers to the south and east.

Nevertheless, planners investigated whether a series of 161 kV transmission lines would satisfy the identified needs at reasonable costs. For example, additional transformers and a new 161 kV line near Rochester, Minnesota could have addressed the specific Rochester community service needs but would have cost a similar amount to provide Rochester with the 345 kV source and this addition would have no impact

on addressing community service needs in La Crosse. To address La Crosse needs, planners modeled additional generation in the area and found that it did not overcome the overload conditions identified in the relevant timeframe. A 161 kV rebuild option was also considered. But these options were inadequate and would have resulted in $173 million investment while not addressing all of the issues that needed to be addressed.

Once again, planners concluded that the double-circuit compatible option was the best configuration for the La Crosse Project. Near-term needs are adequately served by the first 345 kV circuit. The double-circuit capable structures would result in an approximately 20% increase, or about $60 million. For this investment, the CapX2020 Utilities are provided with the flexibility to add the second circuit in the future as circumstances warrant. This flexibility is particularly key in this instance as the La Crosse Project crosses the Mississippi River. By having the ability to add the second circuit to the existing facility, the utilities will be able to take advantage of a single river crossing and avoid the difficult permitting issues that would arise if a new river crossing was proposed.

3. The Bemidji Project

Finally, the Bemidji Project is primarily intended to address community service reliability issues in the Red River Valley as well as the Bemidji lakes area. It is configured at 230 kV (instead of 345 kV as is the case with the other Group 1 Projects) to better match the existing transmission system in the project area.

The Bemidji Project is not configured to be double-circuit compatible. Planners considered four specific options, the Bemidji – Grand Rapids 230 kV Project, a Winger – Wilton 230 kV Project, a Badoura – Wilton 230 kV Project, and rebuilding a series of 115 kV lines. Each of these projects were within 20% of each other on an installed cost basis. The analysis of these four options showed that the Bemidji Project provides by far the most incremental load serving capability and is the lowest cost option. It should also be noted that the Bemidji Project provides a transmission solution through the 2020 timeframe, while deploying the Badoura Project would necessitate additional transmission or generation upgrades prior to 2020.

F. The Group 1 Projects are Needed to Establish a Common Foundation for Future Development Across the System to Allow for Regional Generation to Access Regional Markets

The CapX2020 Utilities investigated a broad range of possible scenarios and found the Group 1 Projects are a necessary common foundation for future development across the system and will provide greater opportunities for regional generation to

access regional markets. Additional export capacity and market access will also provide a platform for the development of additional North Dakota based generation, including renewable generation from areas with favorable wind resource profiles.[10]

In addition, the Group 1 Projects provide flexibility that will be beneficial to North Dakota. The specific benefits of transmission and the precise amount of capacity it will support is dependent upon the size and location of new generation. At this time, the size and location of new generation is not yet known. As a result, the Vision Plan examined three separate generation expansion scenarios, including one that assumed significant new generation from North Dakota. The study found that the Group 1 Projects constitute common facilities that are needed under any reasonable set of future generation expansion scenarios. In other words, these four projects are necessary to support regional needs regardless of the generation scenario considered. Thus constructing these lines will result in a significant increase in NDEX and will lay the foundation for future generation development in North Dakota.

Even before the construction of new generation, North Dakota is a net exporter of electricity. This means that during many hours of the year it is necessary for North Dakota to have a robust transmission system to export its excess energy. The CapX2020 Group 1 Projects will facilitate that access and will create additional capacity to support the export of excess energy. The need for additional transmission capacity for exports to the broader market from North Dakota is likely to increase as a number of major wind-energy projects are currently being actively developed in North Dakota. In addition, it is reasonable to expect that additional wind-energy will be developed in the coming years if the transmission is constructed that will be necessary to export that energy to the market.

G. The Group 1 Projects Cost Effectively Balance Immediate and Future Needs

Of the fifteen facilities identified as needed under all scenarios studied by CapX2020 planning engineers, the Group 1 Projects were selected as the first to be built because they were also deemed necessary to meet more immediate community reliability needs. By choosing to build those facilities that meet more immediate needs first, the CapX2020 Utilities are deferring the costs of additional facilities until they are needed. Further, by building the facilities in a double-circuit compatible configuration, the Group 1 Projects will maximize the use of existing corridors by building for expected

[10] For a further description of the direct benefits of the Group 1 Projects to North Dakota, please see the accompanying Direct Testimony of Mr. Timothy J. Rogelstad.

future needs, while deferring the costs of the extra circuit until additional system benefits can be realized by its construction.

By making the 345 kV lines double-circuit compatible, Applicants are providing a prudent platform for future grid expansion. It will also provide a cost effective way to maximize use of existing infrastructure and corridor sharing. Choosing the double-circuit compatible configuration provides important and prudent advantages. This configuration will cost less to upgrade in the future as increasing consumer needs call for future grid expansion. This configuration will help the CapX2020 Utilities maximize the use of existing rights-of-way and existing infrastructure. And, this configuration will result in less impact to landowners when a second circuit is added in the future, and thus should also reduce likelihood of potentially contentious and difficult siting matters in the future. Each of the four Group 1 Projects has unique challenges for siting the lines. Additionally, each of the Three 345 kV Projects crosses a navigable river (requiring potentially challenging additional regulatory review). By planning on the front end for a second circuit, Applicants can avoid having to site yet another right of way across important navigable waters in the future and incurring additional costs. Addressing as many issues as possible with these lines will help the utilities avoid having to come back and revisit these same issues with a new line.

Finally, as noted, Applicants' analysis shows that the second circuit could be deployed in the near- to mid-term depending upon a variety of factors, including additional generation development. As discussed earlier, applicants analyzed the effect on the system if 1,200 MW of new generation is added to the system from the North or West of Fargo. The analysis showed that with 1,200 MW of new generation, the second circuit of the Fargo Project (or some other major new facility) would be necessary. Of course, upgrading the existing line would be cheaper than acquiring new right-of-way and constructing a whole new project. In addition, Applicants concluded that it would be cost effective to install the larger double-circuit compatible structures now to facilitate more cost effective future upgrades. This same analysis holds true for each of the Three 345 kV Projects.

VI. ESTIMATED COST IMPACT TO APPLICANTS' NORTH DAKOTA RATEPAYERS OF THE GROUP 1 PROJECTS

Applicants anticipate that, collectively, their North Dakota customers will be responsible for less than 5% of the total retail cost impact of the approximately $1.8 billion Group 1 Project investment. In other words, of the total cost impact to the retail ratepayers of all the CapX2020 Utilities due to MISO charges, Xcel Energy's and Otter Tail's North Dakota ratepayers will be responsible for less than 5% of the MISO charges attributed to the Group 1 Projects. These costs will be recovered through the MISO cost allocation mechanisms (discussed in detail below). Based on

the currently-applicable MISO mechanisms, the cumulative effect on Xcel Energy and Otter Tail's North Dakota ratepayers will be in the approximate range of $16-18 million in yearly MISO charges, representing only $75-100 million in investment of the total $1.8 billion of investment by the CapX2020 Utilities in the Group 2 Projects.

As described more fully in the following analysis, Xcel Energy estimates that additional annualized revenue requirements to recover from its North Dakota customers will be in the range of $9-10 million for yearly MISO charges, representing approximately $40-60 million for the North Dakota allocation of its investment. Otter Tail estimates that additional annualized revenue requirements to recover from our North Dakota customers in the range of $7-7.5 million for yearly MISO charges, representing approximately $35-40 million for the North Dakota allocation of its investment.

A. Applicants' Anticipated Investment Shares in the Group 1 Projects

The CapX2020 Utilities' coordinated approach to planning speaks to the regional benefits of these projects. But each CapX2020 Utility ultimately has different load serving needs and different amounts of capital available to invest. Ultimate ownership of each of the Group 1 Projects was left until the end in order to accomplish the following: one, allow for joint planning and permitting of the Project because regardless of ownership, all of the Group 1 Projects are needed; and two, allow for the regulatory approvals to be obtained and evaluated by the utilities so that each utility had the opportunity to assess the regulatory requirements and its capacity for investment and its ownership.

For the purpose of developing the Group 1 Projects and sharing in the development costs, the CapX2020 Utilities have agreed to certain project investment percentages. The table below illustrates the investment targets currently contemplated by the CapX2020 participating utilities. Each utility, including Applicants, has the right (but not the obligation) to take ownership up to the identified project development percentage. Each utility may invest up to the percentage, choose to invest in a lower percentage, or choose to not invest at all in a Project. If the utility ultimately declines to take ownership to its designated level, the excess is offered to the other participants. The decision whether or not to invest in the construction of a Project will be made after all major permits have been issued for that Project.

Figure 7: Project Development Percentages

Project Name:	Fargo	La Crosse	Brookings	Bemidji
Applicable Project Development Percentage				
Central Minnesota Municipal Power Agency	--	--	2.2%	--
Dairyland Power Cooperative	--	11.0%	--	--
Great River Energy	25%	--	16.5%	13.0%
Minnesota Power	14.7%	--	--	9.3%
Minnkota Power	--	--	--	31.5%
Missouri River Energy Services	11.0%	--	5.1%	--
Otter Tail Power Company	13.2%	---	4.1%	20.0%
Rochester Public Utilities	--	9.0%	--	--
Southern Minnesota Municipal Power Agency	--	13.0%	--	--
WPPI Energy	--	3.0%	--	--
Xcel Energy	36.1%	64.0%	72.1%	26.2%
Totals:	100%	100%	100%	100%

As Figure 7 shows, Applicant Otter Tail is not expecting to own any portion of the La Crosse Project. Otter Tail chose not to invest in the La Crosse Project because it wants to own facilities closer to its existing transmission facilities. Because each utility has a finite amount of resources available for investments in the Group 1 Projects, Applicant Otter Tail has determined that it would invest its available resources on the Projects closest to its customers.

B. Cost Responsibility Assigned By MISO to Applicants

Investment in any particular transmission line by a utility does not determine the cost allocated to it pursuant to the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff ("MISO Tariff"). To the contrary, a portion of the La Crosse Project for example, qualifies for certain MISO cost allocation methodologies and will be socialized across all MISO members including Applicant Otter Tail.

Therefore, while ownership and cost allocation are related issues, there are important distinctions. Regardless of who owns a Project, costs will be allocated to utilities based on MISO's cost allocation methodology.

As members of MISO, Applicants will recover their respective investments in each of the Group 1 Projects pursuant to the MISO Tariff. The cost of ownership, reflected in the final ownership agreements negotiated amongst the utilities, will be entered into each of the Applicant's revenue requirements formula for the segments of each Project eligible for cost sharing pursuant to Attachment FF of the MISO Tariff (sometimes referred to as RECB designations).[11] Depending upon how MISO categorizes a line, different cost allocation factors will be applied. For those segments of the Group 1 Projects without a RECB designation, MISO will compute each owner's revenue requirements and transmission charges pursuant to Attachment O of the MISO Tariff. MISO will calculate revenue requirements and then provide payments to each Applicant to recover their investments. These payments are derived from charges MISO assesses on users of its Transmission System, including Applicants. It is these MISO charges that will ultimately impact our ratepayers. Appendix C contains more discussion of MISO cost allocation methodologies for the Group 1 Projects.

Given the size and scope of the Group 1 Projects (the largest regional transmission project in the upper Midwest in decades) there are novel issues that still need to be resolved in order to finalize Project cost recovery and allocation and ultimately, the cost responsibility assigned to Applicants. The CapX2020 Utilities continue to work on issue resolution with MISO – which is responsible for the operation of the majority of the region's transmission infrastructure. Applicants are transmission-owning members of MISO, and through MISO, Applicants will recover their capital costs and be assessed use charges.

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[11] Please see Appendix C for a discussion of RECB designations. These designations can create important distinctions with important cost allocation implications. Appendix C describes some of these distinctions and the impact they could have on the costs in this circumstance.

For example, the cost recovery and allocation issues regarding the Brookings Project are in flux. As discussed in Appendix C, MISO, Applicants and other stakeholders have begun discussing alternative ways to allocate the costs of the Brookings Project.

Furthermore, Otter Tail and other transmission owning members of MISO are currently in discussions with MISO regarding the need for MISO to adjust its cost allocation methodology, particularly in the circumstance of transmission that is designated primarily available for the interconnection of new generation. Because of the location of the Otter Tail system, there is a large amount of generation in the MISO Queue that is seeking to interconnect to the MISO Transmission System within Otter Tail's pricing zone. But much of that generation will likely be used for the benefit of other regional and national utilities. Based on MISO's current Tariff methodology, a substantial proportion of the cost to build the transmission facilities necessary to interconnect that generation to the transmission grid will be disproportionately borne by Otter Tail ratepayers and Otter Tail will not obtain the corresponding benefit of the generation. Stated another way, under the current MISO Tariff requirements, the utility that purchases or owns the generation may not be responsible for the cost of the transmission needed to interconnect that generation. Otter Tail is working with MISO to seek better ways to allocate the costs of these generator interconnection projects so that Otter Tail's ratepayers do not disproportionally subsidize projects that benefit the customers of other utilities.

Due to the disparate impacts of MISO's cost allocation methodology on Otter Tail's ratepayers as described in the preceding paragraph, Otter Tail has submitted notice to MISO which reserves to Otter Tail its right to withdraw from MISO should the issue not be satisfactorily remedied. Otter Tail has indicated that it is not necessarily Otter Tail's desire to leave MISO. So that Otter Tail may preserve all options with MISO, advance notice required pursuant to the MISO Owners Agreements was deemed advisable. In an effort to address these concerns, MISO submitted to the Federal Energy Regulatory Commission ("FERC") a proposal to modify the cost allocation methodology contained in its Tariff for the costs associated with generators interconnection to its Transmission System on July 9, 2009. The outcome of this process may result in changes to the way the costs for the Brookings Project will be allocated to Applicants and other MISO members. Applicants will keep the Commission informed on this process and of the impact any revised Tariff procedure may have on this proceeding.

Therefore, both MISO's cost allocation methodology for transmission projects designated to be primarily for generator interconnection, and Otter Tail's participation in MISO may change prior to construction of the Group 1 Projects. Applicants will keep the Commission informed as project cost recovery and cost allocation issues

become clearer. In this Application, Applicants will provide a discussion of cost recovery using MISO's cost allocation methodology and Applicants' budgeted capital costs applicable as of the date of filing this Application.

As mentioned above, Applicants will earn a rate of return on their capital costs for the Group 1 Projects pursuant to the MISO Tariff. MISO will collect Applicants' revenue requirements for the Group 1 Projects from charges allocated to various users of the MISO Transmission System. It is the charges that Applicants will pay to MISO based on MISO's cost allocation methodology that will be passed on to Applicants' ratepayers. Appendix C contains an explanation of MISO's cost allocation methodology for each of the Group 1 Projects as well as the expected MISO charges Applicants will incur for the Group 1 Projects.

Applicants recognize that the uncertainties surrounding the MISO cost allocation process make it difficult for the Commission to make definitive decisions about this project because it is impossible to know the precise level of cost responsibility that will be assigned to North Dakota. Applicants believe, however, that the Commission can nevertheless order that the costs incurred on the Brookings Project are prudent in spite of the potential that cost allocation is in flux.

The Brookings Project provides significant value to North Dakota in any case. The NDEX limit will be increased if the Brookings Project is deployed in addition to the Fargo and Bemidji Projects. The presence of this line, therefore, provides real value in making it easier for existing and new North Dakota generation to reach the regional market. In addition, the Brookings Project is an indispensible project for developing major new wind-energy generation in Western Minnesota, Eastern South Dakota, and Southeastern North Dakota. MISO has already determined that the Brookings Project is a necessary system element to address the current demand for new wind generation. In short, the Brookings Project is a reasonable and prudent system addition at this time whether or not the MISO cost allocation mechanism changes.

C. Estimated Cost Impact on Applicants' North Dakota Ratepayers

The impact to Xcel Energy's and Otter Tail's North Dakota ratepayers will be associated with the MISO allocation, which represents approximately less than five percent of the costs, and not necessarily track the precise investment. Below, Applicants provide a more detailed discussion of the projected impacts on each of them.

1. Impact on Xcel Energy Ratepayers

Xcel Energy plans its generation and transmission systems as an integrated whole to serve all customers across the five state jurisdictions in which it operates. The costs of transmission and generation improvements are allocated across all customers generally in proportion to customer usage in each jurisdiction. Approximately 5% of Xcel Energy's system generation and transmission costs are allocated to North Dakota customers.

Based on the MISO cost allocation for the Group 1 Projects (explained in detail in Appendix C), Xcel Energy estimates that the MISO charges it will incur due to the Group 1 Projects will necessitate additional annualized North Dakota jurisdictional revenue requirements in the range of $9-10 per year. This represents approximately $40-60 million of investment by the CapX2020 Utilities allocated to our North Dakota customers. As described in Appendix C, the amount includes certain allocated costs that are currently under review and may change. However, this amount provides a high-case scenario for the Commission's consideration.

2. Impact on Otter Tail Ratepayers

Otter Tail, too, plans its generation and transmission systems as an integrated whole to serve all customers across the three state jurisdictions in which it operates. The costs of transmission and generation improvements are allocated across all customers generally in proportion to customer usage in each jurisdiction. Approximately 41% of Otter Tail's system generation and transmission costs are allocated to North Dakota customers.

Based on the MISO cost allocation for the Group 1 Projects (explained in detail in Appendix C), Otter Tail estimates that the MISO charges it will incur due to the Group 1 Projects will necessitate additional annualized North Dakota jurisdictional revenue requirements in the range of $7-7.5 million per year. This represents approximately $35-40 million of investment by the CapX2020 Utilities allocated to our North Dakota customers. As described in Appendix C, the amount includes certain allocated costs that are currently under review and may change. However, this amount provides a possible worst-case scenario for the Commission's consideration.

VII. COMMUNICATIONS AND SERVICE

Applicants respectfully request that the following persons be placed on the Commission's official service list for all official communications in this case:

James A. Alders
Director, Regulatory Administration
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, MN 55401

David H. Sederquist
Sr. Consultant, Regulation & Finance
Xcel Energy
2302 Great Northern Drive
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SaGonna Thompson
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215 S. Cascade St.
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Otter Tail Corporation
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Michael C. Krikava
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Briggs and Morgan
2200 IDS Center
Minneapolis, MN 55402

VIII. CONCLUSION

The Group 1 Projects are essential to the continued reliable and economic operation of the electrical system serving North Dakota and the rest of the upper Midwest. Without them, a growing list of equipment failures could result in system failures. Growing demand and renewable energy policies are causing significant generation expansion in the region. The Projects have been configured to meet reliability concerns and future growth needs in a reasonable and prudent manner. The Group 1 Projects have been designed to support generation growth in North Dakota and throughout the region and are a necessary foundation to any further expansion of the system in the future. For the reasons discussed above, Applicants respectfully request

that the Commission grant our request for an ADP for our proposed investment in the Group 1 Projects.

Dated: September 17, 2009

Northern States Power Company,
a Minnesota Corporation

Otter Tail Power Company,
a Minnesota Corporation

Respectfully submitted,

JAMES R. ALDERS
DIRECTOR, REGULATORY ADMINISTRATION

DEAN PAWLOWSKI
PROJECT MANAGER

2389650v10

OTTER TAIL APPENDIX A

Otter Tail Power Company Corporate Documents

State of Minnesota

SECRETARY OF STATE

Certificate of Good Standing

I, Mark Ritchie, Secretary of State of Minnesota, do certify that: The corporation listed below is a corporation formed under the laws of Minnesota; that the corporation was formed by the filing of Articles of Incorporation with the Office of the Secretary of State on the date listed below; that the corporation is governed by the chapter of Minnesota Statutes listed below; and that this corporation is authorized to do business as a corporation at the time this certificate is issued.

Name: Otter Tail Power Company

Date Formed: 07/05/1907

Chapter Governed By: 302A

This certificate has been issued on 08/27/09.

THE GREAT SEAL OF THE STATE OF MINNESOTA L'ETOILE DU NORD 1858

Mark Ritchie

Secretary of State.

IN WITNESS THEREOF, we have hereto set our hands and seals.

In presence of
W. H. Lightner
Howard B. Young

Joseph Stronge (SEAL) 407
Jennie B. Forrest (SEAL)
Clarence W. Bedson (SEAL)

State of Minnesota)
County of Ramsey)ss

On this 29th day of June, 1907, before me personally appeared Joseph Stronge, Jennie B. Forrest and Clarence W. Bedson, to me known to be the same persons described in and who executed the foregoing certificate and Articles of Incorporation, and they acknowledged that they executed the same as their free act and deed.

Howard B. Young Notary Public.
Ramsey County, Minn.
My commission expires Oct. 30, 1907.

(NOTARIAL SEAL)

Filed for record in this office July 5, A. D. 1907 at 9, o'clock A. M.

JULIUS A. SCHMAHL, Secretary of State.

CERTIFICATE OF INCORPORATION OF OTTER TAIL POWER COMPANY.

The undersigned hereby associate themselves together and agree to become a body corporate, under and pursuant to the provisions of Chapter 58 of the Revised Laws of Minnesota, of 1905, and more especially of Section 2561 of said Chapter, to that end they certify as follows:

ARTICLE I.

The name of said corporation shall be "Otter Tail Power Company."

The general nature of its business shall be the acquisition, by purchase, condemnation, lease or otherwise, and the construction, maintenance and operation, of dams, reservoirs, power plants, cables, distributing lines, subways, pipes and other conduits, for the purpose of furnishing water power and electric power for public use, and to supply with electric light and heat, including the acquirement of such rights, franchises, privileges and properties as may be necessary or convenient for the transaction of said corporate business.

The principal place of transacting the business of said corporation shall be at the Power Station of said Corporation, Township of Buse, County of Otter Tail, State of Minnesota.

ARTICLE II.

The period of the duration of said corporation shall be thirty (30) years.

ARTICLE III.

The names and places of residence of the incorporators of said corporation are as follows; Vernon A. Wright, of Lincoln, Massachusetts; F. G. Barrows, Fred Leffler and E. W. Anderson, of Fergus Falls, Minnesota.

ARTICLE IV.

The management of said corporation shall be vested in a Board of four (4) Directors, to be elected at the annual meeting of said corporation to be held on the second Monday of October in each year.

The names and addresses of the members of the Board until the first election, in 1908 are as follows:

Vernon A. Wright, residing at Lincoln, Massachusetts.
F. G. Barrows, residing at Fergus Falls, Minnesota.
Fred Leffler, residing at Fergus Falls, Minnesota.
E. W. Anderson, residing at Fergus Falls, Minnesota.

The Board shall have the power to fill all vacancies occurring in its membership.

ARTICLE V.

The amount of the capital stock of said corporation shall be One Hundred Thousand ($100,000.00) Dollars, to be divided into one thousand (1000) shares of One Hundred ($100.00) Dollars each, to be paid as called for by the Board of Directors.

The Board may, at its option, issue not more than Fifty Thousand ($50,000.00) Dollars of said stock as preferred, upon terms to be fixed by the Board, except that such preferred stock shall have no voting power.

ARTICLE VI.

The highest amount of indebtedness or liability to which said corporation shall at any time be subject is One Hundred Thousand ($100,000.00) Dollars.

ARTICLE VII.

The Directors shall have the power to borrow money, issue the bonds of the corporation therefor, and to mortgage and pledge the lands and assets of the corporation to secure the payment thereof, upon terms and conditions to be fixed by the Directors, not inconsistent with the by-laws of the corporation.

IN TESTIMONY WHEREOF We hereunto set our hands and seals this 3rd day of July, A. D. 1907.

In presence of
William L. Parsons
A. W. Johnson

Vernon A. Wright (SEAL)
F. G. Barrows (SEAL)
Fred Leffler (SEAL)
E. W. Anderson (SEAL)

State of Minnesota)
County of Otter Tail) ss

On this 3rd day of July, A. D. 1907, before me personally appeared Vernon A. Wright, F. G. Barrows, Fred Leffler and E. W. Anderson, to me known to be the persons described in and who executed the foregoing certificate of incorporation and acknowledged that they executed the same as their free act and deed.

William L. Parsons Notary Public,
Otter Tail Co., Minnesota.
My commission expires January 23, 1914.

(NOTARIAL SEAL)

Filed for record in this office July 5, A. D. 1907 at 10, o'clock A. M.

JULIUS A. SCHMAHL, Secretary of State.

CERTIFICATE OF AMENDMENT OF THE ARTICLES OF INCORPORATION OF

THE BILTRITE MANUFACTURING COMPANY.

We, the undersigned, John E. Shaw and Charles J. Miller, President and Secretary, respectively, of The Biltrite Manufacturing Company, a corporation duly created, organized and existing under and pursuant to the laws of the State of Minnesota, do hereby certify:

That a special meeting of the stockholders of the corporation was duly held pursuant to notice duly given, at the office of John E. Shaw, 503 New York Life Bldg, in the City of Minneapolis said State, on the 26th day of June A. D. 1907, and that the notice of said meeting expressly stated that it was called for the purpose of amending the Articles of Incorporation in the manner hereinafter stated;

And that at said meeting all of the stockholders and stock of said corporation, were represented in person or by proxy, and duly authorized stockholders and stock of said corporation; and that the following article and resolution, amending the original Articles of Incorporation of The Biltrite Manufacturing Company, was duly presented before said meeting and upon motion duly made and seconded, was by a majority vote in number and amount of the shareholders and shares of stock of said corporation, duly and unanimously adopted, to wit:

"Be it resolved that Article Five (V) of the original Articles of Incorporation now in force, be and the same is hereby amended and in substituted for and taken the place of said Article Five of the original Articles of Incorporation of The Biltrite Manufacturing Company,

Said Article Five (V) will read and be as follows:

ARTICLE V.

"The amount of the capital stock of this company shall be $100,000, divided into 1000 shares of $100.00 each. 40,000 thereof shall be held as treasury stock to be issued only at such times and in such manner as the Board of Directors shall prescribe."

"Be it further resolved, that the President and Secretary of this corporation be and they are hereby authorized and directed to incorporate this resolution in a certificate under the corporate seal of this corporation, and to have the same approved, filed, recorded and published in the manner prescribed by law for the execution, approval, filing, recording and publishing of original Articles of Incorporation."

IN TESTIMONY WHEREOF, we, the President and Secretary of the Biltrite Manufacturing Company, have hereunto subscribed our names and affixed the Corporate Seal of said corporation this 5th day of July A. D. 1907.

Signed, Sealed and Delivered
In presence of
H. D. Smith
Clarence E. Brown (CORPORATE SEAL)

John E. Shaw (SEAL)
President.
Charles J. Miller (SEAL)
Secretary.

State of Minnesota)
County of Hennepin) ss

On this 5th day of July A. D. 1907, before me, a Notary Public within and for said Hennepin County, personally appeared John E. Shaw and Charles J. Miller, to me personally known, who being each by me duly sworn, did say that they are, respectively, the President and Secretary of the Biltrite Manufacturing Company the corporation named in the foregoing instrument, and that the seal affixed to said instrument, is the corporate seal of said corporation that they each have read the foregoing certificate severally subscribed by them, and know of their own knowledge the facts therein stated to be true, and that they also, each acknowledge that they

AMENDMENT OF ARTICLES OF INCORPORATION OF

OTTER TAIL POWER COMPANY.

We, Vernon A Wright, president, and F. G. Barrows, secretary, of Otter Tail Power Company, do hereby certify that at a special meeting of said company duly called for the expressly stated purpose of amending the Articles of Incorporation of said company in the manner hereinafter set forth, and held at the office of said Vernon A. Wright, in the city of Fergus Falls, Minnesota, on December 11, 1908, at 4 o'clock P. M., said Articles of Incorporation were amended by majority vote of all its shares by the unanimous adoption of the following resolution, to-wit:

Resolved that the Articles of Incorporation of Otter Tail Power Company be and hereby are amended by changing Article I. thereof so that the same shall read as follows:

ARTICLE I.

The name of said corporation shall be"Otter Tail Power Company".

The general nature of its business shall be the acquisition, by purchase, condemnation, lease, or otherwise, and the construction, maintenance and operation, of dams, resevoirs, power plants, cables, distributing lines, subways, pipes and other conduits, for the purpose of furnishing electric power for public use, and to supply the public with electric light and heat, including the acquirement of such rights, franchises, privileges and properties as may be necessary or convenient for the transaction of said corporate business.

The principal place of transacting the business of said corporation shall be at the Power Station of said corporation, Township of Buse, County of Otter Tail, State of Minnesota.

Signed and sealed with the corporate seal of said corporation this 11th day of December, 1908.

In presence of — Vernon A. Wright, President.

William L. Parsons

Alberta Way — F. G. Barrows, Secretary.

(CORPORATE SEAL)

State of Minnesota)
County of Otter Tail)SS On this 11th day of December, 1908, before me personally appeared Vernon A. Wright and F. G. Barrows, to me known to be the persons described in and who executed the foregoing certificate of amendment of Articles of Incorporation, and acknowledged that they executed the same as their free act and deed.

(NOTARIAL SEAL) William L. Parsons Notary public, Otter Tail Co., Minn.

My commission expires Jan. 23, 1914.

Filed for record in this office December 12, A. D. 1908 at 11, o'clock A. M. Julius A. Schmahl, Secretary of State.

AMENDMENT OF ARTICLES OF INCORPORATION OF OTTER TAIL POWER COMPANY.

We, Vernon A. Wright, president, and F. C. Barrows, secretary, of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the adjourned annual meeting of said corporation, held at the office of the secretary of said company, in the city of Fergus Falls, Minnesota, on the 26th day of October, 1909, the articles of incorporation of said company were amended by majority vote of all its shares, by the unanimous adoption of the following resolution, viz:

Resolved, That the Articles of Incorporation of Otter Tail Power Company be and hereby are amended by changing Article "V" thereof so that the same shall read as follows:

"V The amount of capital stock of said corporation shall be two hundred thousand ($200,000.00) dollars, to be divided into two thousand (2000) shares of one hundred ($100.00) dollars each, to be paid in as called for by the Board of Directors. The Board may, at its option issue not more than one hundred thousand ($100,000.00) dollars of said stock as preferred, upon terms to be fixed by the Board, except that such preferred stock shall have no voting power.

Signed and sealed with the corporate seal of said corporation, this 29th day of October, 1909.

In presence of:
Robert Hannah
Louise Moellman

Vernon A. Wright, Pres.,
F. C. Barrows, Sec'y.,
of OTTER TAIL POWER COMPANY.

(Corporate Seal)

State of Minnesota,)
County of Otter Tail.)ss.

On this 29th day of October, 1909, before me personally appeared Vernon A. Wright and F. C. Barrows, who, being by me duly sworn, did depose and say that the said Vernon A. Wright is president and the said F. C. Barrows is secretary of Otter Tail Power Company mentioned in the foregoing certificate; that in such capacity they executed said certificate, on behalf of said corporation, and by authority of its Board of Directors; that the seal attached to said certificate is the corporate seal of said corporation; and the said Vernon A. Wright and F. C. Barrows acknowledged that they executed said certificate as their free act and deed, and as the free act and deed of said corporation.

Robert Hannah,
Notary Public, Otter Tail Co., Minn.,
My commission expires Aug. 22, 1913.

(Notarial Seal)

Filed for record in this office on the 30th day of October, A.D. 1909, at 11 o'clock A. M.

Julius A. Schmahl, Secretary of State.

W3 210

AMENDMENT OF ARTICLES OF INCORPORATION OF OTTER TAIL POWER COMPANY.

We, Vernon A. Wright, president, and F. C. Barrows, secretary, of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at an adjourned regular annual meeting of said corporation, held at the office of said F. C. Barrows, in the City of Fergus Falls, Minnesota, on the 26th day of November, 1912, the articles of incorporation of said corporation were amended by majority vote of all its shares, by the unanimous adoption of the following resolution, viz:

Resolved, That the Articles of Incorporation of Otter Tail Power Company be and hereby are amended by changing Articles V. and VI. thereof so that the same shall read as follows:

ARTICLE V.

The amount of the capital stock of the said corporation shall be one million dollars ($1,000,000) to be divided into ten thousand (10,000) shares of one hundred dollars ($100) each, to be paid in as called for by the Board of Directors. The Board may, at its option, issue not more than five hundred thousand dollars ($500,000) of said stock as preferred upon terms to be fixed by the Board, except that such preferred stock shall have no voting power.

ARTICLE VI.

The highest amount of indebtedness or liability to which said corporation shall at any time be subject is one million two hundred fifty thousand dollars ($1,250,000).

Of the above amount of indebtedness not more than one million dollars ($1,000,000) may be incurred under mortgages secured by the property of the company and not more than two hundred fifty thousand dollars ($250,000) may be incurred otherwise.

Signed and sealed with the corporate seal of said corporation, this 3rd day of December, 1912.

In presence of
Fred Leffler
Alberta Way (Corporate Seal)

Vernon A. Wright, President.
F. G. Barrows, Secretary.
of Otter Tail Power Company.

STATE OF MINNESOTA)
COUNTY OF OTTER TAIL) SS.

On this 4th day of December, 1912, before me personally appeared Vernon A. Wright and F. G. Barrows, who, being by me duly sworn, did depose and say that the said Vernon A. Wright is president and that the said F. G. Barrows is secretary of Otter Tail Power Company mentioned in the foregoing certificate; that in such capacity they executed said certificate on behalf of said corporation and by authority of its board of directors; that the seal attached to said certificate is the corporate seal of said corporation; and the said Vernon A. Wright and F. G. Barrows acknowledged that they executed said certificate as their free act and deed, and as the free act and deed of said corporation.

Fred Leffler,
Notary Public, Otter Tail Co., Minn.
My commission expires July 10, 1919.

(Notarial Seal)

Filed for record in this office on the 9th day of December, A.D. 1912, at 9 o'clock A. M. Julius A. Schmahl, Secretary of State.

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Amendment of Articles of Incorporation of Otter Tail Power Company.

We, Vernon A. Wright, President, and Fred Leffler, Assistant Secretary, of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a duly called special meeting of the stockholders of said corporation held at the principal place of business of the company in the Town of Buse, Minnesota on the second day of August, 1920, the Articles of Incorporation of said corporation were amended by majority vote of its shares, by the unanimous adoption of the following resolution, viz:

Resolved, that the Articles of Incorporation of Otter Tail Power Company be and hereby are amended by changing Article VI thereof so that the same shall read as follows:

Article VI.

The highest amount of indebtedness or liability to which the said corporation shall at any time be subject is Ten Million Five Hundred Thousand Dollars ($10,500,000.00).

Of the above amount of indebtedness not more than Ten Million Dollars $10,000,000.00) may be incurred under mortgages secured by the property of the

company and not more than Five Hundred Thousand Dollars ($500,000.00) may be incurred otherwise.

Signed and sealed with the corporate seal of said corporation, this second day of August, 1920.

In presence of
Casborah O. Olson (Corporate Seal)
Ethel Kelcher.

Vernon A. Wright, President.
Fred Leffler, Asst. Secretary.

State of Minnesota }
County of Otter Tail } SS

On this 3d day of August, 1920, before me personally appeared Vernon A. Wright and Fred Leffler, who, being by me duly sworn, did depose and say that the said Vernon A. Wright is President and that the said Fred Leffler is Assistant Secretary of Otter Tail Power Company mentioned in the foregoing certificate; that in such capacity they executed said certificate on behalf of said corporation and by authority of its board of directors; that the seal attached to said certificate is the corporate seal of said corporation; and that the said Vernon A. Wright and Fred Leffler acknowledged that they executed said certificate as their free act and deed, and as the free act and deed of said corporation.

Ethel McCloud Kelcher,
Notary Public, Otter Tail Co. Minn.
My commission expires Nov. 29, 1920.

(Seal)

Filed for record in this office on the 7th day of August, 1920 at 11 o'clock A.

Julius A. Schmahl,
Secretary of State.

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We, Vernon A. Wright, President, and W. L. Hatch, Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the adjourned annual meeting of said corporation held at its principal place of business, Dayton Hollow Power House, in the Town of Buse, in the County of Ottertail and in the State of Minnesota, on the 19th day of October, 1923, the Articles of Incorporation of said Company were amended by majority vote of all its shares, by the adoption of the following resolution, viz;

Resolved, That the Articles of Incorporation of Otter Tail Power Company be and hereby are amended by changing Article "V" thereof so that the same shall read as follows:

Article "V". The amount of capital stock of said corporation shall be one million dollars ($1,000,000.00) to be divided into ten thousand (10,000) shares of the par value of one hundred dollars ($100.00) each, five thousand (5,000) of said shares shall be preferred stock and five thousand (5,000) of said shares shall be common stock. Said shares of stock shall be issued and paid in such manner and at such times and in such amounts as the Board of Directors in their opinion, shall deem for the best advantage of the Company.

The holders of preferred stock shall have no voting power. They shall be entitled to receive when, and as declared, from the surplus or net profits fothe company, cumulative dividends at the rate of, but not to exceed 7% per annum, payable quarterly on the first day of January, April, July and October in each year, before dividends on the common stock shall be paid or set apart.

Said preferred stock, or any part thereof may be retired on any quarterly dividend date at the discretion of the Board of Directors of the Company, at the price of one hundred ($100.00) dollars for each share plus the amount of dividends accrued and unpaid thereon at the date of redemption, provided, at least sixty (60) days notice of such redemption shall be given to the holders of record of the stock so to be redeemed, by mailed notice addressed to their last known postoffice address. In case of liquidation, dissolution or winding up, whether voluntary or involuntary, of the company, the holders of preferred stock shall be entitled to be paid in full, both the par amount of their shares and accrued dividends thereon, before any amount shall be paid to the holders of the common stock, and shall not thereafter participate in any of the property of the company or proceeds of liquidations.

Signed and sealed with the corporate seal of said corporation, this 24th day of October, 1923.

In presence of:

Samuel C. Adams.
Caroline Bale.

Vernon A. Wright.
President.

W. L. Hatch.
Secretary.

Corporate Seal.

State of Minnesota,)
(ss.
County of Ottertail.) On this 24th day of October, 1923, before me personally appeared Vernon A. Wright and W. L. Hatch, who, being by me duly sworn, did depose and say that the said Vernon A. Wright is President and the said W. L. Hatch is Secretary of Otter Tail Power Company mentioned inthe foregoing certificate; that in such capacity they executed said certificate on behalf of said corporation, and by authority of its Board of Directors; that the seal attached to said certificate is the corporate seal of said corporation; and the said Vernon A. Wright and W. L. Hatch acknowledged that they executed said Certificate as their free act and deed, and as the free act and deed of said corporation.

Fred Leffer.
Notary Public. My Commission expires July 10, 1926.

Notarial Seal.

Filed for record in this office on the 29th day of Oct. A. D. 1923, at 10:30 o'clock A. M.

Mike Holm, Secretary of State.

O-3;407. Q-3369. S-3;118. W-3;210. K-4;317.

Amendment of Articles of Incorporation of
Otter Tail Power Company.

We, Vernon A. Wright, president and W. L. Hatch, secretary of Otter Tail Power Company, do hereby certify that at a special meeting of said Company duly called for the expressly stated purpose of amending the Articles of Incorporation of said company in the manner hereafter set forth, and held at the office of the Company in the City of Fergus Falls, Minnesota on April, 9, 1924, the said Articles of Incorporation were amended by the unanimous vote of all its shares by the adoption of the following resolution, to-wit:

Resolved that the Articles of Incorporation of Otter Tail Power Company be and hereby are amended by changing Articles IV and V thereof so that the same shall read as follows:

Article IV.

The management of said corporation shall be vested in a Board of not less than four (4) nor more than seven (7) directors, to be elected at the annual meeting of said corporation to be held on the second Monday of October in each year. The names and addresses of the members of the Board until the first election, in 1908 are as follows:

Vernon A. Wright, residing at Lincoln, Massachusetts.
P. C. Batrowe, residing at Fergus Falls, Minnesota.
Fred Leffler, residing at Fergus Falls, Minnesota.
E. W. Anderson, residing at Fergus Falls, Minnesota.
The board shall have the power to fill all vacancies occuring in its membership.

Article V.

The amount of capital stock of said corporation shall be one million seven hundred and fifty thousand dollars ($1,750,000.00) to be divided into seventeen thousand five hundred (17,500) shares of the par value of one hundred dollars ($100.00) each, ten thousand (10,000) of said shares shall be preferred stock, two thousand five hundred (2,500) of said shares shall be class A. Common stock and five thousand (5,000) of said shares shall be calss B Common stock. Said shares of stock shall be issued and paid in in such manner and at such times and in such amounts as the Board of Directors, in their opinion, shall deem for the best advantage of the Company.

The holders of preferred stock shall have no voting power. They shall be entitled to receive when, and as declared, from the surplus or net profits of the Company, cumulative dividends at the rate of, but not to exceed 7% per annum, payable quarterly on the first day of January, April, July and October in each year, before dividends on the common stock shall be paid or set apart.

Said preferred stock, or any part thereof may be retired on any quarterly dividend date at the direction of theboard of Directors of the company at the price of one hundred ($100.00) dollars for each share plus the amount of dividends accrued and unpaid thereon at the date of redemption, provided, at least sixty (60) days notice of such redemption shall be given to the holders of record of the stock so to be redeemed, by mailed notice addressed to their last known post office address. In case of liquidation, dissolution or winding up of the company, whether voluntary or involuntary, the holders of preferred stock shall be entitled to be paid in full, both the par amount of their shares and accrued dividends thereon, before any amount shall be paid to the holders of the common stock, and shall not thereafter participate in any of the property of the Company or proceeds of liquidations.

Class A and Class B common stocks shall be in all respects similar, except that Class A. Common stock shall have no voting power and that calss B common stock shall have the sole voting power, and, except further, that subscription rights to Class B common stock may be converted into subscription rights of Class A common stock but subscription rights to Class A common stock may not be converted into subscription rights to Class B common stock.

Signed and sealed with the corporate seal of said corporation this 9th day of April, 1924.

In the presence of
Samuel P. Adams.
Caroline Bale.

Vernon A. Wright. president.
W. L. Hatch. Secretary.

Corporate Seal.

State of Minnesota)
(ss.
County of Ottertail.) On this 11th day of April, 1924, before me personally appeared Vernon A. Wright and W. L. Hatch, who, being by me dulysworn, did depose and say that the said Vernon A. Wright is President and the said W. L. Hatch is secretary of Otter Tail Power Company mentioned in the ~~in~~ the foregoing certificate; that in such capacity they executed said certificate on behalf of said corporation, and by authority of its Board of Directors that the seal attached to said certificate is the corporate seal of said corporation; and the said Vernon A. Wright and W. L. Hatch acknowledged that they executed said certificate as their free act anddead, and as the free act and deed of said corporation.

Fred Leffler.
Notary Public.
My commission expires July 10, 1926.

Notarial Seal.

Filed for record in this office on the 10th day of May, A. D. 1924, at 11 o'clock A. M.

Mike Holm. SSecretaryof State.

9-4;407. Q-3;693. W-3;210. K-4;317. P-4 438

84 257 & 425

AMENDMENT OF ARTICLES OF INCORPORATION OF
OTTER TAIL POWER COMPANY.

We, Vernon A. Wright, President and W. L. Hatch, Secretary of Otter Tail Power Company, do hereby certify that at a special meetinf of said Company; duly called for the expressly stated purpose of amending the Articles of Incorporation of said Company in the manner hereinafter set forth, and held at the office of the Company in the City of Fergus Falls, Minnesota, on May 16, 1925 at 10 o'clock A. M., said Articles of Incorporation were amended, by majority vote of all its shares, by the unanimous adoption of the following resolution, to-wit:

Resolved, that the Articles of Incorporation of Otter Tail Power Company be and hereby are amended by changing Articles V and VI thereof so that the same shall read as follows:

Article V.

The amount of capital stock of said corporation shall be two million seven hundres Fifty Thousand dollars ($2,750,000.00) to be divided into twenty-seven thousand five hundred (27,500) shares of the par value of one hundred dollars ($100) each. Ten thousand (10,000) of said shares shall be Seven per cent preferred stock, ten thousand (10,000) of said shares shall be six per cent preferred stock, twenty five hundred (2500) of said shares shall be Class A common stock and five thousand (5000) of said shares shall be Class B Common stock. Said shares of stock shall be issued and paid for in such manner and at such times and in such amounts as the Board of Directors, in their opinion shall deemfor the best advantage of the company.

The Seven per cent Preferred stock and the six per cent Preferred stock shall be alike in all respects except as to the rate of dividends thereon. The Holders of seven per cent Preferred stock shall be entitled to receive cumulative dividends at the rate of, but not to exceed, seven per cent per annum and the holders of six per cent Preferred stock shall be entitled to receive cumulative dividends at the rate of, but not toexceed, six per cent per annum, when and as declared, from the surplus or net profits of the company. Dividends on Preferred stock shall be payable on the first days of January, April, July, and October in each year. No dividends on the common stock shall be paid or set aside if, and so long as, any dividend on the preferred stock shall be in arrears.

Whenever additional preferred stock shall be issued, the amount thereof shall be limited so that, at the time of such issuance, the total amount of outstanding preferred stock, at par, including such additional amount, shall not exceed the net assets of the Company. The term "Net Assets", as here used, shall mean the cost of the property of the company, as shown by its books, together with the value of its current assets, less the direct obligations of the company; provided, however, that if such cost of property plus current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the company for a period of twelve (12) months ending not more than sixty (60) days prior to the time of issuance of such proposed additional preferred stock, then the said cost of property plus current assets shall nevertheless be limited to four and one-half (4½) times such gross revenues. The gross revenues of the Company for the said period of twelve (12) months shall include the gross revenue for same period from any property which may have been owned or operated by the company for only a part of the said twelve (12) months, or which may be in process of acquisition by the company; and the direct obligations of the company shall include the direct obligations which shall have been or shall be assumed by the Company in connection with the acquisition of such properties. The holders of Preferred stock shall have no voting rights.

All of the said preferred stock or any part thereof, may be retired on any quarterly dividend date at the discretion of the Board of Directors of the company, at the price of $100 for each share plus the amount of dividends accrued and unpaid thereon at the date of redemption, provided, at least sixty (60) days notice of such redemption shall be given to the holders of the stock so to be redeemed by mailed notice addressed to their last known postoffice address. In case of liquidation, dissolution, or winding up of the company, whether voluntary or involuntary, the holders of preferred stock shall be entitled to be paid in full, both the par amount of their shares and accrued dividends thereon, before any amount shall be paid to the holders of the common stock, and shall not thereafter participate in any of the property of the company or proceeds of liquidation.

Class A and Class B common stock shall be in all respects similar, except that Class A common stock shall have no voting power and Class B common stock shall have the sole voting power and, except further, that subscription rights to Class B Common stock may be converted into subscription rights to Class A Common stock but subscription rights to Class A Common stock may not be converted into subscription rights to Class B common stock.

Article VI.

The highest amount of indebtedness or liability to which the said corporation at any time shall be subject is twelve million five hundred thousand dollars ($12,500,000). Of the aforesaid amount of indebtedness, not more than ten Million dollars ($10,000,000.00 may be incurred under mortgages secured by the property of the company and not more than two million five hundred thousand dollars ($2,500,000) may be incurred otherwise.

Signed and sealed with the corporate seal of said corporation this 16th day of May, 1925.

In presence of:
Samuel P. Adams
Caroline Bole

Vernon A. Wright, President
W. L. Hatch, Secretary

State of Minnesota
County of Otter Tail ss.

On this 16th day of May, 1925, before me appeared Vernon A. Wright, and W. L. Hatch, to me personally known, who, being by me duly sworn did say that they are the president and Secretary of Otter Tail Power Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was executed in behalf of said corporation, and the said Vernon A Wright and W. L. Hatch acknowledged that they executed the said instrument as their free act and deed, and as the free act and deed of said corporation.

Fred Leffler
Notary Public, Otter Tail County
My commission expires July 10, 1926.

(Notarial Seal)

Filed for record in this office this 20 th day of May, 1925, at 11 o'clock A. M.
O-3, 407; Q-3, 693, S-3, 118; W-3, 210; X-4, 317; R-4, 233

Mike Holm, Secretary of State.

Certificate of Amendment To Articles of Incorporation Otter Tail Power Company.

We, Vernon A. Wright, President, and W. L. Hatch, Secretary, of Otter Tail Power Company, a duly organized and existing Minnesota corporation, do hereby certify that a special meeting of theholders of Class B Common stock of said corporation was duly called and held for the expressly stated purpose of considering the amendment of the Articles of Incorporation of said corporation in the form hereinafter set forth, which meeting was held in the office of the company in the city of Fergus Falls, Minnesota, on the 5th day of March, 1926, at ten o'clock A. M., that at the date of said meeting 2300 shares of Class B common stock of the corporation were outstanding; that at said meeting the holders of all the outstanding shares of Class B common stock of the company were present either in person or by proxy; that at said meeting the following resolution was duly moved, seconded and adopted by the unanimous vote of all the holders of Class B Common stock present, the same constituting the holders of all Class B common stock of the corporation outstanding, which resolution is as follows:

Be it resolved by the holders of Class B commonstock of Otter Tail Power Company, a Minnesota corporation, that Article V of the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, be further amended to read as follows:

"Article V.

The amount of capital stock of saidcorporation shall be Three Million One Hundred Thousand Dollars ($3,100,000.00)to be divided into forty two thousand (42,000) shares, ten thousand (10,000) of which shares shall be seven per cent preferred stock of the par value of One Hundred Dollars ($100.00) each, ten thousand (10,000) of which shares shallbe six per cent preferred stock of the par value of One Hundred Dollars ($100.00) each, twelve thousand (12,000) of which shares shall be special common stock of the par value of Fifty dollars ($50.00) each and ten thousand (10,000) of which shares shall be founders common stock of the par value of Fifty Dollars ($50.00) each. Said shares of stock shall be issued and paid for in such manner and at such times and in such amounts as the board of Directors, in their opinion, shall deem for the best advantage of the company.

The seven percent perferred stock and the six per cent preferred stock shall be alike in all respects except as to the rate of dividends therein. The holders of seven per cent preferred stock shall be entitled to receive cumulative dividends at the rate of, but not to exceed, seven per cent annum and the holders of six per cent preferred stock shall be entitled to receive cumulative dividends at the rate of, but not to exceed, six per cent per annum when and as declared, from the surplus or net profits of the company. Dividends on preferred stock shall be payable on the first days of January, April July and October in each year. No dividends on either class of common stock shall be paid or set aside if, and so long as, any dividends on the preferred stock shall be in arrears.

Whenever additional preferred stock shall be issued, the amount thereof shall be limited so that, at the time of such issuance, the total amount of outstanding preferred stock, at par, including such additional amount, shall not exceed the net assets of the company. The term "Net Assets", as here used shall mean the cost of the property of thecompany, as shown by its books together with the value of its current assets, less the direct obligations of the company; provided, however, that if such cost of property plus current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the company for a period of twelve (12) months ending not more than sixty (60) days prior tothe time of issuance of such proposed additional preferred stock, then the said cost of property plus current assets shall nevertheless be limited to four and one half (4½) times such gross revenues. The gross revenues of the company for the said period of twelve (12) months shall include the gross revenue for the same period from any property which may have been owned or operated bythe company for only a part of the said twelve (12) months or which may be in process of acquisition by the company; and the direct obligations of the company shallinclude the direct obligations which shall have been or shall be assumed by the company in connection with the acquisition of such properties. The holders of preferred stock shall have no voting rights.

All of the said preferred stock, or any part thereof, may be retired on any quarterly dividend date at the discretion of the board of directors of the company, at the price of $100 for each share plus the amount of dividends accrued and unpaid thereon at the date of redemption, provided at least sixty (60) days notice of such redemption shall be given to the holders of the stock soto be redeemed by mailed notice addressed to their last known post office address. In case of liquidation, dissolution or winding up of the company, whether voluntary or involuntary, theholders of preferred stock shall be entitled to be paid in full, both thepar amount of their shares and accrued dividends thereon, before any amount shall be paid to the holders of either class of the common stock, and shall not thereafter participate in any of the property of the company or proceeds of liquidation.

Special common stock andfounders common stock shall be in all respects similar except that special common stock shall have no voting power and founders common stock shallhave the sole voting power of the corporation for all purposes except as set forth in the next succeeding sentence hereof, and except further that subscription rights to founders common stock may be converted into subscription rights to special common stock but subscription rights to special common stock may not be converted into subscription rights to founders common stock. Neither a sale ofsuch portion of the assets of this corporation as shall equal or be in excess of, as to book value, twenty five

~~five~~ per cent of the then total book value of all the assets of this corporation, not a voluntary liquidation of this corporation, shall be had except with the affirmative vote or written consent of the holders of at least seventy five per cent of the common stock then outstanding of this corporation and for the purposes of voting pursuant to the provisions of this sentence, theholders of special common stock and of founders common stock shall have equal rights, share and share alike.

In Witness Whereof, we have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 9th day of March, A. D. 1926.

In the presence of:
Fred Leffer.
K. K. Keane.

Vernon A. Wright. President.
W. L. Hatch. Secretary.

Corporate Seal.

State of Minnesota }
Co nty of Hennepin } ss.

On this 9th day of March, A. D. 1926, before me, a Notary Public within and for said county, personally appeared Vernon A. Wright and W. L. Hatch, to me personally known, who being by me duly sworn, did each for himself say: That he is the president and secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that he has read the foregoing Certificate and known the contents thereof and that the seal affixed to said Certificate is the corporate seal of said corporation and that said instrument was executed in behalf of saidcorporation by authority of the unanimous vote of all the holders of the outstanding Class B Common stock of the company at a special meeting of the holders of Class B Common Stock of the company duly held on the 8th day of March, 1926; that at said special meeting all of theholders of the outstanding Class B Common stock of the company were represented and voted; that said Vernon A. Wright and W. L. Hatch acknowledged said instrument to be their free act and deed and the free act anddeed of said corporation.

Fred Leffler,
Notary Public, Otter Tail Co. Minn.
My commission expires July 10, 1926.

Notarial Seal.

Filed forrecord in this office on the 13th day of March A. D. 1926, at 10 o'clock A. M.

Mike Holm. Secretary of State.

O-3;407. Q-3;693. S-3;118. W-3;210. K-4;317. P-4;638. R-4;233. S-4;257.

CERTIFICATE OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, Vernon A.Wright, President, and W.L.Hatch, Secretary, of Otter Tail Power Company, a duly organized and existing Minnesota corporation, do hereby certify that a special meeting of the holders of Founders Common Stock of said corporation was duly called and held for the expressly stated purpose of considering the amendment of the Articles of Incorporation of said corporation in the form hereinafter set forth, which meeting was held in the office of the company in the City of Fergus Falls, Minnesota, on the 17th day of April, 1926, at ten o'clock A.M.; that at the date of said meeting 6400 shares of Founders Common stock of the corporation were outstanding; that at said meeting the holders of all the outstanding shares of Founders Common Stock of the company were present either in person or by proxy; that at said meeting the following resolution was dulymoved, seconded and adopted by the unanimous vote of all the holders of Founders Common Stock present, the same constituting the holders of all Founders Common stock of the corporation outstanding, which resolution is as follows:

BE IT RESOLVED by the holders of Founders Common stock of Otter Tail Power Company, a Minnesota corporation, that Article V of the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, be further amended to read as follows:

"ARTICLE V.

The amount of capital stock of said corporationshall be Four Million One Hundred Thousand Dollars ($4,100,000.00), to be divided into fifty-two thousand (52,000) shares, ten thousand (10,000) of which shares shall be seven per cent preferred stock of the par value of One Hundred Dollars ($100.00) each, twenty thousand (20,000) of which shares shall be six per cent preferred stock of the par value of One Hundred Dollars ($100.00) each, twelve thousand (12,000) of which shares shall be special common stock of the par value of Fifty Dollars ($50.00) each and ten thousand (10,000) of which shares shallbe founiers common stock of the par value of Fifty Dollars ($50.00) each. Said shares of stock shall be issued and paid for in such manner and at suchtimes and in such amounts as the Board of Directors, in their opinion, shall deem for the best aivantage of the company.

The seven per cent preferred stock and the six per cent preferred stock shall be alike in all respects except as to the rate of dividends thereon. The holders of seven per cent preferred stock shall be entitled to receive cumulative dividends at the rate of, but not to exceed, seven per cent perannum and the holiem of six per cent preferred stock shall be entitled to receive cumulative dividends at the rate of, but not to exceed, six per cent per annum, when and as declared, from the surplus or net profits of the company. Dividends on preferred stock shall be payable on the first days of January, April, July and October in each year. No dividends on either class of common stock shall be paid or set aside if, and so long as, any dividend on the preferred stock shall be in arrears.

Whenever additional preferred stock shall be issued, the amount thereof shall be limited so that, at the time of such issuance, the total amount of outstanding preferred stock, at par, including such additional amount, shall not exceed the net assets of the company. The term "Net Assets", as here used, shall mean the cost of the property of the company, as shown by its books, together with the value of its current assets, less the direct obligations ofthe company; provided, however, that if such cost of property plus current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the company for a period of twelve (12) months ending not more than sixty (60) days prior to the time of issuance of such proposed additional preferred stock, then the said cost of property plus current assets shall nevertheless be limited to four and one-half (4½) times such gross revenues. The gross revenues of the company for the said period of twelve (12) months shall include the gross revenue for the same period from any property which may have been owned or operated by the company for only a part of the saidtwelve (12) months or which may be in process of acquisition by the company; and the direct obligations of the company shall include the direct obligations which shall have been or shall be assumed by the company in connection with the acquisition of such properties. The holders of preferred stock shall have no voting rights.

All of the said preferred stock, or any part thereof, may be retired on any quarterly dividend date at the discretion of the Board of Directors of the company, at the price of $100 for each share plus the amount of dividends accrued and unpaid thereon at the date of redemption, provided at least sixty (60) days' notice of such redemption shall be given to the holders of the stock so to be redeemed by mailed notice addressed to their last known postoffice address. In case of liquidation, dissolution or winding up of the company, whether voluntary or involuntary, the holders of preferred stock shallbe entitled to be paid in full, both the par amount of their shares and accrued dividends thereon, before any amount shall be paid to the holders of either class of the common stock, and shall not thereafter participate in any of the property of the company or proceeds of liquidation.

Special common stock and founders commonstock shall be in all respects similar except that special common stock shall have no voting power and founders common stock shall have the sole voting power of the corporation for all purposes except as set forth in the next succeeding sentence hereof, and except further that subscription rights to founders common stock may be converted into subscription rights to special common stock, but subscription rights to special common stock may not be converted into subscription rights to founders common stock.

Neither a sale of such portion of the assets of this corporation as shall equal or be in excess of, as to book value, twenty-five per cent of the then total book value of all the assets of this corporation, nor a voluntary liquidation of this corporation, shall be had except with the affirmative vote or written consent of the holders of at least seventy-five per cent of the commonstock then outstanding of this corporation and for the purposes of voting pursuant to the provisions of this sentence, the holders of special common stock and of founders commonstock shall have equal rights, share and share alike."

In Witness Whereof, we have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 17th day of April, A.D.1926.

In the presence of
Samuel P.Adams
D.E.Misfeldt

Vernon A.Wright
W.L.Hatch, Secretary
(corporate seal)

State of Minnesota
County of Otter Tail SS

On this 17th day of April, A.D.1926, before me, a Notary Public within and for said County, personally appeared Vernon A.Wright and W.L.Hatch, to me personally known, who being by me duly sworn, did each for himself say: that he is the president and secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that he has read the foregoing Certificate and knows the contents thereof and that the seal affixed to said certificate is the corporate seal of said corporation and that said instrument was executed in behalf of said corporation by authority of the unanimous vote of all the holders of the outstanding Founiers Common stock of the Company at a special meeting of the holders of Founiers Common Stock of the company duly held on the 17th day of April, 1926; that at said special meeting all of the holders of the outstanding Founiers Common Stock of the Company were represented and voted; that said Vernon A. Wright and W.L.Hatch acknowledged said instrument to be their free act and deed and the free act and deed of said corporation.

Fred Leffler, Notary Public,
Otter Tail Co., Minn.
My commission expires July 10, 1926.

(Notarial Seal)

Filed for record in this office on the 23 day of April A.D.1926 at 10 o'clock A.M.

Mike Holm, Secretary of State.

O-3, 407; Q-3, 693; S-3, 118; W-3, 210; K-4, 317; P-4, 638; R-4, 233; S-4, 257; T-4, 735;

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CERTIFICATE OF AMENDMENT TO ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, Vernon A. Wright, President, and W. L. Hatch, Secretary, of Otter Tail Power Company, a duly organized and existing Minnesota corporation, do hereby certify that a special meeting of the holders of Founders Common stock of said corporation was duly called and held for the expressly stated purpose of considering the amendment of the Articles of Incorporation of said corporation in the form hereinafter set forth, which meeting was held in the office of the company in the City of Fergus Falls, Minnesota, on the 6th day of June, 1927, at ten o'clock A.M.; that at the date of said meeting 6400 shares of Founders Common stock of the corporation were outstanding; that at said meeting the holders of 6320 shares of Founders Common Stock of the company were present either in person or by proxy; that at said meeting the following resolution was duly moved, seconded and adopted by the unanimous vote of all the Founders Common stock present, the same constituting a quorum of all Founders Common stock of the corporation outstanding, which resolution is as follows:

BE IT RESOLVED by the holders of Founders Common Stock of Otter Tail Power Company, a Minnesota corporation, that Article V of the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, be further amended to read as follows:

ARTICLE V

The amount of capital stock of said corporation shall be Five Million One Hundred Thousand Dollars ($5,100,000.00), to be divided into sixty-two thousand (62,000) shares, forty thousand (40,000) of which shares shall be six per cent preferred stock of the par value of One Hundred Dollars ($100.00) each, twelve thousand (12,000) of which shares shall be special common stock of the par value of Fifty Dollars ($50.00) each and ten thousand (10,000) of which shares shall be founders common stock of the par value of Fifty Dollars ($50.00) each. Said shares of stock shall be issued and paid for in such manner and at such times and in such amounts as the Board of Directors, in their opinion, shall deem for the best advantage of the Company.

The holders of six per cent preferred stock shall be entitled to receive cumulative dividends at the rate of, but not to exceed, six per cent per annum, when and as declared, from the surplus or net profits of the Company. Dividends on preferred stock shall be payable on the first days of January, April, July and October in each year. No dividends on either class of common stock shall be paid or set aside if, and so long as, any dividend on the preferred stock shall be in arrears.

Whenever additional preferred stock shall be issued, the amount thereof shall be limited so that, at the time of such issuance, the total amount of outstanding preferred stock, at par, including such additional amount, shall not exceed the net assets of the Company. The term "Net Assets," as here used, shall mean the cost of the property of the Company, as shown by its books, together with the value of its current assets, less the direct obligations of the Company provided, however, that if such cost of property plus current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the Company for a period of twelve (12) months ending not more than sixty (60) days prior to the time of issuance of such proposed additional preferred stock, then the said cost of property plus current assets shall nevertheless be limited to four and one-half (4½) times such gross revenues. The gross revenues of the Company for the said period of twelve (12) months shall include the gross revenues for the same period from any property which may have been owned or operated by the Company for only a part of the said twelve (12) months or which may be in process of acquisition by the Company; and the direct obligations of the Company shall include the direct obligations which shall have been or shall be assumed by the Company in connection with the acquisition of such properties. The holders of preferred stock shall have no voting rights.

All of the said preferred stock, or any part thereof, may be retired on any quarterly dividend date at the discretion of the Board of Directors of the Company, at the price of $100 for each share plus the amount of dividends accrued and unpaid thereon at the date of redemption, provided at least sixty (60) days' notice of such redemption shall be given to the holders of the stock so to be redeemed by mailed notice addressed to their last known postoffice address. In case of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of preferred stock shall be entitled to be paid in full, both the par amount of their shares and accrued dividends thereon, before any amount shall be paid to the holders of either class of common stock, and shall not thereafter participate in any of the property of the Company or proceeds of liquidation.

Special common stock and founders common stock shall be in all respects similar except that special common stock shall have no voting power and founders common stock shall have the sole voting power of the corporation for all purposes except as set forth in the next succeeding sentence hereof, and except further that subscription rights to founders common stock may be converted into subscription rights to special common stock, but subscription rights to special common stock may not be converted into subscription rights to founders common stock. Neither a sale of such portion of the assets of this corporation as shall equal or be in excess of, as to book value, twenty-five per cent of the then total book value of all the assets of this corporation, nor a voluntary liquidation of this corporation, shall be had except with the affirmative vote or written consent of the holders of at least seventy-five per cent of the common stock then outstanding of this corporation and for the purposes of voting pursuant to the provisions of this sentence, the holders of special common stock and of founders common stock shall have equal rights, share and share alike.

IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 6th day of June, A. D. 1927.

In the presence of:
Caroline Bale
Fred Leffler

Vernon A. Wright
W. L. Hatch

(CORPORATE SEAL)

STATE OF MINNESOTA }
COUNTY OF OTTER TAIL } ss

On this 6th day of June, A. D. 1927, before me, a notary public within and for said County, personally appeared Vernon A. Wright and W. L. Hatch, to me personally known, who being by me duly sworn, did each for himself say: That he is the president and secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that he has read the foregoing certificate and knows the contents thereof and that the seal affixed to said certificate is the corporate seal of said corporation and that said instrument was executed in behalf of said corporation by authority of the unanimous vote of a quorum of holders of the outstanding Founders Common stock of the company at a special meeting of the holders of Founders Common stock of the company duly held on the 6th day of June, 1927; that at said special meeting 6320 shares of the outstanding Founders Common stock of the company were represented and voted; that said Vernon A. Wright and W. L. Hatch acknowledged said instrument to be their free act anddeed and the free act and deed of said corporation.

Fred Leffler,
Notary Public, Otter Tail Co., Minn.
My Commission expires July 10, 1933.

(Notarial Seal)

Filed for record in this office on the 10 day of June A. D. 1927 at 10 o'clock A. M.

Mike Holm, Secretary of State.

O-3, 407; Q-3, 693; S-3, 118; W-3, 210;
X-4, 317; P-4, 638; R-4, 233; S-4, 257;
T-4, 735; U-4, 29

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION OF

OTTER TAIL POWER COMPANY

We, Vernon A. Wright and W. L. Hatch, the President and Secretary of Otter Tail Power Company, a duly organized and existing Minnesota corporation having its principal place of business in the Town of Fuse, Otter Tail County, Minnesota, do hereby certify that a special meeting of the holders of founders common stock of said corporation was duly called and held at the office of said company in the City of Fergus Falls, Minnesota, on December 6, 1927, at 11 o'clock A. M.

That at the date of said meeting 5400 shares of founders common stock of said corporation were outstanding; that at said meeting the owners of 5400 shares of founders common stock of said corporation were present either in person or by proxy, the same being more than a majority of all the outstanding shares of founders common stock of said corporation; and that at said meeting the following resolution was duly moved, seconded and adopted by the unanimous vote of all present, the same representing more than a majority of the outstanding founders common stock of the said corporation, which said resolution is as follows:

BE IT RESOLVED by the holders of founders common stock of Otter Tail Power Company that the Articles of Incorporation of this corporation, as heretofore amended, be further amended as follows: That Article V thereof, as amended, be further amended to read as follows:

"The amount of capital stock of said corporation shall be Six Million Five Hundred Thousand Dollars ($6,500,000.00) to be divided into Eighty Thousand (80,000) shares, Forty Thousand (40,000) of which shares shall be six per cent preferred stock of the par value of One Hundred Dollars ($100) each, Ten Thousand (10,000) of which shares shallbe five and one half per cent preferred stock of the par value of One Hundred Dollars ($100) each, Twenty Thousand (20,000) of which shares shall be special common stock of the par value of Fifty Dollars ($50) each, and Ten Thousand (10,000) of which shares shall be founders common stock of the par value of Fifty Dollars ($50) each. Said shares of stock shall be issued and paid for in such manner and at such times and in such amounts as the Board of Directors, in their opinion, shall deem for the best advantage of the company. The six per cent preferred stock and the five and one-half per cent preferred stock shall be alike in all respects except as to the rate of dividends thereon; the holders of six per cent preferred stock shall be entitled to receive cumulative dividends at the rate of but not to exceed six per cent per annum and the holders of five and one-half per cent preferred stock shall be entitled to receive cumulative dividends at the rate of but not to exceed five and one-half per cent per annum, all when and as declared from the surplus or net profits of the company. Dividends on preferred stock shall be payable on the first days of January, April, July and October in each year. No dividends on either class of common stock shallbe paid or set aside if, and so long as, any dividend on the preferred stock shall be in arrears.

Whenever additional preferred stock shallbe issued, the amount thereof shall be limited so that, at the time of such issuance, the total amount of outstanding preferred stock, at par, including such additional amount, shall not exceed the net assets of the Company. The term "Net Assets," as here used, shall mean the cost of the property of the Company, as shown by its books, together with the value of its current assets, less the direct obligations of the company; provided, however, that if such cost of property plus current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the Company for a period of twelve (12) months ending not more than sixty (60) days prior to the time of issuance of such proposed additional preferred stock, then the said cost of property plus current assets shall nevertheless be limited to four and one-half (4½) times such gross revenues. The gross revenues of the Company for the said period of twelve (12) months shall include the gross revenue for the same period from any property which may have been owned or operated by the Company for only a part of the said twelve (12) months or which may be in process of acquisition by the company; and the direct obligations of the Company shall include the direct obligations which shallhave been or shall be assumed by the Company in connection with the acquisition of such properties. The holders of preferred stock shall have no voting rights.

All of the said preferred stock, or any part thereof, may be retired on any quarterly dividend date at the discretion of the Board of Directors of the Company, at the price of $100 for each share plus the amount of dividends accrued and unpaid thereon at the date of redemption, provided at least sixty (60) days notice of such redemption shall be given to the holders of the stock so to be

redeemed by mailed notice addressed to their last known postoffice address. In case of liquidation, dissolution or winding upof the company, whether voluntary or involuntary, the holders of preferred stock shall be entitled to be paid in full, both the par amount of their shares and accrued dividends thereon, before any amount shall be paid to the holders of either class of common stock, and shall not thereafter participate in any of the property of the Company or proceeds of liquidation.

Special common stock and founders common stock shall be in all respects similar except that special common stock shall have no voting power and founders common stock shallhave the sole voting power of the corporation for all purposes except as set forth in the next succeeding sentence hereof, and except further that the holders of special common stock and of founders com on stock shall have the sole preemptive right of subscription to any shares of special common stock and founders common stock of this corporation or to any obligation convertible into the same, provided that the holders of founders common stock may, in their discretion, at a duly called and held meeting, determine, in the event that additional special common stock or founders common stock is hereafter authorized to be issued, whether or not the amount thereof allocated for subscription to the holders of special common stock shall be special common stock or founders common stock, and whether or not the amount offered for subscription to the holders of founders common stock shall be special common stock or founders common stock, all to the end that the holders of founders common stock shall have the sole discretion to determine whether founders common stock or special common stock shall be offered to the holders of founders commons stock and to the holders of special common stock respectively; provided, however, that the holders of special common stock and the holders of founders common stock shall share pro rata in subscription rights to such stock, subject only to the right of the holders of founders common stock to allocate one or the other kind of such stock to the respective holders of one or the other kind of such stock. Neither a sale of such portion of the assets of this corporation as shall equal or be in excess of, as to book value, twenty-five per cent of the then total book value of all the assets of this corporation, nor a voluntary liquidation of this corporation, shall be had except with the affirmative vote or written consent of the holders of at least seventy-five per cent of the common stock then outstanding of this corporation and for the purposes of voting pursuant to the provisions of this sentence the holders of special common stock and of founders common stock shall have equal rights, share and share alike.

IN TESTIMONY WHEREOF WE have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 6th day of December, 1927.

Vernon A. Wright, President
W. L. Hatch, Secretary

(Corporate Seal)

STATE OF MINNESOTA
ss
COUNTY OF OTTERTAIL

On this 9th day of December, 1927, before me a Notary Public within and for said county, personally appeared Vernon A. Wright and W. L. Hatch, who, being by me first duly sworn, did each for himself say that he is the President and Secretary respectively of Otter Tail Power Company, a Minnesota Corporation; that he has read the foregoing certificate and knows the contents thereof, and that the seal affixed to said certificate is the corporate seal of said corporation, and that said instrument was executed in behalf of said corporation by authority of the unanimous vote of more than a majority of the holders of founders common stock at a special meeting of the holders of founders common stock of said corporation duly called and held on the 6th day of December, 1927; that at said meeting more than a majority of the holders of founders common stock of said corporation was represented and voted; that said Vernon A. Wright and W. L. Hatch acknowledged said instrument to be their free act and deed and the free act and deed of said corporation.

Fred Leffler, Notary Public, Otter Tail County, Minn. My Commission Expires July 10, 1933.

(Notarial Seal)

O-3,407;Q-3,693;S-3,118;W-3,210;K-4,317;P-4,638;R-4,233;S-4,257;T-4,735;U-4,29;U-4,725.

Filed for Record in this office on the 11th day of January, A. D. 1928 at 10 o'clock A. M.

Mike Holm, Secretary of State.

We, the undersigned, President and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation, do hereby certify that a special meeting of the holders of Founders Common Stock of said corporation was held in the City of Fergus Falls, State of Minnesota, on the 11th day of March, 1929; that said meeting was duly called and held for the expressly stated purpose of amending the Articles of Incorporation of said Corporation in manner and form as hereinafter stated; that the holders of a majority of Founders Common Stock of said corporation were present at said meeting, either in person or by proxy; that at said meeting a resolution was duly adopted by the unanimous vote of all the holders of Founders Common Stock of said corporation, present or represented, whereby said Articles of Incorporation were amended as therein set forth; that said resolution is as follows:

BE IT RESOLVED by the holders of Founders Common Stock of Otter Tail Power Company, that the Articles of Incorporation of this corporation, as heretofore amended, be further amended as follows: That the first sentence of the first paragraph of Article V thereof, as amended, be further amended to read as follows:

The amount of Capital Stock of said corporation shall be Six Million Five Hundred Thousand Dollars ($6,500,000) to be divided into eighty thousand (80,000) shares, thirty two thousand (32,000) of which shares shall be six per cent preferred stock of the par value of One Hundred Dollars ($100) each, Eighteen Thousand (18,000) of which shares shall be five and one-half per cent Preferred Stock of the par value of One Hundred Dollars ($100) each, Twenty Thousand (20,000) of which shares shall be Special Common Stock of the par value of Fifty Dollars ($50.00) each and Ten Thousand (10,000) of which shares shall be Founders Common Stock of the par value of Fifty Dollars ($50,00) each.

In Witness Whereof, we have hereunto set our hands and affixed the Corporate Seal of said corporation, this 15th day of March, 1929.

Vernon A. Wright, President.
W. L. Hatch, Secretary.

Corporate Seal.

In presence of:
Fred Leffler

STATE OF MINNESOTA
County of Otter Tail ss

On this 15th day of March, 1929, before me personally appeared Vernon A. Wright and W. L. Hatch, to me personally known, who being by me duly sworn did severally depose and say, that the said Vernon A. Wright is President and that the said W. L. Hatch, is Secretary of Otter Tail Power Company, the Corporation named in the foregoing certificate; that in such capacity they executed said instrument in behalf of said Corporation and by authority of the holders of a majority of Founders Common Stock of said Corporation; that the seal affixed thereto is the corporate seal of said Corporation; and said Vernon A. Wright and W. L. Hatch severally acknowledged that they executed said instrument as their free act and deed and as the free act and deed of said corporation.

Fred Leffler, Notary Public,
Otter Tail County, Minn.
My commission expires July 10, 1933.

Notarial Seal.

Filed for record in this office on the 18th day of March A. D. 1929 at 11 o'clock A. M.

MIKE HOLM, Secretary of State.

O-3,407;Q-3,693;S-3,118;W-3,210;
K-4,317;P-4,638;R-4,233;S-4,257;
T-4,735;U-4,29;U-4,725;X-4,323.

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CERTIFICATE

Concerning Acceptance of Minnesota Business Corporation Act.
by
OTTER TAIL POWER COMPANY

We, Thomas C.Wright, the President, and Fred Leffler, the Assistant Secretary, of Otter Tail Power Company, a corporation organized and existing under the laws of the State of Minnesota, do hereby certify under the seal of the said corporation as follows:

First: That at a special meeting of the stockholders of said corporation duly held in accordance with the by-laws and the laws of the State of Minnesota, on the 20th day of November, 1933, at 11 o'clock, A.M. for the purpose of electing whether to accept and come under the provisions of the Minnesota Business Corporation Act, the persons or bodies corporate, holding a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote and voting at said meeting, voted in favor of such acceptance; and that no shares of the capital stock voted against the proposed acceptance.

Second: That the following is a true and correct copy of the resolution as it was adopted at the stockholders' meeting as aforesaid:

WHEREAS, Otter Tail Power Company, a Minnesota corporation, is a corporation which was organized and existing under the laws of the State of Minnesota prior to the enactment of the Minnesota Business Corporation Act, and

WHEREAS, Said corporation was organized and is now existing for the purposes for which a corporation might be organized under the provisions of said Minnesota Business Corporation Act, and

WHEREAS, It is deemed advisable and in the best interests of this corporation that it accept and come under said Act,

NOW, THEREFORE, BE IT RESOLVED, That Otter Tail Power Company, a Minnesota corporation, hereby accepts and comes under the provisions of the Minnesota Business Corporation Act.

BE IT FURTHER RESOLVED, that the President or Vice President and the Secretary or Assistant Secretary of this corporation be, and they hereby are, authorized to certify copies of the above resolution and of its adoption by the stockholders of this corporation as provided in Section 61 of said Act and to file said certified copies in the places and in the manner specified in said Section 61 of said Act, and to pay all filing, recording, and/or other necessary fees in connection therewith.

Third: That such resolution has been duly adopted in accordance with the provisions of Section 61 of the Minnesota Business Corporation Act of the State of Minnesota.

Fourth: That the location and post office address of the registered office of said corporation in the State of Minnesota is 125 South Mill Street, Fergus Falls, Minnesota.

IN WITNESS WHEREOF, We, Thomas C.Wright, President, and Fred Leffler, Assistant Secretary, of Otter Tail Power Company, a Minnesota corporation, have signed this Certificate and caused the corporate seal of said corporation to be hereunto affixed this 20th day of November, 1933.

Thomas C. Wright, President
Fred Leffler, Ass't Secretary

(Corporate Seal)

STATE OF MINNESOTA
COUNTY OF OTTER TAIL SS.

On this 20th day of November, 1933, before me, a Notary Public within and for said county, personally appeared Thomas C. Wright and Fred Leffler, to me known to be the President and Assistant Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation, and the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

Mary O'Connell, Notary Public,
Otter Tail Co., Minn.
My commission expires Jan.19, 1934.

(Notarial Seal)

Filed for record in this office on the 21st day of November, A.D. 1933 at 1:30 P.M.

Mike Holm, Secretary of State.

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CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY.

We, Thomas C.Wright and W. L. Hatch, President and Secretary, respectively, of OTTER TAIL POWER COMPANY, a corporation duly organized and existing under the Laws of the State of Minnesota, which has heretofore accepted and come under the Minnesota Business Corporation Act and which has its registered office at 125 South Mill Street, Fergus Falls, Minnesota, do hereby certify that an adjourned special meeting of the shareholders of said corporation was duly held at its registered office on November 23, 1933, at 10 o'clock, A. M.

That at the date of said meeting said corporation had outstanding 49,035 preferred shares, 17512 special common shares, and 6,400 founders common shares, and no more. That at said meeting the holders of 49,035 preferred shares, 17,512 special common shares, and 6,036 founders common shares were present in person or by proxy, being the holders of more than two-thirds of the outstanding preferred shares and special common shares of the corporation and the holders of a majority of the outstanding founders common shares of the corporation, and that at said meeting the following resolution was duly moved, seconded, and adopted by the unanimous vote of all shares present or represented, which said resolution is as follows, to-wit:

BE IT RESOLVED By the shareholders of OTTER TAIL POWER COMPANY, a Minnesota corporation, that the Articles of Incorporation of this corporation, as heretofore amended, be amended to read as follows:

ARTICLE FIRST.

The name of this corporation shall be OTTER TAIL POWER COMPANY,

ARTICLE SECOND.

The purposes of this corporation shall be as follows:

(a) To generate, produce, buy, or in any manner acquire, and to sell, dispose of and distribute electricity for light, heat, power and otherpurposes, and to carry on the business of furnishing, supplying, manufacturing, and selling light, heat, power, gas, water, and steam, and any and all business incidental thereto; and to build, construct, develop, improve, buy, acquire by condemnation or otherwise, hold, own, lease, maintain, and operate plants, facilities, systems, and works for the manufacture, generation, production, accumu-

lation, transmission, and distribution of electricity, gas, water, and steam, and to exercise rights of condemnation and eminent domain in connection with the doing of any of its purposes as herein set forth so far as may be permissible by law.

(b) To produce, mine, buy, sell, store, market, deal in, and prospect for, coal, oil, and minerals of all kinds and the products and by-products thereof.

(c) To manufacture, buy, sell, trade, and deal in goods, wares, merchandise, property, and commodities of any and every class and description.

(d) To purchase, acquire, and lease, and to sell, lease, and dispose of water, water rights, and power privileges for power, light, heat, mining, milling, irrigation, agricultural, domestic or any other use or purpose.

(e) To acquire, hold, mortgage, pledge, or dispose of the shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation.

(f) To endorse or guaranty the promissory notes, checks, drafts, evidences of indebtedness or obligations of whatsoever nature of any corporation, domestic or foreign, of which this corporation shall own or control, directly or indirectly, a majority of the stock then entitled to elect directors, or a majority thereof.

(g) To do or perform any and all lawful business necessary, essential or expedient to the proper conduct of any of the purposes aforesaid.

ARTICLE THIRD.

The period of duration of this corporation shall be perpetual.

ARTICLE FOURTH.

The location and post office address of the registered office of this corporation in Minnesota is 125 S. Mill Street, Fergus Falls, Minnesota.

ARTICLE FIFTH.

THE total authorized number of shares of this corporation is eighty thousand (80,000), divided into three (3) classes, namely: preferred shares, special common shares, and founders common shares. Each share of each class shall be without par value. The total number of preferred shares authorized is fifty thousand (50,000). The total number of special common shares authorized is twenty thousand (20,000). The total number of founders common shares authorized is ten thousand (10,000).

ARTICLE SIXTH.

(a) The preferred shares may be issued from time to time in series and the number of shares constituting any series may be fixed or altered by the Board of Directors from time to time. Each share of a series shall be in all respects identical with each other share of such series. Each series of shares shall be in all respects identical with each other series of shares except as to the rate of dividends thereon. The board of directors is authorized from time to time, as to any preferred shares then unallotted, to fix the dividend rate thereon and to designate each separate series appropriately by including in the name of such series the annual rate of dividend thereon. There are hereby created two (2) series of preferred shares, one consisting of thirty-two thousand (32,000) shares to be known as "$6.00 dividend preferred shares" which shall be entitled to cumulative dividends at the rate of Six Dollars ($6.00) per annum, and the other consisting of eighteen thousand (18,000) shares to be known as "$5.50 dividend preferred shares" which shall be entitled to cumulative dividends at the rate of Five and 50/100 Dollars ($5.50) per annum. The Board of Directors may in its discretion alter the number of authorized shares of said two series and may in its discretion issue at the same time and from time to time preferred shares of two (2) or more series. Certificates representing preferred shares shall express on their face the series and annual dividend rate thereon.

(b) Out of any assets of this corporation legally available therefor, as and when declared by the Board of Directors, the holders of preferred shares shall be entitled to receive dividends at the fixed annual rate of such series and no more, payable quarterly, semi-annually or annually as the Board of Directors, shall from time to time determine. Such dividends shall be cumulative and, before any dividend shall be declared or paid upon or set apart for common shares of either class and before any sum shall be paid or set apart for the redemption of preferred shares, all accrued dividends on the preferred shares, up to and including the current dividend payable thereon, shall be paid or set apart for payment. Accrued dividends shall bear no interest.

The corporation shall not purchase any of its preferred shares outstanding unless, during the five (5) quarters immediately preceding the quarter within which it shall make such purchase, it shall have paid preferred dividends in an amount at least equal (except for fractional parts of a dollar per share, as hereinafter set forth) the earnings of the corporation applicable to preferred dividends during any four (4) consecutive quarters out of said five (5) quarters' period. The total amount of such dividends so required to be paid as a condition precedent to the right of the corporation to purchase any of its preferred shares outstanding may, however, be restricted to the amount of preferred dividends which accrued during such four (4) quarters' period, and may further be restricted as to the $6.00 Dividend Preferred shares to the whole number of dollars (without fractions) per share which are payable out of the total of such applicable earnings and as to the $5.50 Dividend Preferred Shares to 11/12th of the dividend paid on said $6.00 Dividend Preferred Shares. For the purpose of this paragraph, quarters shall be deemed to be the three (3) months' periods commencing on January 1, April 1, July 1, and October 1 of each year. In ascertaining the amount of earnings applicable to preferred dividends for the purposes set forth in this paragraph, depreciation shall be deducted at the amount thereof set up on the books of the corporation for the applicable period, provided that if such depreciation so set up on the books of the corporation is at a rate exceeding five per cent (5%) per annum of the cost of the fixed property of the corporation as shown by its books, then, for the said purpose of determining the earnings

applicable to the payment of preferred dividends, depreciation shall be deducted on the basis of an annual depreciation of five per cent (5%) only of the cost of the fixed property of the corporation as shown by its books .

(c) Preferred hares shall be preferred both as to earnings and assets and, in event of any liquidation, dissolution, or winding up of this corporation, the holders of preferred shares shall be entitled to receive for each share thereof a sum equal to One Hundred Dollars ($100) per share, together with a sum equal to accrued and unpaid dividends thereon before any amount shall be paid to the holders of common shares of either class, but the holders of preferred shares shall not thereafter participate in any of the assets or property of the corporation.

(d) Subject to the restrictions of subdivision (b) hereof, this corporation may, at its option, from time to time on any dividend payment date, redeem the whole or any part of the preferred shares of any series at a price equal to One Hundred Dollars ($100) per share, together with the amount of any accrued and unpaid dividends thereon. Notice of any proposed redemptionof preferred shares shall be given by the corporation by mailing a copy of such notice at least thirty (30) days prior to the date fixed for such redemption to the holders of record of the preferred shares to be redeemed at their respective addresses appearing on the books of the corporation. Any such redemption of preferred shares shall be in such amount and at such place and by such method, either by lot or pro rata and shall be of shares of one or more series all as shall from time to time be provided by the by-laws of the corporation or be determined by resolution of its Board of Directors. From and after the date fixed in any such notice as the date of redemption, unless default shall be made by the corporation in providing moneys at the time and place specified for the payment of the redemption price pursuant to said notice, all dividends on the prefered shares thereby called for redemption shall cease to accrue, and all rights of the holders thereof as shareholders of this corporation, except the right to receive the redemption price, shall cease and determine. No preferred shares shall be redeemed unless full cumulative dividends to the date of such redemption upon all preferred shares not then to be redeemed shall have been paid or set apart for payment. Preferred shares redeemed shall, at the option of the Board of Directors, be subject to reissuance or shall be retired from time to time and if so retired shall not be reissued.

(e) After thirty-one thousand, eight hundred six (31,806) $6.00 Dividend Preferred Shares and seventeen thousand, two hundred twenty-nine (17,229) $5.50 Dividend Preferred Shares shall have been issued, then whenever additional preferred shares shallbe issued (whether or not such shares have theretofore been outstanding and subsequently repurchased by the corporation) the amount thereof shall be limited so that at the time of such issuance the total amount of outstanding preferred shares of all series, taken at One Hundred Dollars ($100) per share, including such additional shares, shall not exceed the net assets of the corporation. The term "net assets" as here used shall mean the cost of all of the property (including securities owned by it and not readily marketable but only of the character and to the extent hereinafter set forth and excluding securities issued by the corporation itself) of the corporation as shown by its books, together with the value of its current assets (including readily marketable securities and excluding securities issued by the corporation itself) less the direct obligations of the corporation, provided, however, that if such cost of property plus value of current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the corporation for a period of twelve (12) months ending not more than sixty (60) days prior to the time of issuance of such proposed additional preferred shares, then the said cost of property, plus value of current assets, shall, nevertheless, be deemed for this purpose to be four and one-half (4½) times such gross revenues. The gross revenues of the corporation for said period of twelve (12) months shall include the gross revenues for the same period from any property which may have been owned by the corporation for only a part of the said twelve (12) months, or which may be in process of acquisition by the corporation; and the direct obligations of the corporation shall include the direct obligations which shall have been or shall be assumed by the corporation in connection with the acquisition of such properties. Securities (other than current asset securities) shall be included at cost in determining the "net assets" of the corporation for the purposes set forth in this paragraph but (1) only in an amount not exceeding ten per cent (10%) of the cost of all of the property of the corporation, except its current assets, and (2) only if the acquisition of such securities is or was reasonably necessary or convenient to expand or extend any of the major business activities of the corporation or in connection with the carrying on of any of such activities. Except as otherwise expresely set forth in this paragraph, all matters to be ascertained in accordance with this paragraph shall be determined according to sound accounting practice. Anything herein to the contrary notwithstanding, preferred shares may at any time be allotted, whether or not the restrictions in this paragraph set forth, or any of them are fulfilled, if such allotment is authorized by the affirmative vote of the holders of a majority of the preferred shares then outstanding, provided that such allotment shall not be made if the holders of twenty-five per cent (25%) or more of the preferred shares then outstanding shall cast their votes against such allotment.

(f) The holders of preferred shares shall have no voting rights, provided that an amendment increasing the number of authorized preferred shares shall become effective only if, in addition to the required vote of the holders of founders common shares, it shall receive the affirmative vote of the holders of a majority of the preferred shares then outstanding, and provided further that any amendment otherwise adversely affecting the rights of the preferred shareholders shall become effective only if, in addition to the required vote of the holders of founders common shares, it shall receive the affirmative vote of the holders of a majority of the preferred shares then outstanding but, in addition, it shall not become effective if the holders of twenty-five per cent (25%) or

more of the preferred shares then outstanding shall cast their votes against such amendment.

(g) Out of any assets of the corporation legally available therefor, after full cumulative dividends as aforesaid upon the preferred shares then outstanding shall have been paid for all past dividend periods and after full dividends on the preferred shares for the current dividend period shall have been declared and paid, or set apart for payment, and after making such provision, if any, as the Board of Directors may deem necessary or expedient for working capital or other purposes, then and not otherwise dividends may be declared and paid upon the common shares to the exclusion of the holders of preferred shares. The right to receive any dividends which may be declared payable in shares of any class is vested in the holders of common shares exclusively but no such dividend shall be declared in any dividend period unless full cumulative dividends upon the preferred shares then outstanding shall have been paid for all past dividend periods and shall have been declared and paid or set apart for payment for the current dividend period. All dividends paid to the holders of common shares shall be paid to the holders of special common shares and the holders of founders common shares, share and share alike, without distinction as to class; provided that the holders of founders common shares may in their discretion, at a duly called and held meeting, determine, in event a share dividend is declared to the holders of common shares, whether or not the share dividend to be distributed to the holders of special common shares shall be distributed in special common shares or founders common shares and whether or not the share dividend to be distributed to the holders of founders common shares shall be distributed in special common shares or founders common shares, all to the end that the holders of founders common shares shall have the sole discretion to determine in which kind of common shares of the corporation share dividends shall be distributed to the holders of special common shares and founders common shares, respectively; provided further, however, that the holders of special common shares and the holders of founders common shares shall participate pro rata in all share dividends, subject only to the right of the holders of founders common shares to cause such share dividends to be distributed in one or the other kinds of such common shares to the holders of one or the other kinds of common shares.

(h) The holders of special common shares shall have no voting rights, provided that the corporation shall not sell such portion of its assets as shall equal or be in excess of, as to book value, twenty-five per cent (25%) of the then total book value of all its assets, nor shall the corporation voluntarily liquidate, without the prior affirmative vote or written consent of the holders of at lease seventy-five per cent (75%) of the common shares then outstanding, no distinction being made between special common shares and founders common shares for the purpose of such affirmative vote or written consent; provided, further, that an amendment increasing the number of authorized special common shares shall become effective only if, in addition to the required vote of the holders of founders common shares, it shall receive the affirmative vote of the holders of a majority of the special common shares then outstanding, and provided further that any amendment, otherwise adversely affecting the rights of the special common shareholders, shall become effective only if, in addition to the required vote of the holders of founders common shares, it shall receive the affirmative vote of the holders of a majority of the special common shares then outstanding but, in addition, it shall not become effective if the holders of twenty-five per cent (25%) or more of the special common shares then outstanding shall cast their votes against such amendment.

(i) Subject to the foregoing express provisions with reference to the preferred and special common shareholders, the holders of founders common shares shall have the sole voting rights of shareholders of the corporation and the holders of a majority of the founders common shares outstanding shall have power to authorize the sale, lease, exchange, or other disposal of all or substantially all of the property and assets of this corporation including its good will, to adopt or reject an agreement of consolidation or merger, and to amend the Articles of Incorporation of this corporation.

(j) The holders of common shares shall have the sole preemptive or preferential right of subscription to any common shares of this corporation, whether now or hereafter authorized, or to any obligation convertible into common shares of this corporation, provided that the holders of founders common shares may in their discretion, at a duly called and held meeting, determine, in event additional common shares are hereafter authorized to be allotted, whether or not the amount thereof allocated for subscription to the holders of special common shares shall be special common shares or founders common shares and whether or not the amount offered for subscription to the holders of founders common shares shall be special common shares or founders common shares, all to the end that the holders of founders common shares shall have the sole discretion to determine which kind of common shares of the corporation shall be offered to the holders of special common shares and to the holders of founders common shares, respectively; provided, however that the holders of special common shares and the holders of founders common shares shall pro rata in subscription rights to such common shares, subject only to the right of the holders of founders shares to allocate one or the other kind of such common shares to the holders of one or the other kinds of common shares. No holder of shares of any class shall have any preemptive right of subscription to any preferred shares of this corporation, whether now or hereafter authorized, or to any obligation convertible into preferred shares of this corporation other than such right of subscription, if any, as the holders of founders common shares, in their discretion, at a duly called and held meeting, may from time to time determine.

ARTICLE SEVENTH.

The amount of stated capital with which this corporation shall begin business shall be One Thousand Dollars ($1,000).

The names, post office address, and terms of office of the first directors were as follows:

Name	Post Office Address	Term of Office
Vernon A.Wright,	Lincoln, Massachusetts,	1 year
F.G.Barrows,	Fergus Falls, Minnesota,	1 year
Fred Leffler,	Fergus Falls, Minnesota,	1 year
E.W.Anderson,	Fergus Falls, Minnesota,	1 year

ARTICLE NINTH.

The names and post office address of each of the incorporators were as follows:

Name	Post Office Address.
Vernon A.Wright,	Lincoln, Massachusetts,
F.G. Barrows,	Fergus Falls, Minnesota.
Fred Leffler,	Fergus Falls, Minnesota,
E.W.Anderson,	Fergus Falls, Minnesota.

ARTICLE TENTH.

The Board of Directors of this corporation shall have authority to accept or reject subscriptions for shares made after incorporation and to make and alter the by-laws of this corporation subject to the power of the shareholders to change or repeal such By-Laws.

IN WITNESS WHEREOF, We have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 24 day of November, 1933.

In Presence of:
Spencer Swenson
D.E. Misfeldt.
(Corporate Seal)

Thomas C. Wright, President
W.L.Hatch, Secretary

STATE OF MINNESOTA
COUNTY OF OTTER TAIL SS

On this 24th day of November, 1933, before me, a notary public within and for said county, personally appeared Thomas C.Wright and W. L. Hatch, to me personally known, whom being each by me duly sworn, each did say that they are respectively the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument: that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealedin behalf of said corporation by authority of its Board of Directors; and said Thomas C.Wright and W.L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Fred Leffler, Notary Public,
Otter Tail County, Minn.
My commission expires 7-10-40

(Notarial Seal)

Filed for record in this office on the 27th day of November.A.D. 1933 at 11:30 A. M.

Mike Holm, Secretary of State.

O-3, 407; Q-3, 693; S-3 118; W-3 210;
K-4, 317; P-4, 638; R-4 233; S-4 257;
T-4 735 ; U-4 29; U-4, 725:X-4 323;
Y-4, 373; F-5 92.

ARTICLES OF REDUCTION OF STATED CAPITAL OF OTTER TAIL POWER COMPANY.

We, Thomas C. Wright and W. L. Hatch, President and Secretary, respectively, of Otter Tail Power Company, a corporation duly organized and existing under the laws of the State of Minnesota, which has heretofore accepted and come under the Minnesota Business Corporation Act, do hereby certify that a special meeting of the shareholders of said corporation was duly held at its registered office, 125 South Mill Street, Fergus Falls, Minnesota, on December 5, 1933, at 10 o'clock, A. M.; that said meeting was duly called for the purpose of considering a reduction of the stated capital of said corporation; that at said meeting there were present the holders of a majority in interest of the shares entitled to vote upon such reduction and that at said meeting the following resolution was duly moved, seconded, and adopted by the unanimous vote of a majority in interest of the shares entitled to vote thereon, which said resolution is as follows, to-wit:

BE IT RESOLVED by the share holders of Otter Tail Power Company, a Minnesota corporation, which has heretofore accepted and come under the provisions of the Minnesota Business Corporation Act, that the stated capital of this corporation be, and it hereby is, reduced from the sum of $6,099,100 to the sum of $4,927,412.

IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company, this 5th day of December, 1933.

In presence of:
Spencer Swenson
K. A. Keane

Thomas C. Wright, President

W. L. Hatch, Secretary

Corporate Seal

State of Minnesota
County of Otter Tail ss

On this 5th day of December, 1933, before me, a Notary Public within and for said county, personally appeared Thomas C. Wright and W. L. Hatch, to me personally known, who, being each by me duly sworn each did say that they are respectively the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas C. Wright and W. L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Fred Leffler, Notary Public, Otter Tail County, Minn. My Commission Expires July 10, 1940.

Notarial Seal

Filed for record in this office on the 9 day of December, A. D. 1933 at 9 o'clock A. M.

MIKE HOLM, Secretary of State.

ARTICLES OF AMENDMENT

OF

ARTICLES OF INCORPORATION

OF

OTTER TAIL POWER COMPANY

We, the undersigned, being, respectively, the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a meeting of the shareholders of Otter Tail Power Company entitled to vote thereon duly called and held on November 10, 1938, in accordance with the statutes of the State of Minnesota, the following resolution amending the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, was duly adopted in accordance with law and in accordance with the Articles of Incorporation, as amended, of said Company, said resolution of amendment being as follows:

BE IT RESOLVED by the holders of Special Common Shares and Founders Common Shares of Otter Tail Power Company, a Minnesota corporation, that the Articles of Incorporation of said Company, as heretofore amended, be amended as follows:

(1) That Article Fifth thereof be amended to read as follows:

"The total authorized number of shares of this Corporation is two hundred ninety thousand (290,000), divided into three classes, namely: preferred shares, special common shares, and founders common shares. Each preferred share shall be without par value, and each special common and each founders common share shall be of the par value of One Dollar ($1.00). The total number of preferred shares authorized is fifty thousand (50,000). The total number of special common shares authorized is one hundred eighty thousand (180,000). The total number of founders common shares authorized is sixty thousand (60,000)."

(2) That the following paragraph be added to the Articles of Incorporation, as amended:

"Each special common share, without par value, outstanding immediately prior to the effective date of this amendment shall, by virtue of this amendment, be and become four (4) special common shares of the par value of One Dollar ($1.00) each. Each founders common share, without par value, outstanding immediately prior to the effective date of this amendment shall, by virtue of this amendment, be and become four (4) founders common shares of the par value of One Dollar ($1.00) each."

IN WITNESS WHEREOF We have hereunto subscribed our names and affixed

JHC 1 19 39

C-6, 411

the seal of said Otter Tail Power Company this 20th day of January, 1939.

T. C. Wright
President

W. L. Hatch
Secretary

STATE OF MINNESOTA)
) SS.
COUNTY OF OTTER TAIL)

On this 20 day of January, 1939, before me, a notary public within and for said county, personally appeared T. C. Wright and W. L. Hatch, to me personally known, who, being each by me duly sworn, each did say that they are, respectively, the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said T. C. Wright and W. L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Fred Leffler

Fred Leffler, Notary Public
Otter Tail County, Minn.
My Commission Expires July 16, 1940

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 23 day of JAN A D 1939 at 9 o'clock A M. and was duly recorded in Book C6 of Incorporations, on page 410

Mike Holm
Secretary of State

We, the undersigned, being, respectively, the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that, at a meeting of the shareholders of Otter Tail Power Company entitled to vote thereon duly called and held in accordance with the statutes of the State of Minnesota, a resolution was adopted reducing the stated capital of said corporation, which resolution read as follows:

> BE IT RESOLVED By the Founders Common Shareholders of Otter Tail Power Company, a Minnesota corporation, that the stated capital of this corporation be reduced in the amount of $949,000 from the sum of $4,999,148 to the sum of $4,050,148, said reduction to be accomplished by the retirement of an aggregate of 9,490 preferred shares of this company which have heretofore been purchased by it and are now held in its treasury.

We further certify that said resolution was adopted by vote of the shareholders entitled to vote thereon in accordance with the statutes of the State of Minnesota.

IN WITNESS WHEREOF We have hereunto set our hands and the seal of Otter Tail Power Company this 20th day of January, 1939.

Thomas C. Wright
President

W. L. Hatch
Secretary

STATE OF MINNESOTA)
) SS.
COUNTY OF OTTER TAIL)

On this 20th day of January, 1939, before me, a notary public within and for said county, personally appeared T. C. Wright and W. L. Hatch, to me personally known, who, being each by me duly sworn, each did say that they are, respectively, the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said T. C. Wright and W. L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Fred Laffler

Fred Laffler, Notary Public
Otter Tail County, Minn.
My Commission Expires July 16, 1940

C-C, 413

STATE OF MINNESOTA

DEPARTMENT OF STATE

I hereby certify that the within instrument was filed in this office for record on the 23 day of JAN A.D. 1933 at 9 o'clock a.m. and was duly recorded in Book CC of Incorporations on page 412

Mike Holm

Secretary of State

ARTICLES OF AMENDMENT
TO ARTICLES OF INCORPORATION
OF OTTER TAIL POWER COMPANY

We, the undersigned, being respectively the President and _____ Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a meeting of the shareholders of Otter Tail Power Company entitled to vote thereon duly called and held on January 2, 1940, in accordance with the statutes of the State of Minnesota, the following resolution amending the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, was duly adopted in accordance with law and in accordance with the Articles of Incorporation, as amended, of said Company, said resolution of amendment being as follows:

BE IT RESOLVED By the holders of Founders Common Shares of Otter Tail Power Company that Paragraphs (a), (b), (e), and (f) of Article Sixth of the Articles of Incorporation of this corporation, as heretofore amended, be amended to read as follows:

(a) The preferred shares may be issued from time to time in series and the number of shares constituting any series may be fixed or altered by the Board of Directors from time to time. Each share of a series shall be in all respects identical with each other share of such series. Each series of shares shall be in all respects identical with each other series of shares except as to the rate of dividends thereon. The Board of Directors is authorized from time to time, as to any preferred shares then unallotted, to fix the dividend rate thereon and to designate each separate series appropriately by including in the name of such series the annual rate of dividend thereon. There are hereby created three (3) series of preferred shares, one consisting of fourteen thousand (14,000) shares to be known as "$6 Dividend Preferred Shares," which shall be entitled to cumulative dividends at the rate of Six Dollars ($6.00) per annum, one consisting of fourteen thousand (14,000) shares to be known as "$5.50 Dividend Preferred Shares," which shall be entitled to cumulative dividends at the rate of Five and 50/100 Dollars ($5.50) per annum, and one consisting of twenty-two thousand (22,000) shares to be known as the "$4.50 Dividend Preferred Shares," which shall be entitled to cumulative dividends at the rate of Four and 50/100 Dollars ($4.50) per annum. The Board of Directors may in its discretion alter the number of authorized shares of any one or more of said three (3) series and may in its discretion issue at the same time and from time to time preferred shares of one or more series. Certificates representing preferred shares shall express on their face the series and annual dividend rate thereon.

(b) Out of any assets of this corporation legally available therefor, as and when declared by the Board of Directors, the holders of preferred shares shall be entitled to receive dividends at the fixed annual rate of such series and no more, payable quarterly, semiannually or annually as the Board of Directors shall from time to time determine. Such dividends shall be cumulative and, before

for the redemption of preferred shares, all accrued dividends on the preferred shares, up to and including the current dividend payable thereon, shall be paid or set apart for payment. Accrued dividends shall bear no interest.

The corporation shall not purchase any of its preferred shares outstanding unless, during the five (5) quarters immediately preceding the quarter within which it shall make such purchase, it shall have paid preferred dividends in an amount at least equal (except for fractional parts of a dollar per share, as hereinafter set forth) the earnings of the corporation applicable to preferred dividends during any four (4) consecutive quarters out of said five (5) quarters' period. The total amount of such dividends so required to be paid as a condition precedent to the right of the corporation to purchase any of its preferred shares outstanding may, however, be restricted to the amount of preferred dividends which accrued during such four (4) quarters' period, and may further be restricted, as to the $6 Dividend Preferred Shares, to the whole number of dollars (without fractions) per share which are payable out of the total of such applicable earnings, as to the $5.50 Dividend Preferred Shares, to 11/12th of the dividend paid on said $6 Dividend Preferred Shares, and, as to the $4.50 Dividend Preferred Shares, to 9/12th of the dividend paid on said $6 Dividend Preferred Shares. For the purpose of this paragraph, quarters shall be deemed to be the three (3) months' periods commencing on January 1, April 1, July 1, and October 1 of each year. In ascertaining the amount of earnings applicable to preferred dividends for the purposes set forth in this paragraph, depreciation shall be deducted at the amount thereof set up on the books of the corporation for the applicable period, provided that if such depreciation so set up on the books of the corporation is at a rate exceeding five per cent (5%) per annum of the cost of the fixed property of the corporation as shown by its books, then, for the said purpose of determining the earnings applicable to the payment of preferred dividends, depreciation shall be deducted on the basis of an annual depreciation of five per cent (5%) only of the cost of the fixed property of the corporation as shown by its books.

(e) After November 30, 1939, whenever additional preferred shares shall be issued (whether or not such shares have theretofore been outstanding and subsequently repurchased by the corporation), the amount thereof shall be limited so that at the time of such issuance the total amount of outstanding preferred shares of all series, taken at One Hundred Dollars ($100) per share, including such additional shares, shall not exceed the net assets of the corporation. The term "net assets" as here used shall mean the cost of all of the property (including securities owned by it and not readily marketable but only of the character and to the extent hereinafter set forth and excluding securities issued by the corporation itself) of the corporation as shown by its books, together with the value of its current assets (including readily marketable securities and excluding securities issued by the corporation itself), less the direct obligations of the corporation, provided, however, that if such cost of property plus value of current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the corporation for a period of twelve (12) months ending not more than sixty (60) days prior to the time of issuance of such proposed additional preferred shares, then the said cost of property, plus value of current assets, shall, nevertheless, be deemed for this purpose to be four and one-half (4½) times such gross revenues. The gross revenues of the corporation for said period of twelve (12) months shall include the gross revenues for the same period from any property which may have been owned by the corporation for only a part of the said twelve (12) months, or which may be in process of acquisition by the corporation; and the direct

obligations of the corporation shall include the direct obligations which shall have been or shall be assumed by the corporation in connection with the acquisition of such properties. Securities (other than current asset securities) shall be included at cost in determining the "net assets" of the corporation for the purposes set forth in this paragraph but (1) only in an amount not exceeding ten per cent (10%) of the cost of all the property of the corporation, except its current assets, and (2) only if the acquisition of such securities is or was reasonably necessary or convenient to expand or extend any of the major business activities of the corporation or in connection with the carrying on of any of such activities. Except as otherwise expressly set forth in this paragraph, all matters to be ascertained in accordance with this paragraph shall be determined according to sound accounting practice. Anything herein to the contrary notwithstanding, preferred shares may at any time be allotted, whether or not the restrictions in this paragraph set forth, or any of them, are fulfilled, if such allotment is authorized by the affirmative vote of the holders of a majority of the preferred shares then outstanding, provided that such allotment shall not be made if the holders of twenty-five per cent (25%) or more of the preferred shares then outstanding shall cast their votes against such allotment.

(f) The holders of preferred shares shall have no voting rights, provided that an amendment increasing the number of authorized preferred shares shall become effective only if, in addition to the required vote of the holders of founders common shares, it shall receive the affirmative vote of the holders of a majority of the preferred shares then outstanding, and provided further that any amendment otherwise adversely affecting the rights of the preferred shareholders shall become effective only if, in addition to the required vote of the holders of founders common shares, it shall receive the affirmative vote of the holders of a majority of the preferred shares then outstanding but, in addition, it shall not become effective if the holders of twenty-five per cent (25%) or more of the preferred shares then outstanding shall cast their votes against such amendment, and provided further that, in event of a default in the payment of dividends on the preferred shares of any one or more series aggregating as to any series an amount equal to twice the annual dividend rate carried by such series, the preferred shares, voting separately as a class and without distinction between the series, shall be entitled to elect three (3) directors of the corporation until all defaults in the payment of dividends on the preferred shares of all series shall have been removed, and such voting rights in the preferred shareholders shall revest whenever and as often as any such default occurs. The terms of office of all persons who may be directors of the corporation at the time when the voting power of the holders of preferred shares to elect three (3) directors shall accrue, as herein provided, shall terminate upon the election of their successors at a meeting of the holders of the preferred shares and of the common shares entitled to elect the remaining directors, at which meeting the holders of the preferred shares and the holders of the common shares entitled to elect the remaining directors shall vote separately by classes. Such meeting shall be held at any time after the accrual of such voting power upon not less than ten (10) days' notice and upon call by the secretary of the corporation at the written request of any holder of preferred shares. Upon the termination of the voting power of the preferred shares at any time, as aforesaid, the terms of office of all persons who may have been elected directors of the corporation by the vote of the holders of the preferred shares and of the holders of the common shares entitled to elect the remaining directors, voting separately by classes, shall terminate upon the election of their successors at a meeting of the holders of the common shares entitled to elect directors. Such meeting may be held at any time after the

termination of such voting power of the preferred shares upon not less than ten (10) days' notice and upon call by the secretary of the corporation at the written request of any holder of common shares entitled to vote for the election of directors.

IN WITNESS WHEREOF We have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 2nd day of January, 1940.

Thomas C. Wright
President

Attest W. L. Hatch
Secretary

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

On this 2nd day of January, 1940, before me, a notary public within and for said county, personally appeared THOMAS C. WRIGHT and W. L. Hatch, to me personally known, who being each by me duly sworn each did say that they are respectively the President and ——— Secretary of OTTER TAIL POWER COMPANY, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas C. Wright and W. L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Walter G. McDonald
Notary Public Hennepin County, Minn.
My Commission Expires Nov. 17, 1941.

J-6 302

APPR'D & FILED
INDEXED
CND. FILED
BOX CHECKED

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 2 day of Jan. A.D. 19 12, at 10 o'clock A M. and was duly recorded in Book J-6 of Incorporations, on page 298

Secretary of State

OTTER TAIL POWER COMPANY

We, the undersigned, being respectively the President and _____ Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a meeting of the shareholders of Otter Tail Power Company entitled to vote thereon duly called and held on January 2, 1940, in accordance with the statutes of the State of Minnesota, the following resolution reducing the stated capital of Otter Tail Power Company was adopted in accordance with law and in accordance with the Articles of Incorporation, as amended, of said company, said resolution being as follows:

> BE IT RESOLVED By the founders common shareholders of Otter Tail Power Company, a Minnesota corporation, that the stated capital of this corporation be reduced in the amount of $1,295,800, from the sum of $4,060,148 to the sum of $2,764,348, said reduction to be accomplished by the retirement of an aggregate of 12,958 preferred shares of this corporation which have heretofore been redeemed or purchased by it or surrendered in exchange for $4.50 Dividend Preferred Shares, all of which are now held in the treasury of the corporation.

IN WITNESS WHEREOF We have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 2nd day of January, 1940.

Thomas C. Wright
President

Attest T. Lovtach
Secretary

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

On this 2nd day of January, 1940, before me, a notary public within and for said county, personally appeared THOMAS C. WRIGHT and W. L. Hatch, to me personally known, who being each by me duly sworn each did say that they are respectively the President and _____ Secretary of OTTER TAIL POWER COMPANY, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas C. Wright and W. L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Malcolm B McDonald

MALCOLM B. McDONALD
Notary Public, Hennepin County, Minn.
My Commission Expires Nov. 17, 1943.

J-6 304

APPR'D & FILED
INDEXED
IND. FILED
CEX. CHECKED

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 2 day of Jan A. D. 1946, at 10 o'clock A M. and was duly recorded in Book J-6 of Incorporations, on page 303

Secretary of State

JHC 3 28 40

L-6, 266

ARTICLES OF AMENDMENT
TO ARTICLES OF INCORPORATION
OF OTTER TAIL POWER COMPANY

We, the undersigned, being respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a meeting of the shareholders of Otter Tail Power Company entitled to vote thereon duly called and held on April 1, 1940, in accordance with the statutes of the State of Minnesota, the following resolution amending the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, was duly adopted in accordance with law and in accordance with the Articles of Incorporation, as amended, of said company, said resolution of amendment being as follows:

BE IT RESOLVED By the holders of Founders Common shares of Otter Tail Power Company that Paragraph (a) of Article Sixth of the Articles of Incorporation of this corporation, as heretofore amended, be amended to read as follows:

"(a) The preferred shares may be issued from time to time in series and the number of shares constituting any series may be fixed or altered by the Board of Directors from time to time. Each share of a series shall be in all respects identical with each other share of such series. Each series of shares shall be in all respects identical with each other series of shares except as to the rate of dividends thereon. The Board of Directors is authorized from time to time, as to any preferred shares then unallotted, to fix the dividend rate thereon and to designate each separate series appropriately by including in the name of such series the annual rate of dividend thereon. There are hereby created two (2) series of preferred shares, one consisting of fourteen thousand (14,000) shares to be known as '$5.50 Dividend Preferred Shares,' which shall be entitled to cumulative dividends at the rate of Five and 50/100 Dollars ($5.50) per annum, and one consisting of thirty-six thousand (36,000) shares to be known as the '$4.50 Dividend Preferred Shares,' which shall be entitled to cumulative dividends at the rate of Four and 50/100 Dollars ($4.50) per annum. The Board of Directors may in its discretion alter the number of authorized shares of any one or more of said two (2) series and may in its discretion issue at the same time and from time to time preferred shares of one or more series. Certificates representing preferred shares shall express on their face the series and annual dividend rate thereon."

IN WITNESS WHEREOF We have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 1st day of April, 1940.

Thomas C. Wright
President

Attest: _____
Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this 1st day of April, 1940, before me, a notary public within and for said county, personally appeared THOMAS C. WRIGHT and W. L. HATCH, to me personally known, who, being each by me duly sworn, each did say that they are respectively the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said THOMAS C. WRIGHT and W. L. HATCH acknowledged said instrument to be the free act and deed of said corporation.

Malcolm B. McDonald

MALCOLM B. McDONALD
Notary Public, Hennepin County, Minn.
My Commission Expires Nov. 17, 1941

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 1 day of April A. D. 1940 at 11 o'clock A M. and was duly recorded in Book A-6 of Incorporations, on page 246

Mike Holm
Secretary of State

APPR'D & FILED
INDEXED
IND: FILED
DEX. CHECKED

L-6, 268

ARTICLES OF REDUCTION OF STATED CAPITAL

OF

OTTER TAIL POWER COMPANY

We, the undersigned, being respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a meeting of the shareholders of Otter Tail Power Company entitled to vote thereon duly called and held on April 1, 1940, in accordance with the statutes of the State of Minnesota, the following resolution reducing the stated capital of Otter Tail Power Company was adopted in accordance with law and in accordance with the Articles of Incorporation, as amended, of said company, said resolution being as follows:

> BE IT RESOLVED By the Founders Common shareholders of Otter Tail Power Company, a Minnesota corporation, that the stated capital of this corporation be reduced in the amount of $1,324,100, from the sum of $3,743,948 to the sum of $2,419,848, said reduction to be accomplished by the retirement of an aggregate of 13,241 Preferred Shares of this corporation this date redeemed by it or surrendered in exchange for $4.50 Dividend Preferred Shares, all of which redeemed and surrendered Preferred Shares are now held in the treasury of the corporation.

IN WITNESS WHEREOF We have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 1st day of April, 1940.

Thomas C. Wright
President

Attest: W. L. Hatch
Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this 1st day of April, 1940, before me, a notary public within and for said county, personally appeared THOMAS C. WRIGHT and W. L. HATCH, to me personally known, who, being each by me duly sworn, each did say that they are respectively the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said THOMAS C. WRIGHT and W. L. HATCH acknowledged said instrument to be the free act and deed of said corporation.

Malcolm B. McDonald

MALCOLM B. McDONALD
Notary Public, Hennepin County, Minn
My Commission Expires Nov. 17, 1943.

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in my office on the 1 day of Dec A. D. 1970, at 11 o'clock A and was duly recorded in Book A 6 of Incorporations, on page 268

Secretary of State

APPR'D & FILED
INDEXED
IND. FILED
DEX. CHECKED

K-6 170

ARTICLES OF REDUCTION OF STATED CAPITAL
OF
OTTER TAIL POWER COMPANY

We, the undersigned, being respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a meeting of the shareholders of Otter Tail Power Company entitled to vote thereon, duly called and held on July 1, 1940, in accordance with the Statutes of the State of Minnesota, a resolution reducing the stated capital of Otter Tail Power Company was adopted in accordance with law and in accordance with the Articles of Incorporation, as amended, of said company, said resolution being as follows:

> BE IT RESOLVED By the Founders Common Shareholders of Otter Tail Power Company, a Minnesota corporation, that the stated capital of this corporation be reduced in the amount of $1,334,600, from the sum of $3,605,348, to the sum of $2,270,748, said reduction to be accomplished by the retirement of an aggregate of 13,346 Preferred Shares of this corporation this date redeemed by it or surrendered in exchange for $4.50 Dividend Preferred Shares, all of which redeemed and surrendered Preferred Shares are now held in the treasury of the corporation.

IN WITNESS WHEREOF, We have hereunto subscribed our names and affixed the seal of said Otter Tail Power Company this 1st day of July, 1940.

Thomas C. Wright
President

Attest:

Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this 1st day of July, 1940, before me, a notary public within and for said county, personally appeared Thomas C. Wright and W. L. Hatch, to me personally known, who, being each by me duly sworn, each did say that they are respectively the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas C. Wright and W. L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Malcolm B McDonald
MALCOLM B. McDONALD
Notary Public, Hennepin County, Minn.
My Commission Expires Nov. 17, 1943.

N-6 171

STATE OF MINNESOTA

[illegible] OF STATE

[illegible] 1 [illegible] June [illegible]

[illegible] 11:30 [illegible] A. M.

[illegible] N-6

[illegible] page 170

[illegible] Secretary of State

APPR'D & FILED

INDEXED

IND. FILED

DEX. CHECKED

JHC 7 1 41 7 9 41

V-C, 37

AGREEMENT OF MERGER, Dated this 9th day of July, 1941, made by and between OTTER TAIL POWER COMPANY, a corporation organized and existing under the laws of the State of Minnesota (hereinafter sometimes called "Otter Tail"), and a majority of the directors thereof, as first parties, and UNION PUBLIC SERVICE COMPANY, a corporation organized and existing under the laws of the State of Minnesota (hereinafter sometimes called "Union Public"), and a majority of the directors thereof, as second parties,

W I T N E S S E T H THAT:

WHEREAS, Each of said corporations, parties to this agreement, have power and authority under the laws of the State of Minnesota to merge into a single corporation, which corporation may be one of said corporations, and

WHEREAS, Otter Tail has 290,000 shares authorized consisting of 50,000 Preferred Shares without par value, 180,000 Special Common Shares of the par value of $1.00 each, and 60,000 Founders Common Shares of the par value of $1.00 each, and has outstanding 30,905 Preferred Shares, 17,512 Special Common Shares, and 6,400 Founders Common Shares, and

WHEREAS, Union Public has 14,250 shares authorized, of which 4,500 are Preferred Shares of the par value of $100 each, 5,750 are Preferred Shares without par value, and 4,000 are Common Shares of the par value of $100 each and there are outstanding 6,194 Preferred Shares and 2,424 Common Shares, and

WHEREAS, the respective Boards of Directors of said corporations deem it advisable and generally to the advantage and welfare of said corporations and their respective shareholders to merge said corporation into a single corporation, which shall be one of said corporations, to-wit: Otter Tail, all under and pursuant to the applicable provisions of the laws of the State of Minnesota,

NOW, THEREFORE, In consideration of the premises and of the mutual agreements, provisions, covenants, and grants herein contained, it is hereby agreed by and between the parties hereto and in accordance with

the applicable laws of the State of Minnesota, subject to the adoption of this Agreement of Merger by the shareholders of Otter Tail and by the shareholders of Union Public in accordance with the provisions of the statutes of the State of Minnesota, subject to approval of such merger by the Federal Power Commission, and subject to approval by the Board of Directors of Otter Tail following adoption of this Agreement of Merger by the shareholders of Otter Tail and Union Public, respectively, that Otter Tail and Union Public shall be and the same are hereby merged and consolidated into one corporation, viz., Otter Tail, a corporation organized and existing under the laws of the State of Minnesota and which is one of the parties hereto and one of the merging corporations.

And the parties hereto by these presents agree to and prescribe the terms and conditions of said merger and other facts applicable hereto and the mode of carrying the same into effect, which terms and conditions and the mode of carrying the same into effect the parties hereto do mutually and severally agree and covenant to observe, keep, and perform, viz.:

ARTICLE I.

The name of the corporation resulting from this merger, which corporation is the "surviving corporation," as such term is at times used in the statutes of the State of Minnesota, is and shall be and remain Otter Tail Power Company, a corporation duly organized and existing under the laws of the State of Minnesota, the same being hereinafter sometimes called the "Surviving Corporation."

ARTICLE II.

The purposes of the Surviving Corporation shall be as follows:

(a) To generate, produce, buy, or in any manner acquire, and to sell, dispose of, and distribute electricity for light, heat, power and other purposes, and to carry on the business of furnishing, supplying, manufacturing, and selling light, heat, power, gas, water, and steam, and any and all business incidental thereto; and to build, construct, develop, improve, buy, acquire by condemnation or otherwise, hold, own, lease, maintain, and operate plants, facilities, systems, and works for the manufacture, generation, production, accumulation, transmission, and distribution of electricity, gas, water, and steam, and to exercise rights of condemnation and eminent domain in connection with the doing of any of its purposes as herein set forth so far as may be permissible by law.

(b) To produce, mine, buy, sell, store, market, deal in, and prospect for, coal, oil, and minerals of all kinds and the products and by-products thereof.

(c) To manufacture, buy, sell, trade, and deal in goods, wares, merchandise, property, and commodities of any and every class and description.

(d) To purchase, acquire, and lease, and to sell, lease, and dispose of water, water rights, and power privileges for power, light, heat, mining, milling, irrigation, agricultural, domestic or any other use or purpose.

(e) To acquire, hold, mortgage, pledge, or dispose of the shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation.

(f) To endorse or guarantee the promissory notes, checks, drafts, evidences of indebtedness or obligations of whatsoever nature of any corporation, domestic or foreign, of which the Surviving Corporation shall own or control, directly or indirectly a majority of the stock then entitled to elect directors, or a majority thereof.

(g) To do or perform any and all lawful business necessary, essential or expedient to the proper conduct of any of the purposes aforesaid.

ARTICLE III.

The period of duration of the Surviving Corporation shall be perpetual.

ARTICLE IV.

The location and post-office address of the registered office of the Surviving Corporation in Minnesota is 125 South Mill Street, Fergus Falls, Minnesota.

ARTICLE V.

The total authorized number of shares of the Surviving Corporation is 290,000, divided into two classes, namely, Preferred Shares and Common Shares. Each Preferred Share shall be without par value and each Common Share shall be of the par value of $10. The total number of Preferred Shares authorized is 50,000 and of Common Shares authorized is 240,000. No fractional shares of any class or series shall be issued by the Surviving Corporation.

ARTICLE VI.

A. The Preferred Shares may be issued from time to time in series and the number of shares constituting any series may be fixed or altered by

the Board of Directors from time to time. Each share of a series shall be in all respects identical with each other share of such series. Each series of shares shall be in all respects identical with each other series of shares except as to the rate of dividend thereon and except as to the redemption price thereof. The Board of Directors is authorized from time to time as to any Preferred Shares then unallotted to fix the dividend rate thereon and the redemption price thereof and to designate each separate series appropriately by including in the name of such series the annual rate of dividend thereon or otherwise. There is hereby created a series of Preferred Shares consisting of 37,099 shares to be known as the "$4.50 Dividend Preferred Shares," which shall be entitled to cumulative dividends at the rate of $4.50 per annum, and no more, and the redemption price of which shall be $100 per share, plus the amount of any accrued and unpaid dividends thereon. The Board of Directors may in its discretion alter the number of authorized shares of the $4.50 Dividend Preferred Shares or of any other series of Preferred Shares and may in its discretion allot at the same time and from time to time Preferred Shares of one or more series. Certificates representing Preferred Shares shall express on their face the series and annual dividend rate thereon and shall express the redemption price thereof on their face or on the reverse thereof.

B. Out of any assets of the Surviving Corporation legally available therefor, as and when declared by the Board of Directors, the holders of Preferred Shares shall be entitled to receive dividends at the fixed annual rate of each series, and no more, payable quarterly, semiannually, or annually, as the Board of Directors shall from time to time determine. Such dividends shall be cumulative, and before any dividends shall be declared or paid upon or set apart for Common Shares and before any sum shall be paid or set apart for the redemption of Preferred Shares, all accrued dividends on the Preferred Shares up to and including the current dividend payable thereon shall be paid or set apart for payment. Accrued dividends shall bear no interest.

The Surviving Corporation shall not purchase any of its Preferred Shares outstanding unless during the five quarters immediately preceding the quarter within which it shall make such purchase it shall have paid or set apart for payment Preferred dividends in an amount at least equal (except for amounts less than 50¢ per share, as hereinafter set forth) to the earnings of the Surviving Corporation applicable to Preferred dividends during any four consecutive quarters out of said five quarters period. The total amount of such dividends so required to be paid or set apart for payment as a condition precedent to the right of the Surviving Corporation to purchase any of its Preferred Shares outstanding may, however, be restricted to the amount of Preferred dividends which accrued during such four quarters period and may further be restricted as to each series of Preferred Shares to that full multiple of 50¢ per share next lower than such applicable earnings per share for such period. For the purposes of this Subdivision B, a quarter shall be deemed to be the three months period commencing on January 1, April 1, July 1, or October 1 of each year. In ascertaining the amount of earnings applicable to Preferred dividends for the purposes set forth in this paragraph, depreciation shall be deducted at the amount thereof set up on the books of the Surviving Corporation for the applicable period, provided that if such depreciation so set up on the books of the Surviving Corporation is at a rate exceeding 5% per annum of the cost of the fixed property of the Surviving Corporation, as shown by its books, then for the said purpose of determining the earnings applicable to the payment of Preferred dividends, depreciation shall be deducted on the basis of an annual depreciation of 5% only of the cost of the fixed property of the corporation as shown by its books.

C. Preferred Shares shall be preferred both as to earnings and assets. In event of any liquidation, dissolution, or winding up of the Surviving Corporation which shall be voluntary, the holders of Preferred Shares shall be entitled to receive the redemption price for each share thereof before any amount shall be paid to the holders of Common Shares.

In event of any liquidation, dissolution, or winding up of the Surviving Corporation which shall be involuntary, the holders of Preferred Shares shall be entitled to receive for each share thereof a sum equal to $100 per share, together with a sum equal to accrued and unpaid dividends thereon, before any amount shall be paid to the holders of the Common Shares. In no event, apart from the receipt of Preferred dividends, shall the holders of Preferred Shares have any further participation in any of the assets or property of the Surviving Corporation.

D. Subject to the restrictions of Subdivision B hereof, the Surviving Corporation may at its option from time to time on any dividend payment date redeem the whole or any part of the Preferred Shares of any one or more series at the redemption price thereof. Notice of any proposed redemption of Preferred Shares shall be given by the Surviving Corporation by mailing a copy of such notice at least thirty (30) days prior to the date fixed for such redemption to the holders of record of the Preferred Shares to be redeemed at their respective addresses appearing on the books of the Surviving Corporation. Any such redemption of Preferred Shares shall be in such amount and at such place and by such method, either by lot or pro rata, and shall be of shares of one or more series, all as shall from time to time be provided by the by-laws of the Surviving Corporation or be determined by resolution of its Board of Directors. From and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Surviving Corporation in providing moneys at the time and place specified for the payment of the redemption price pursuant to said notice, all dividends on the Preferred Shares thereby called for redemption shall cease to accrue and all rights of the holders thereof as shareholders of the Surviving Corporation, except the right to receive the redemption price, shall cease and determine. No Preferred Shares shall be redeemed unless full cumulative dividends to the date of such redemption upon all Preferred Shares not then to be redeemed shall have been paid or set apart for payment. Preferred Shares redeemed shall, at the option of the Board of Directors, be subject

to reissuance or shall be retired from time to time and if so retired shall not be reissued.

E. After July 1, 1941, whenever Preferred Shares in addition to the 37,099 such shares to be issued hereunder shall be issued (whether or not said shares have theretofore been outstanding and subsequently repurchased by the Surviving Corporation or either merging corporation), the amount thereof shall be limited so that at the time of such issuance the total amount of outstanding Preferred Shares of all series taken at $100 per share, including such additional shares, shall not exceed the net assets of the Surviving Corporation. The term "net assets" as here used shall mean the cost of all property (including securities owned by it and not readily marketable but only of the character and to the extent hereinafter set forth and excluding securities of the Surviving Corporation itself) of the Surviving Corporation as shown by its books, together with the value of its current assets (including readily marketable securities and excluding securities of the Surviving Corporation itself) less the direct obligations of the Surviving Corporation, provided, however, that if such cost of property plus value of current assets shall exceed four and one-half (4½) times the amount of the gross revenues of the Surviving Corporation for a period of twelve months ending not more than sixty (60) days prior to the time of issuance of such proposed additional Preferred Shares, then the said cost of properties plus value of current assets shall nevertheless be deemed for this purpose to be four and one-half (4½) times such gross revenues. The gross revenues of the Surviving Corporation for said period of twelve (12) months shall include the gross revenues for the same period from any property which may have been owned by the Surviving Corporation for only a part of the said twelve (12) months or which may be in process of acquisition by the Surviving Corporation, and the direct obligations of the Surviving Corporation shall include the direct obligations which shall have been or shall be assumed by the Surviving Corporation in connection with the acquisition of such properties. Securities (other than current asset securities) shall be included at cost in determining the "net assets" of the Surviving Corporation for the purposes

set forth in this paragraph, but (1) only an amount not exceeding ten per cent (10%) of the cost of all the property of the Surviving Corporation except its current assets, and (2) only if the acquisition of such securities is or was reasonably necessary or convenient to expand or extend any of the major business activities of the Surviving Corporation or in connection with the carrying on of any of such activities. Except as otherwise expressly set forth in this paragraph, all matters to be ascertained in accordance with this paragraph shall be determined according to sound accounting practice. Anything herein to the contrary notwithstanding, Preferred Shares may at any time be allotted whether or not the restrictions in this paragraph set forth or any of them are fulfilled if such allotment is authorized by the affirmative vote of the holders of a majority of the Preferred Shares then outstanding, provided that such allotment shall not be made if the holders of twenty-five per cent (25%) or more of the Preferred Shares then outstanding shall cast their votes against such allotment.

F. The holders of Preferred Shares shall have no voting rights, provided that an amendment increasing the number of authorized Preferred Shares shall become effective only if, in addition to the required vote of the holders of Common Shares, it shall receive the affirmative vote of the holders of a majority of the Preferred Shares then outstanding, and provided further that any amendment otherwise adversely affecting the rights of the Preferred shareholders shall become effective only if, in addition to the required vote of the holders of Common Shares, it shall receive the affirmative vote of the holders of a majority of the Preferred Shares then outstanding, but, in addition, it shall not become effective if the holders of twenty-five per cent (25%) or more of the Preferred Shares then outstanding shall cast their votes against such amendment, and provided further that in event of a default in the payment of dividends on the Preferred Shares of any one or more series aggregating as to such series an amount equal to twice the annual dividend rate carried by such series, the Preferred Shares, voting separately as a class and without distinction between series, shall be entitled to elect three (3) directors of the Surviving Corporation until all

defaults in the payment of dividends on the Preferred Shares of all series shall have been removed, and such voting rights of the Preferred shareholders shall revest whenever and as often as any such default occurs. The terms of office of all persons who may be directors of the Surviving Corporation at the time when the voting power of the holders of Preferred Shares to elect three (3) directors shall accrue as herein provided shall terminate upon the election of their successors at a meeting of the holders of the Preferred Shares and of the Common Shares entitled to elect the remaining directors, at which meeting the holders of the Preferred Shares and the holders of the Common Shares shall vote separately by classes. The terms of office of all directors so elected shall be for one (1) year, subject to termination as hereinafter set forth. Such meeting shall be held at any time after the accrual of such voting power upon not less than ten (10) days notice and upon call by the Secretary of the Surviving Corporation at the written request of any holder of Preferred Shares. Upon the termination of the voting power of the Preferred Shares at any time as aforesaid, the terms of office of all persons who may have been elected directors by the vote of the holders of the Preferred Shares and of the holders of Common Shares, voting separately by classes, shall terminate upon the election of their successors at a meeting of the holders of Common Shares, and the terms of office of such successors shall, as near as may be, be divided so that one third (1/3) of the Board shall hold office for one (1) year, one third (1/3) for two (2) years, and one third (1/3) for three (3) years. Such meeting may be held at any time after the termination of such voting power of the Preferred Shares upon not less than ten (10) days notice and upon call by the Secretary of the Surviving Corporation at the written request of any holder of Common Shares.

G. Out of the assets of the Surviving Corporation legally available therefor, after full cumulative dividends as aforesaid upon the Preferred Shares then outstanding shall have been paid for all past dividend periods

and after full dividends on the Preferred Shares for the current dividend period shall have been declared and paid or set apart for payment and after making such provision, if any, as the Board of Directors may deem necessary or expedient for working capital or other purposes, then and not otherwise dividends may be declared and paid upon the Common Shares, share and share alike, to the exclusion of the holders of Preferred Shares. The right to receive any dividends which may be declared payable in shares of any class is vested in the holders of Common Shares exclusively, but no such dividend shall be declared in any dividend period unless full cumulative dividends upon the Preferred Shares then outstanding shall have been paid for all past dividend periods and shall have been declared and paid or set apart for payment for the current dividend period.

H. Subject to the foregoing express provisions with reference to the Preferred shareholders, the holders of Common Shares shall have the sole voting rights of shareholders of the corporation and shall be entitled to one vote for each share held, and the holders of a majority of the Common Shares outstanding shall have power to authorize the sale, lease, exchange, or other disposal of all, or substantially all, of the property and assets of the Surviving Corporation, including its good will, to adopt or reject an agreement of consolidation or merger, and to amend the Articles of Incorporation of the Surviving Corporation.

I. The holders of Common Shares shall have the sole preemptive or preferential right of subscription to any Common Shares of the Surviving Corporation, whether now or hereafter authorized, or to any obligation convertible into Common Shares of the Surviving Corporation. No holder of shares of any class shall have any preemptive or preferential right of subscription to any Preferred Shares of the Surviving Corporation, whether now or hereafter authorized, or to any obligation convertible into Preferred Shares of the Surviving Corporation, other than such right of subscription, if any, as the holders of Common Shares or the Board of Directors may from time to time determine.

JHC 7 1 41 7 9 41

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ARTICLE VII.

The amount of stated capital with which the Surviving Corporation shall begin business shall be $4,990,290, which amount is equal to the sum of $3,709,900, being the amount of $100 for each Preferred Share of the Surviving Corporation to be outstanding upon the effective date of this Merger Agreement, plus the sum of $1,280,390, being the aggregate par value of the Common Shares then to be outstanding.

ARTICLE VIII.

The first Board of Directors of the Surviving Corporation shall be seven (7) in number and their names and post-office addresses are and their respective terms of office shall be as follows:

Name	Post-office Address	Term of Office
Geoffrey W. Welch	125 South Mill Street Fergus Falls, Minnesota	Until 1942 annual meeting
Fred Leffler	125 South Mill Street Fergus Falls, Minnesota	Until 1942 annual meeting
William L. Hatch	125 South Mill Street Fergus Falls, Minnesota	Until 1943 annual meeting
Cyrus G. Wright	125 South Mill Street Fergus Falls, Minnesota	Until 1943 annual meeting
Samuel P. Adams	125 South Mill Street Fergus Falls, Minnesota	Until 1944 annual meeting
Clifford S. Kennedy	125 South Mill Street Fergus Falls, Minnesota	Until 1944 annual meeting
Thomas C. Wright	125 South Mill Street Fergus Falls, Minnesota	Until 1944 annual meeting

The Board of Directors shall consist of such number of persons not less than seven (7) nor more than nine (9) as may be determined by the shareholders from time to time at annual meetings thereof, provided that, subject to the provisions of Subdivision F of Article VI hereof, the number of Directors shall not be increased so as to require the election of more than three (3) Directors at any annual meeting in order to fill all vacancies in the Board. Subject to the provisions of Subdivision F of Article VI hereof, the term of office of each Director other than those above named shall be

three (3) years. A majority of the remaining Directors shall have authority to fill vacancies in the Board of Directors occurring between annual meetings of the shareholders, each Director so elected to serve for the unexpired term of the Director with respect to whom the vacancy occurred.

The names and places of residence of the first officers of the Surviving Corporation, who shall hold office until the first annual meeting of the Board of Directors of the Surviving Corporation and until their successors are elected and qualified, are as follows:

Names	Offices	Residences
Thomas C. Wright	President	Fergus Falls, Minnesota
Clifford S. Kennedy	Vice-President and General Manager	Fergus Falls, Minnesota
Samuel P. Adams	Vice-President and Treasurer	Fergus Falls, Minnesota
Cyrus G. Wright	Vice-President	Fergus Falls, Minnesota
William L. Hatch	Secretary and Auditor	Fergus Falls, Minnesota
Fred Leffler	Assistant Secretary	Fergus Falls, Minnesota

ARTICLE IX.

The Board of Directors of the Surviving Corporation shall have authority to accept or reject subscriptions for shares and to make and alter the by-laws of the Surviving Corporation, subject to the power of the shareholders to change or repeal such by-laws. Until further action by the Board of Directors or shareholders of the Surviving Corporation, the by-laws of Otter Tail in force at the effective date of this Merger Agreement shall constitute the by-laws of the Surviving Corporation.

ARTICLE X.

The manner of converting the shares of each of the corporations which are parties hereto into the shares of the Surviving Corporation shall be as follows: Each Preferred Share of Otter Tail shall remain outstanding without change and shall carry accrued and unpaid dividends from the date to which dividends thereon shall have been paid by Otter Tail. Each Founders Common Share and each Special Common Share of Otter Tail shall be and become

five Common Shares of the Surviving Corporation. Each Preferred Share of Union Public of whatsoever series shall be and become one $4.50 Dividend Preferred Share of the Surviving Corporation on which dividends shall accrue from the end of the quarterly period next preceding the effective date hereof. Each Common Share of Union Public shall be and become 3½ Common Shares of the Surviving Corporation. No fractional Common Shares of the Surviving Corporation shall be issued, but in lieu thereof payment shall be made therefor to the persons otherwise entitled to receive such fractional shares on the basis of $30 for a full Common Share of the Surviving Corporation. The certificates for Founders Common Shares and Special Common Shares of Otter Tail and for Preferred Shares of Union Public of whatsoever series and for Common Shares of Union Public shall be surrendered and canceled and upon such surrender there shall be issued certificates for equivalent shares of the Surviving Corporation.

ARTICLE XI.

Upon the issuance of a Certificate of Merger, as provided by the laws of the State of Minnesota, the corporate existence and identity of each of said corporations, parties hereto, shall continue in the Surviving Corporation, and all the property, assets, rights, privileges, powers, franchises, and immunities of each of said corporations, parties hereto, shall vest in the Surviving Corporation, and all the debts, liabilities, and obligations of the said corporations, parties hereto, shall become the debts, liabilities, and obligations of the Surviving Corporation.

ARTICLE XII.

The earned surplus of each of the corporations, parties hereto, is not and shall not be capitalized upon and by reason of this merger, and the same shall be treated as and shall be earned surplus of the Surviving Corporation.

ARTICLE XIII.

If at any time the Surviving Corporation shall be advised that any further assignments, deeds, assurances in the law or things are necessary

or desirable to vest in the Surviving Corporation the title to any property of either of said corporations, parties hereto, the proper officers and directors of said corporations, respectively, shall and will execute all proper assignments, deeds, and assurances in the law and do all things necessary or proper to vest title to such property in the Surviving Corporation and otherwise to carry out the purposes of this Merger Agreement.

ARTICLE XIV.

Except as herein otherwise limited or qualified, the Surviving Corporation reserves the right to amend, alter, change, or repeal any provisions in this Agreement of Merger, all in the manner now or hereafter prescribed by the laws of the State of Minnesota, and all rights conferred herein upon officers, directors, and shareholders of the Surviving Corporation are granted subject to this reservation.

ARTICLE XV.

This Agreement shall be submitted to the shareholders of each of the said corporations, parties hereto, as provided by the laws of the State of Minnesota and shall take effect and be deemed and taken to be the act of merger of such corporations only upon compliance with all of the following conditions:

(a) Upon the adoption of this Agreement by the votes of the requisite number of holders of shares entitled to vote thereon of Otter Tail and Union Public, respectively;

(b) Upon the approval of the merger hereunder of the said corporations, parties hereto, by the Federal Power Commission;

(c) Upon determination by the Board of Directors of Otter Tail that the consummation of the merger provided hereby is in the interests of both said corporations, parties hereto, after adoption of this Agreement of Merger by the required vote of the holders of shares entitled to vote thereon of Otter Tail and of Union Public; and

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(d) Upon the filing of this Agreement of Merger with the Secretary of State of Minnesota in the manner provided by the laws of the State of Minnesota.

IN WITNESS WHEREOF The said corporations, parties to this Agreement, have caused their respective seals to be hereunto affixed and these presents to be signed by their respective Presidents or Vice-Presidents and attested by their respective Secretaries or Assistant Secretaries, all thereunto duly authorized, and a majority of the directors of each of said corporations have hereunto set their hands and seals as of the day and year first above written.

OTTER TAIL POWER COMPANY

By Howard C. Wright President

Attest: A. H. Welch Secretary

Howard C. Wright (SEAL)

C. A. Bromley (SEAL)

A. H. Welch (SEAL)

G. W. Welch. (SEAL)

C. Dwight (SEAL)

Samuel Edwards (SEAL)

Ind Tiffler (SEAL)

(SEAL)

Directors

UNION PUBLIC SERVICE COMPANY

By C. A. Bromley President

Attest Winifred J. Casey Secretary

J. C. B. C. W. Buchanan (SEAL)

L. S. A. V. Kiefer (SEAL)

T. S. Thomas C. Savage (SEAL)

JCO. James L. Otis (SEAL)

WC Winifred J. Casey (SEAL)

SH G. Sidney Paulson (SEAL)

Directors

STATE OF MINNESOTA)
) ss.
COUNTY OF OTTER TAIL)

I, W. L. HATCH, hereby certify that I am Secretary of Otter Tail Power Company, a Minnesota corporation, and do further certify as follows:

1. The foregoing agreement of merger for the merger of Union Public Service Company, a Minnesota corporation, with and into this corporation was signed and delivered by a majority of the directors of said Otter Tail Power Company and was duly submitted to shareholders of said Otter Tail Power Company entitled to vote thereon at a meeting thereof separately called to be held and duly held on August 26, 1941, at the principal office of Otter Tail Power Company in the State of Minnesota for the purpose of considering the adoption of said agreement of merger, of which meeting more than two weeks' notice of the time, place, and object thereof was mailed to each shareholder of the corporation, whether entitled to vote thereon or not, at his last post-office address as shown by the records of the Secretary of Otter Tail Power Company.

2. At said meeting said agreement of merger was considered and a vote of the shareholders of Otter Tail Power Company entitled to vote thereon who were present in person or represented thereat by proxy was taken by ballot for the adoption or rejection of said agreement of merger. At said meeting the holders of 6,016 Founders Common shares out of 6,400 Founders Common shares issued and outstanding voted in favor of the adoption of said agreement of merger; the holders of Founders Common shares were the only shareholders entitled to vote thereon pursuant to the Articles of Incorporation, as amended, of Otter Tail Power Company, and therefore the votes of the holders of more than two thirds of all shares entitled to vote thereon were in favor of the adoption of said agreement, and no shareholder voted against the same.

3. On August 19, 1941, the Federal Power Commission issued its order pursuant to joint application by Otter Tail Power Company and Union Public Service Company authorizing the merger of the properties and facilities

of Otter Tail Power Company and Union Public Service Company pursuant to said agreement of merger.

4. On Sept. 16, 1941, at a meeting of the Board of Directors of Otter Tail Power Company duly called and held at the principal place of business of Otter Tail Power Company in Minnesota, at which meeting a quorum of the Board of Directors was present, a resolution was unanimously adopted determining that the consummation of the merger provided by said agreement of merger was in the interests of both Otter Tail Power Company and Union Public Service Company and directing that the agreement of merger be filed for record in the office of the Secretary of State of Minnesota on September 30, 1941, in order to become effective on said date.

IN WITNESS WHEREOF I have hereunto signed my name as Secretary of said Otter Tail Power Company, a Minnesota corporation, and affixed hereto its corporate seal this 16th day of September, 1941.

Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

I, WINIFRED J. CASEY, hereby certify that I am Secretary of Union Public Service Company, a Minnesota corporation, and do further certify as follows:

1. The foregoing agreement of merger for the merger of said Union Public Service Company with and into Otter Tail Power Company, a Minnesota corporation, was signed and delivered by a majority of the directors of said Union Public Service Company and was duly submitted to the shareholders of said Union Public Service Company entitled to vote thereon at a meeting thereof separately called to be held and duly held on August 26, 1941, at the principal office of Union Public Service Company in the State of Minnesota for the purpose of considering the adoption of said agreement of merger, of which meeting more than two weeks' notice of the time, place, and object thereof was mailed to each shareholder of the corporation, whether entitled to vote thereon or not, at his last post-office address as shown by the records of the Secretary of Union Public Service Company.

2. At said meeting there were outstanding and entitled to vote on the question of the adoption of said agreement of merger 2949 shares of said Union Public Service Company, and there were present at said meeting or represented by proxy shareholders holding in the aggregate 2617 shares of said 2949 shares; at said meeting a vote of the shareholders of Union Public Service Company entitled to vote thereon was taken by ballot for the adoption or rejection of said agreement of merger; the holders of 2617 of such shares voted at said meeting in favor of the adoption of said agreement of merger, and no shareholder voted against the same, and therefore the votes of the holders of more than two thirds of all shares entitled to vote thereon were cast in favor of the adoption of said agreement of merger.

IN WITNESS WHEREOF I have hereunto signed my name as Secretary

of said Union Public Service Company, a Minnesota corporation, and affixed hereto its corporate seal this 18th day of September, 1941.

Winifred J. Casey
Secretary

The foregoing agreement of merger having been duly adopted by the shareholders of each of the corporations, parties thereto, and the fact of the adoption thereof, as aforesaid, having been duly certified thereon by the secretaries of the respective corporations, all in accordance with law, and the Board of Directors of Otter Tail Power Company having determined, after the aforesaid votes by the shareholders of said two corporations, parties hereto, that the consummation of the merger provided by said agreement of merger was in the interests of both said corporations, parties hereto, said agreement of merger is hereby signed by the President and Secretary of each of said corporations under the respective corporate seals thereof this 16 day of September, 1941.

Thomas C. Wright
President of Otter Tail Power Company

Secretary of Otter Tail Power Company

President of Union Public Service Company

Secretary of Union Public Service Company

STATE OF MINNESOTA)
) ss.
COUNTY OF OTTER TAIL)

On this 16 day of September, 1941, before me, a notary public within and for said county, personally appeared THOMAS C. WRIGHT and W. L. HATCH, to me known to be President and Secretary of OTTER TAIL POWER COMPANY, a corporation of the State of Minnesota, and one of the corporations described in and which executed the foregoing agreement of mortgage; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas C. Wright and W. L. Hatch acknowledged said instrument to be the free act and deed of said corporation.

Fred Leffler
Notary Public
Otter Tail County, Minn.
My Commission Expires July 11, 1942

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

On this 12 day of September, 1941, before me, a notary public within and for said county, personally appeared AUGUST H. BUSHMAN and WINIFRED J. CASEY, to me known to be President and Secretary of NORTHERN PUBLIC SERVICE COMPANY, a corporation of the State of Minnesota, and one of the corporations described in and which executed the foregoing agreement of mortgage; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said August H. Bushman and Winifred J. Casey acknowledged said instrument to be the free act and deed of said corporation.

W. M. James
Notary Public, Ramsey County, Minn.
My Commission Expires July 4, 1944

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STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 30 day of Sept. A. D. 1941, at 4:30 o'clock P M. and was duly recorded in Book V-6 of Incorporations, on page 37 to 59 inclusive.

Mike Holm
Secretary of State

APPR'D & FILED
INDEXED
MD. FILED
COMPARED

Domestic File
3071

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
SEP 30 1941
4:30 P.M.

Mike Holm
Secretary of State

CERTIFICATE

We, the undersigned, THOMAS C. WRIGHT and W. L. HATCH, do hereby certify that we are the duly elected, qualified and acting President and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a full, true and correct copy of certain preambles and resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on November 3, 1944, viz.:

WHEREAS, Otter Tail Power Company, a Minnesota corporation, is authorized to issue and allot a total of 50,000 Preferred Shares without par value, and

WHEREAS, This corporation has heretofore allotted and there are now outstanding 37,099 Preferred Shares, and no more, all of which are $4.50 Dividend Preferred Shares; which is the total amount of said Dividend Preferred Shares which this company is authorized to issue without further action by its Board of Directors, and

WHEREAS, There remain unallotted and unissued 12,901 Preferred Shares,

NOW, THEREFORE, Pursuant to the authority conferred upon the Board of Directors, pursuant to Article VI of the Agreement of Merger between this Company and Union Public Service Company, which Agreement of Merger includes the Articles of Incorporation of this Company,

BE IT RESOLVED By the Board of Directors of Otter Tail Power Company that a series of Preferred Shares, consisting of 12,901 shares, is hereby created to be known as the "$4.25 Dividend Preferred Shares," which shall be entitled to cumulative dividends at the rate of $4.25 per share per annum, and no more, and the redemption price of which shall be $105 per share, plus the amount of any accrued and unpaid dividends thereon.

BE IT FURTHER RESOLVED That the officers of the Company be and they hereby are authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing preambles and resolutions and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

IN WITNESS WHEREOF, The undersigned have hereunto set their hands as President and Secretary, respectively, of Otter Tail Power Company, and have affixed the seal of Otter Tail Power Company this 3 day of November, 1944.

Thomas C. Wright
President

A. Watt
Secretary

(Corporate Seal)

STATE OF MINNESOTA)
(ss
COUNTY OF OTTER TAIL)

On this 3 day of November, 1944, before me, R. O. Mittelstadt, a notary public in and for said County and State, personally appeared Thomas C. Wright and W. L. Hatch, to me personally known to be the President and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the President and Secretary of said corporation, and that the seal affixed to the within certificate is the corporate seal of said corporation and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Thomas C. Wright and W. L. Hatch acknowledged said certificate to be the free act and deed of said corporation.

R. O. Mittelstadt

R. O. MITTELSTADT,
Notary Public, Otter Tail County, Minn.
My commission expires Sept. 24, 1950.

OTTER TAIL COUNTY

APPR'D & FILED
INDEXED
IND. FILED
DEX. CHECKED

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 9 day of Nov. A.D. 1944, at 8 o'clock A. M., and was duly recorded in Book M-7 of Incorporations, on page 1

Secretary of State

ARTICLES OF AMENDMENT

of

ARTICLES OF INCORPORATION

of

OTTER TAIL POWER COMPANY

We, T. C. Wright and W. L. Hatch, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at an adjourned meeting of the shareholders of said corporation duly called and held on July 10, 1946, in accordance with the statutes of the State of Minnesota and the by-laws of the corporation, the following resolution was adopted by the vote of the holders of a majority of the outstanding Common Shares of the corporation, said resolution being as follows:

BE IT RESOLVED by the shareholders of Otter Tail Power Company that the Articles of Incorporation of this corporation, which Articles of Incorperation are contained in the Agreement of Merger dated July 9, 1941, between this corporation and Union Public Service Company, be and the same are hereby amended in their entirety (except as to the terms and provisions relating to the Preferred Shares heretofore authorized which shall remain unchanged) to read as follows:

ARTICLE I.

The name of the corporation shall be Otter Tail Power Company.

ARTICLE II.

The purposes of the corporation shall be as follows:

(a) To generate, produce, buy, or in any manner acquire, and to sell, dispose of, and distribute electricity for light, heat, power and other purposes, and to carry on the business of furnishing, supplying, manufacturing, and selling light, heat, power, gas, water, and steam, and any and all business incidental thereto; and to build, construct, develop, improve, buy, acquire by condemnation or otherwise, hold, own, lease, maintain and operate plants, facilities, systems, and works for the manufacture, generation, production, accumulation, transmission, and distribution of electricity, gas, water, and steam, and to exercise rights of condemnation and eminent domain in connection with the doing of any of its purposes as herein set forth so far as may be permissible by law.

(b) To produce, mine, buy, sell, store, market, deal in, and prospect for, coal, oil, and minerals of all kinds and the products and by-products thereof.

(c) To manufacture, buy, sell, trade, and deal in goods, wares, merchandise, property, and commodities of any and every class and description.

(d) To purchase, acquire, and lease, and to sell, lease, and dispose of water, water rights, and power privileges for power, light, heat, mining, milling, irrigation, agricultural, domestic or any other use or purpose.

(e) To acquire, hold, mortgage, pledge, or dispose of the shares,

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bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation.

(f) To endorse or guarantee the promissory notes, checks, drafts, evidences of indebtedness or obligations of whatsoever nature of any corporation, domestic or foreign, of which the corporation shall own or control, directly or indirectly a majority of the stock then entitled to elect directors, or a majority thereof.

(g) To do or perform any and all lawful business necessary, essential or expedient to the proper conduct of any of the purposes aforesaid.

ARTICLE III.

The period of duration of the corporation shall be perpetual.

ARTICLE IV.

The location and post-office address of the registered office of the corporation in Minnesota is 125 Mill Street, Fergus Falls, Minnesota.

ARTICLE V.

The total authorized number of shares of the corporation is 350,000 divided into three classes, namely, Preferred Shares, Cumulative Preferred Shares and Common Shares. Each Preferred Share and each Cumulative Preferred Share shall be without par value and each Common Share shall be of the par value of $10. The total authorized number of Preferred Shares is 50,000, of Cumulative Preferred Shares is 60,000 and of Common Shares is 240,000. No fractional shares of any class or series shall be issued by the corporation.

The designations, relative rights, voting power, preferences and restrictions of the Preferred Shares, of which 37,000 shares of a series desig-

nated as $4.50 Dividend Preferred Shares and 12,901 shares of a series designated as $4.25 Dividend Preferred Shares are now authorized and outstanding, shall be and remain the same as provided in the Agreement of Merger, dated July 9, 1941, between the corporation and Union Public Service Company and the resolutions of the Board of Directors of the corporation authorizing the creation of such latter series, respectively.

So long as any Preferred Shares are outstanding, the Cumulative Preferred Shares shall be junior and subordinate in all respects to the Preferred Shares, the rights, voting power, preferences and restrictions of which are not in any way changed by this amendment to the Articles of Incorporation creating the Cumulative Preferred Shares.

No Cumulative Preferred Shares shall be issued unless, either before or simultaneously with the issue of such shares, the Board of Directors shall (i) authorize and direct the redemption, as of a date not later than forty (40) days after the date of the initial issue of Cumulative Preferred Shares, of all of the then issued and outstanding Preferred Shares of all series and (ii) cause the corporation to deposit in trust with a bank or trust company in good standing and doing business in the City of Minneapolis or in the City of St. Paul, Minnesota, having a capital, surplus and undivided profits aggregating at least $1,000,000, designated in the notice of redemption, all funds necessary for the redemption on the specified redemption date of all said issued and outstanding Preferred Shares, and deliver irrevocable written instructions authorizing such bank or trust company, on behalf and at the expense of this corporation, to cause notice of such redemption to be mailed at least thirty (30) days prior to the date fixed for such redemption to the holders of record of the issued and outstanding Preferred Shares at their respective addresses appearing on the books of the corporation, and to apply the funds deposited as aforesaid solely to the payment and redemption of said Preferred Shares; provided, however, that said written instructions may provide that any funds deposited with such bank or trust company for such redemption, and unclaimed at the end of six (6) years after the date fixed for such redemption shall be repaid to the corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders

of the shares so called for redemption shall look only to this corporati for the payment thereof.

Preferred Shares redeemed, purchased or otherwise acquired by the corporation shall not be reissued and shall cease to be authorized shares. Upon the redemption or retirement of all Preferred Shares such shares shall cease to exist as a class of shares authorized by the Articles of Incorporation.

ARTICLE VI.

The designations, relative rights, voting power, preferences and restrictions of the Cumulative Preferred Shares and Common Shares, respectively, shall be as follows:

A. The Cumulative Preferred Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preferred Shares shall be of equal rank and shall be identical, except in respect of the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preferred Shares shall be issued only as fully paid and non-assessable shares.

Authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preferred Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on

shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; and (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs.

B. Before any dividends on any shares ranking junior to the Cumulative Preferred Shares shall be paid or declared and set apart for payment, the holders of the Cumulative Preferred Shares of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative, in the case of shares of each particular series:

(1) If issued prior to the record date for the first dividend on shares of such series, then from and including the date fixed for such purpose by the Board of Directors in the resolution or resolutions creating such series;

(2) If issued during the period commencing immediately after the record date for a dividend on shares of such series and terminating at the close of the payment date for such dividend, then from and including such last mentioned dividend payment date;

(3) Otherwise from and including the quarterly dividend payment date next preceding the date of issue of such shares.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preferred Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for

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the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preferred Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on the shares of any class of the corporation ranking junior to the Cumulative Preferred Shares, nor shall any shares of the corporation of any class ranking junior to the Cumulative Preferred Shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any shares of the corporation of any class ranking junior to the Cumulative Preferred Shares, unless all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment.

In no event shall any Cumulative Preferred Shares of any series be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preferred Shares of any series, unless all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in event all of the Cumulative Preferred Shares shall be called for redemption.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding shares of the corporation of any class ranking junior to the Cumulative Preferred Shares, and the holders of the Cumulative Preferred Shares shall not be entitled to participate in any such dividends.

C. The Cumulative Preferred Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option

of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such shares become cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. If less than all the outstanding Cumulative Preferred Shares of any series are to be redeemed, the shares to be redeemed shall be determined by lot in such manner as the Board of Directors may prescribe.

Notice of every redemption of Cumulative Preferred Shares shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the corporation, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption.

If notice of redemption shall have been duly given as aforesaid, and if, on or before the redemption date specified in the notice, all funds necessary for the redemption shall have been deposited in trust with a bank or trust company in good standing and doing business at any place within the United States, having capital, surplus and undivided profits aggregating at least $1,000,000, and designated in the notice of redemption, for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefor, then, from and after the date of such deposit, notwithstanding that any certificate for Cumulative Preferred Shares so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the dividends thereon shall cease to accumulate from and after the date fixed for redemption, and all rights with respect to the Cumulative Preferred Shares so called for redemption shall forthwith on the date of such deposit cease and terminate, except only the right of

the holders thereof to receive the redemption price of the shares so redeemed, including accrued dividends to the redemption date, but without interest. Any funds deposited by the corporation pursuant to this paragraph and unclaimed at the end of six (6) years after the date fixed for redemption shall be repaid to the corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders of the shares so called for redemption shall look only to the corporation for the payment thereof.

D. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any class of shares ranking junior to the Cumulative Preferred Shares, the holders of the shares of each series of Cumulative Preferred Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the issue of such series, together with a sum, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such shares became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment. If such distribution or payment shall have been made to the holders of the Cumulative Preferred Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of shares ranking junior to the Cumulative Preferred Shares according to their respective rights and preferences and in each case according to their respective shares. If the assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preferred Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger shall not be deemed a liquidation, disso-

lution or winding up of the affairs of the corporation within the meaning of any of the provisions of this paragraph.

E. The holders of the Cumulative Preferred Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision E:

(1) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the total number of Cumulative Preferred Shares of all series then outstanding:

(a) Create, authorize or issue any shares of any class ranking prior to, or any securities of any kind or class convertible into shares of any class ranking prior to, the Cumulative Preferred Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preferred Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preferred Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the total number of shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the total number of Cumulative Preferred Shares of all series then outstanding, or (ii), in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the total number of Cumulative Preferred Shares of all series then outstanding, of at least two-thirds (2/3) of the total number of Cumulative Preferred Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preferred Shares, or create, authorize or issue any shares of any class ranking on a parity with the Cumulative Preferred Shares as to dividends or assets, or any securities of any kind or class convertible into Cumulative Preferred Shares or shares of any class on a parity with the Cumulative Preferred Shares; or

(b) Issue any Cumulative Preferred Shares of any series if as a result thereof more than 60,000 Cumulative Preferred Shares of all series will then be outstanding, unless:

(i) The corporation's "Adjusted Income Available for Interest", as hereinafter defined, shall be at least equal to one and one-half (1½) times the corporation's "Adjusted Interest and Preferred Charges", as hereinafter defined; and

(ii) The corporation's "Adjusted Income Available for Preferred Dividends", as hereinafter defined, shall be at least equal to two and one-half (2½) times the corporation's "Adjusted Preferred Charges", as hereinafter defined; and

(iii) The corporation's "Common Share Equity", as hereinafter defined, shall equal at least one-fourth (¼) of the corporation's "Total Capitalization", as hereinafter defined; or

(c) Declare, pay or set apart for payment any dividend on any shares of the corporation ranking junior to the Cumulative Preferred Shares, or purchase, redeem or otherwise acquire for value any shares of the corporation ranking junior to the Cumulative Preferred Shares, or pay or set aside or make available any moneys for a purchase fund or sinking fund for the purchase or redemption of any such junior shares, unless after giving effect to the payment of such dividend or such purchase, redemption or other acquisition or such payment or setting aside of moneys in a purchase fund or sinking fund,

(i) The "Common Share Equity", as hereinafter defined,

shall equal at least one-fourth (¼) of the "Total Capitalization", as hereinafter defined; and

(ii) The earned surplus of the corporation shall be not less than $831,398.

(d) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger unless, immediately after such consolidation or merger shall become effective:

(i) The Cumulative Preferred Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preferred Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger, and the indebtedness for borrowed money of the resulting corporation immediately after such consolidation or merger shall be no greater than the indebtedness for borrowed money of the corporation immediately preceding such consolidation or merger; or

(ii) (aa) The "Adjusted Income Available for Interest", as hereinafter defined, of the resulting corporation shall be at least equal to one and one-half (1½) times its "Adjusted Interest and Preferred Charges", as hereinafter defined; and

(bb) The "Adjusted Income Available for Preferred Dividends", as hereinafter defined, of the resulting corporation shall be at least equal to two and one-half (2½) times its "Adjusted Preferred Charges", as hereinafter defined; and

(ee) The "Common Share Equity", as hereinafter defined, of the resulting corporation shall equal at least one-fourth (¼) of its "Total Capitalization", as hereinafter defined.

(c) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preferred Shares of all series then outstanding and of all shares then outstanding of a class on a parity with the Cumulative Preferred Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preferred Shares.

(3) For the purposes of the foregoing provisions of this subdivision E:

(a) The term "Adjusted Income Available for Interest" shall mean the gross income of the corporation for a period of twelve (12) consecutive calendar months selected by the corporation out of the fifteen (15) calendar months immediately preceding the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger, determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice, available for the payment of interest, but after deduction of taxes of all kinds (including taxes based on income), including for a like period such gross income (similarly computed and with similar deductions and eliminating any duplication of income) of any property which was or will have been an operating unit or a part of an operating unit preceding its acquisition by the corporation and which has been acquired within the past twelve (12) months immediately preceding or is to be acquired by the corporation substantially contemporaneously with the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger.

(b) The term "Adjusted Interest and Preferred Charges" is hereby defined as the sum of (i) the interest charges for one year upon all interest-bearing indebtedness of the corporation outstanding at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, including that, if any, proposed to be issued or assumed substantially contemporaneously, or to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject (adjusted for all amortization of debt discount and expense, or of premium on debt, as the case may be), and (ii) the dividend requirements for one year on all outstanding Cumulative Preferred Shares, and on all other shares of a class ranking prior to or on a parity with the Cumulative Preferred Shares as to dividends or assets, outstanding at the time of issuance of such additional Cumulative Preferred Shares, or of such consolidation or merger, including all such shares proposed to be issued, or all such shares of the resulting corporation, as the case may be.

(c) The term "Adjusted Income Available for Preferred Dividends" is hereby defined as the "Adjusted Income Available for Interest" for the aforesaid twelve (12) months' period, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(d) The term "Adjusted Preferred Charges" is hereby defined as the "Adjusted Interest and Preferred Charges" for one year determined at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(e) The term "Common Share Equity" is hereby defined as the sum of (i) the stated capital of the corporation applicable to its Common Shares and to all other shares junior to the Cumulative Pre-

ferred Shares (including shares, if any, proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (iv) capital surplus to the extent of premium on Common Shares and on all other shares junior to the Cumulative Preferred Shares (including premium, if any, on shares proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (iii) contributions in aid of construction, and (iv) earned surplus, all determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice.

(f) The term "Total Capitalization" is hereby defined as the sum of (i) the Common Share Equity, (ii) the involuntary liquidation preference of all Cumulative Preferred Shares and all other shares prior to or on a parity with the Cumulative Preferred Shares to be outstanding after the proposed event, and (iii) the principal amount of all interest bearing debt (including debt to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject) to be outstanding after the proposed event, excluding, however, all indebtedness maturing by its terms within one year from the time of creation thereof unless the corporation, without the consent of the holder, has the right to extend the maturity of such indebtedness for a period or periods which, with the original period of such indebtedness, aggregates one year or more.

(4) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect three members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall elect the remaining directors of the corporation.

(5) After an amount equivalent to twelve (12) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Shares, voting separately as a class, shall elect the remaining directors of the corporation.

(6) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preferred Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preferred Shares shall thereupon be divested of any special rights with respect to the election of directors provided in paragraphs (4) and (5) above, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preferred Shares in the case of a future like default or defaults in dividends thereon.

(7) Voting power vested in the holders of the Cumulative Preferred Shares as provided in paragraphs (4) and (5) may be exercised at any annual meeting of shareholders or at a special meeting of shareholders held for such purpose, which special meeting of shareholders shall be called by the proper officers of the corporation at any time when such voting power shall be so vested, within twenty (20) days after written request therefor signed by the holders of not less than five per cent (5%) of the Cumulative Preferred Shares of all series outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof.

(8) Notice of any annual or special meeting of shareholders for the election of directors held when voting powers as aforesaid shall be vested in the holders of Cumulative Preferred Shares, shall be given to all holders of Cumulative Preferred Shares not less than fifteen (15) days prior to

said meeting and such notice shall direct attention to the voting rights of the holders of Cumulative Preferred Shares.

At any such annual or special meeting the presence in person or by proxy of the holders of a majority of the Cumulative Preferred Shares of all series outstanding shall be required to constitute a quorum of the holders of the Cumulative Preferred Shares for the election by them of the directors whom they are entitled to elect; provided, however, that the holders of a majority of the Cumulative Preferred Shares who are present in person or by proxy shall have power to adjourn such meeting for the election of directors by the holders of the Cumulative Preferred Shares from time to time, without notice other than announcement at the meeting. Each holder of Cumulative Preferred Shares of whatsoever series shall have one vote for the election of directors at any annual meeting or special meeting held for such purpose for each Cumulative Preferred Share held by him, without distinction between series.

(9) Except as expressly hereinabove in this Article VI set forth and except as otherwise provided by law, the holders of Common Shares shall have the sole voting rights of shareholders of the corporation and shall be entitled to one vote for each share held, and the holders of a majority of the Common Shares outstanding shall have power to authorize the sale, lease, exchange or other disposal of all, or substantially all, of the property and assets of the corporation, including its good will, to adopt or reject an agreement of consolidation or merger, and to amend the Articles of Incorporation.

(10) Except at such times as the holders of Cumulative Preferred Shares shall have voting rights for the election of directors, (i) the Board of Directors shall consist of such number of persons, not less than seven (7) nor more than nine (9), as may be determined by the shareholders from time to time at annual meetings thereof, provided that the number of directors shall not be increased so as to require at any annual meeting the election of more than three (3) directors in order to fill all of the vacancies on the Board, (ii) the term of office of each director other than directors elected to fill vacancies shall be for the period ending at the third annual meeting following his election and until his successor is elected

and qualified, and (iii) a majority of the remaining directors shall have authority to fill vacancies in the Board of Directors occurring between annual meetings of the shareholders, each director so elected to serve for the unexpired term of the director with respect to whom the vacancy occurred.

(11) If at any time the holders of Cumulative Preferred Shares of the corporation shall, under the provisions of paragraph (4) of this subdivision of Article VI, become entitled to elect any directors, then the terms of all incumbent directors shall expire at the time of the first annual meeting thereafter at which such holders of Cumulative Preferred Shares are so entitled to elect directors. If at any time the holders of Cumulative Preferred Shares of the corporation shall, under the provisions of paragraph (5) of this subdivision of Article VI, become entitled to elect a majority of the Board of Directors, the terms of all incumbent directors shall expire whenever such majority has been duly elected and qualified. During any period during which the holders of Cumulative Preferred Shares of the corporation shall have voting rights with respect to directors under the provisions of paragraphs (4) or (5) of this subdivision, as the case may be, the Board of Directors shall consist of eleven (11) persons and the entire number of persons composing such Board shall be elected at each annual or special meeting of shareholders for the election of directors and shall serve until the next such annual or special meeting or until their successors have been elected and qualified, provided, however, that whenever the holders of Cumulative Preferred Shares acquire voting rights under said paragraph (4) and exercise such rights at a special meeting called pursuant to paragraph (7), the terms of office of directors theretofore elected by the holders of Common Shares will not expire until the next annual meeting. If a vacancy or vacancies in the Board of Directors shall exist with respect to a director or directors who shall have been elected by the holders of Cumulative Preferred Shares, the remaining directors elected by the holders of such shares, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise, if a vacancy or vacancies shall exist with respect to a director or directors who shall have been elected by the holders

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of Common Shares, the remaining directors elected by the holders of Common Shares, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(12) Whenever the Cumulative Preferred Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (6) of this subdivision the terms of all incumbent directors shall expire upon the election of a new board by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five per cent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid the provisions of paragraph (10) of this subdivision shall again control.

(13) If notice in writing is given by any holder of Cumulative Preferred Shares or by any holder of Common Shares to the president or secretary of the corporation not less than twenty-four hours before the time fixed for holding a meeting for the election of directors at which such shareholder is entitled to vote, that he intends to cumulate his votes in such election, each holder of shares of the class with respect to which such notice has been given shall have the right to multiply the number of votes to which he may be entitled by the number of directors to be elected by the holders of shares of such class, and he may cast all such votes for one candidate or distribute them among any two or more candidates. In such case, it shall be the duty of the presiding officer upon the convening of the meeting to announce that such notice has been given.

F. The holders of Common Shares shall have the sole preemptive or preferential right of subscription to any Common Shares of the corporation, either now or hereafter authorized, or to any obligation convertible

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of Otter Tail Power Company this 17 day of July, 1946.

T. C. Wright
PRESIDENT

W. L. Hatch
SECRETARY

STATE OF MINNESOTA)
COUNTY OF OTTER TAIL) ss.

On this 17 day of July, 1946, before me, a Notary Public within and for said County, personally appeared T. C. Wright and W. L. Hatch, to me personally known, who being each by me duly sworn, did say that they are respectively the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the Corporate Seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its shareholders; and said T. C. Wright and W. L. Hatch acknowledged said instrument to be their free act and deed.

R. O. MITTELSTADT,
Notary Public, Otter Tail County, Minn.
My commission expires June 24, 1950

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 17 day of July A.D. 1946 at 10:30 o'clock A. M. and was duly recorded in Book E-8 of Incorporations, on page 431

Secretary of State

CERTIFICATE

We, the undersigned, SAMUEL P. ADAMS and W. L. HATCH do hereby certify that we are the duly elected, qualified and acting Vice President and Treasurer, and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on August 12, 1946, viz.,

> Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of the Articles of Incorporation as amended, BE IT RESOLVED that an initial series of Cumulative Preferred Shares be and it hereby is created as follows:
>
> A. The designation of such series shall be "$ 3.60 Cumulative Preferred Shares", and the number of shares of such series shall be sixty thousand (60,000);
>
> B. The rate of dividends payable on the $ 3.60 Cumulative Preferred Shares shall be Three & 60/100 Dollars - - ($ 3.60) per annum, payable quarterly on the first days of March, June, September and December in each year and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including September 1, 1946;
>
> C. The $ 3.60 Cumulative Preferred Shares shall be redeemable at One Hundred Two & 25/100 Dollars($ 102.25) per share, together, as provided in said Articles of Incorporation, with accrued dividends to the redemption date;
>
> D. The amount payable on $ 3.60 Cumulative Preferred Shares, in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary, shall be the sum of One Hundred Two & 25/100 Dollars($ 102.25) per share, and the amount payable on $ 3.60 Cumulative Preferred Shares, in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary, shall be One Hundred Dollars ($100) per share, together in either event, as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $ 3.60 Cumulative Preferred Shares, from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.
>
> BE IT FURTHER RESOLVED that the officers of the corporation be and they hereby are authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

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IN WITNESS WHEREOF, The undersigned have hereunto set their hands as Vice President and Treasurer and as Secretary, respectively, of Otter Tail Power Company and have affixed the corporate seal of Otter Tail Power Company this 12th day of August, 1946.

Samuel P. Adams
Vice President and Treasurer

W. L. Hatch
Secretary

(Corporate Seal)

STATE OF MINNESOTA }
COUNTY OF OTTER TAIL } ss.

On this 12th day of August, 1946, before me, a notary public in and for said County and State, personally appeared SAMUEL P. ADAMS and W. L. HATCH, to me personally known to be the Vice President and Treasurer and the Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are respectively, the Vice President and Treasurer and the Secretary of said corporation, and that the seal affixed to the within certificate is the corporate seal of said corporation and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Samuel P. Adams and W. L. Hatch acknowledged said certificate to be the free act and deed of said corporation.

(Notarial Seal)

R. O. MITTELSTADT,
Notary Public, Otter Tail County, Minn.
My commission expires Sept. 14, 1948

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OTTER TAIL POWER COMPANY

Certificate with respect to directors' resolutions adopted August 12, 1946.

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 13 day of Aug. A. D. 1946, at 9:30 o'clock A. M., and was duly recorded in Book G-8 of Incorporations, on page 79

Mike Holm
Secretary of State

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M-9,27

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, THOMAS C. WRIGHT and ALBERT V. HARTL, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the shareholders of said corporation duly held on April 12, 1948, in accordance with the Statutes of the State of Minnesota and the By-laws of the corporation, the following resolution amending Article V of the Articles of Incorporation of the corporation was adopted by the vote of the holders of a majority of the outstanding Common Shares of the corporation, said resolution being as follows:

> BE IT RESOLVED That Article V of Articles of Incorporation of Otter Tail Power Company be and hereby is changed to read as follows:
>
> V.
>
> The total authorized number of shares of the corporation is 330,000 divided into two classes, namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value and each Common Share shall be of the par value of $10. The total authorized number of Cumulative Preferred Shares is 90,000 and of Common Shares is 240,000. No fractional shares of any class or series shall be issued by the Corporation.

We do hereby further certify that at the special meeting of the shareholders of said corporation duly called and held on May 25, 1948, in accordance with the Statutes of the State of Minnesota and the By-laws of the corporation, the following resolutions further amending said Article V of the Articles of Incorporation of the corporation and adopting additional provisions reclassifying the outstanding Common Shares of the corporation were duly adopted by the vote of the holders of a majority of the Common Shares of the corporation, said resolutions being as follows:

> BE IT RESOLVED by the Shareholders of Otter Tail Power Company, that the Articles of Incorporation of this Corporation, as heretofore amended, be and they hereby are further amended by amending Article V thereof to read as follows in its entirety:

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ARTICLE V

The total authorized number of shares of the Corporation is 840,000 divided into two classes, namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value and each Common Share shall be of the par value of $5. The total authorized number of Cumulative Preferred Shares is 90,000 and of Common Shares is 750,000. No fractional shares of any class or series shall be issued by the Corporation.

RESOLVED FURTHER that each of the outstanding 179,255 Common Shares of the Corporation of the par value of $10 shall be reclassified into two Common Shares of the Corporation of the par value of $5 each and that for the purpose of effecting such reclassification the Articles of Amendment embodying the foregoing amendment shall contain the following additional provisions:

Of the said 750,000 authorized Common Shares of the par value of $5 each, 358,510 shall be deemed to be issued and outstanding as soon as this amendment becomes effective. Such 358,510 Common Shares of the par value of $5 each shall represent a reclassification of each of the 179,255 Common Shares of the par value of $10 each outstanding before the effective date of this amendment into two Common Shares of the par value of $5 each.

Such reclassification shall be effected as follows: Each certificate representing one or more Common Shares of the Corporation of the par value of $10 each issued and outstanding immediately prior to the effective date of this amendment shall thereafter and until transferred on the books of the Corporation or exchanged for a new certificate or certificates as hereinafter provided represent twice that number of Common Shares of the Corporation of the par value of $5 each. Upon presentation and surrender of any such certificate to the Corporation for transfer on its books or for exchange for a new certificate or certificates, the Corporation shall issue or cause to be issued a new certificate or certificates representing the appropriate number of Common Shares of the Corporation of the par value of $5 each.

We do hereby further certify that the foregoing amendments to the Articles of Incorporation of the corporation and the foregoing additional provisions contained in these Articles of Amendment reclassifying the outstanding Common Shares of the corporation have been duly adopted in accordance with law.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of Otter Tail Power Company this 25 day of May, 1948.

Ronald C. Wright
President

Albert D. Heath
Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF OTTER TAIL)

On this 25 day of May, 1948, before me, a notary public within and for said county, personally appeared THOMAS C. WRIGHT and ALBERT V. HARTL, to me personally known, who, being each by me duly sworn, did say that they are respectively the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders; and that said Thomas C. Wright and Albert V. Hartl acknowledged said instrument to be their free act and deed.

R. O. Mittelstadt

R. O. MITTELSTADT.
Notary Public, OTTER TAIL CO., MINN.
My Commission Expires OCT. 21, 1950.

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 30 day of June A. D. 1948 at 4:20 o'clock P M and was duly recorded in Book M-9 of Incorporations, on page 22

Mike Holm
Secretary of State

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ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, THOMAS C. WRIGHT and ALBERT V. HARTL, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a special meeting of the shareholders of said corporation duly held on October 8th, 1948, in accordance with the statutes of the State of Minnesota and the By-laws of the corporation, the following resolutions amending Article VI of the Articles of Incorporation of the corporation were duly adopted by a vote of the holders of a majority of the Common Shares of the corporation, said resolutions being as follows:

BE IT RESOLVED, By the shareholders of Otter Tail Power Company that the Articles of Incorporation of this corporation, as heretofore amended, be and they hereby are further amended by amending paragraph F of Article VI thereof to read as follows in its entirety:

F. The holders of Common Shares shall have the sole preemptive or preferential right of subscription to any Common Shares of the corporation, either now or hereafter authorized, or to any obligation convertible into Common Shares of the corporation, and no holder of Cumulative Preferred Shares or of any shares ranking prior thereto or on a parity therewith shall have any preemptive or preferential rights of subscription to any shares of the corporation of whatsoever class or to any obligation convertible into shares of the corporation of any class; provided, however, that no holders of shares of any class of the corporation shall have any preemptive or preferential right of subscription to the first 141,490 Common Shares of the corporation which shall be issued after October 1, 1948. No holder of shares of any class shall have any preemptive or preferential right of subscription to any Cumulative Preferred Shares or to any shares ranking prior to or on a parity with Cumulative Preferred Shares of the corporation, other than such right of subscription, if any, as the Board of Directors may from time to time determine.

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We do further hereby certify that the foregoing amendment to the Articles of Incorporation of the corporation have been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 8th day of October, 1948.

Thomas C. Wright
President

Albert V. Hartl
Secretary

(Corporate Seal)

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 8th day of October, 1948, before me, a Notary Public within and for said county, personally appeared THOMAS C. WRIGHT and ALBERT V. HARTL, to me personally known, who, being each by me duly sworn, did say that they are respectively the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders; and that said Thomas C. Wright and Albert V. Hartl acknowledged said instrument to be their free act and deed.

(Notarial Seal)

R. O. Mittelstadt
R. O. MITTELSTADT.
Notary Public, OTTER TAIL CO., MINN.
My Commission expires SEPT. 24, 1950.

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STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 13 day of Oct. A. D. 1941, at 8:45 o'clock A. M. and was duly recorded in Book P-9 of Incorporations on page 398

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Secretary of State

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[illegible] CHECKED

J-10, 78

ARTICLES OF AMENDMENT OF

ARTICLES OF INCORPORATION OF

OTTER TAIL POWER COMPANY

We, Thomas C. Wright and A. V. Hartl, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a special meeting of the common shareholders of said corporation duly called and held on January 31, 1950, in accordance with the statutes of the State of Minnesota and the by-laws of the corporation, the following resolution was adopted by the vote of the holders of a majority of the outstanding Common Shares of the corporation, said resolution being as follows:

> BE IT RESOLVED by the shareholders of Otter Tail Power Company, a Minnesota corporation, that the Articles of Incorporation of this corporation, as heretofore amended, be and the same are hereby amended by amending Paragraph F of Article VI thereof to read as follows in its entirety:
>
> F. The holders of Common Shares shall have the sole preemptive or preferential right of subscription to any Common Shares of the corporation, either now or hereafter authorized, or to any obligation convertible into Common Shares of the corporation, and no holder of Cumulative Preferred Shares or of any shares ranking prior thereto or on a parity therewith shall have any preemptive or preferential rights of subscription to any shares of the corporation of whatsoever class or to any obligation convertible into shares of the corporation of any class; provided, however, that no holders of shares of any class of the corporation shall have any preemptive or preferential right of subscription to the first 125,000 Common Shares of the corporation which shall be issued after March 1, 1950. No holder of shares of any class shall have any preemptive or preferential right of subscription to any Cumulative Preferred Shares or to any shares ranking prior to or on a parity with Cumulative Preferred Shares of the Corporation, other than such right of subscription, if any, as the Board of Directors may from time to time determine.

IN WITNESS WHEREOF we have hereunto set our hands and the seal of Otter Tail Power Company this 31st day of January, 1950.

Thomas C. Wright
President

Albert V. Hartl
Secretary

J-16, 79

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 31st day of January, 1950, before me, a notary public within and for said county, personally appeared Thomas C. Wright and A. V. Hartl, to me personally known, who being each by me duly sworn, did say that they are respectively the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority of its shareholders; and said Thomas C. Wright and A. V. Hartl acknowledged said instrument to be their free act and deed.

R. O. Mittelstadt
R. O. MITTELSTADT
Notary Public, OTTER TAIL CO., MINN.
My Commission expires SEPT. 24, 1950.

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 9 day of Feb A.D. 1950, at 8 o'clock a M. and was duly recorded in Book J-16 of Corporations, on page 78.

Secretary of State

APPR'D & FILED
INDEXED ...N...
IND. FILED ...B...
DEX. CHECKED D...

K-10,153

CERTIFICATE

We, the undersigned, THOMAS C. WRIGHT and ALBERT V. HARTL, do hereby certify that we are the duly elected, qualified and acting President and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on March 6, 1950, viz.:

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a second series of Cumulative Preferred Shares be and it hereby is created as follows:

A. The designation of such series shall be "$4.40 Cumulative Preferred Shares," and the number of shares of such series shall be twenty-five thousand (25,000);

B. The rate of dividends payable on the $4.40 Cumulative Preferred Shares shall be $4.40 per share per annum, payable quarterly on the first days of March, June, September and December of each year and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including March 15, 1950;

C. The $4.40 Cumulative Preferred Shares shall be redeemable at $104 per share if redeemed on or before March 15, 1955; at $103 if redeemed thereafter and on or before March 15, 1960; and at $102 per share if redeemed thereafter, together, as provided in said Articles of Incorporation, in each instance with accrued dividends to the redemption date;

D. The amount payable on $4.40 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary, shall be the price at which said shares are at the time redeemable, and the amount payable on $4.40 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary, shall be One Hundred Dollars ($100.00) per share together in either event as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $4.40 Cumulative Preferred Shares from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have heretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

BE IT FURTHER RESOLVED that the officers of the corporation be and they hereby are authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution, and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

K-10, 153

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as President and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 6th day of March, 1950.

Thomas C. Wright
President

(Corporate Seal)

Albert V. Hartl
Secretary

STATE OF ILLINOIS)
ss.
COUNTY OF COOK)

On this 7th day of March, 1950, before me [illegible] a Notary Public in and for said County and State, personally appeared THOMAS C. WRIGHT and ALBERT V. HARTL, to me personally known to be the President and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are respectively the President and Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas C. Wright and Albert V. Hartl acknowledged said certificate to be the free act and deed of said corporation.

[illegible]

My Commission Expires
February 11th, 1953

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in the office on the 8 day of March A.D. 19 50 at 10:45 o'clock A. M. and was duly recorded in Book K-10 of Incorporations, on page 153

[illegible]
Secretary of State

FILED
CHECKED

DW 3-26-54

J-13, 171

ARTICLES OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
OTTER TAIL POWER COMPANY

We, C. G. WRIGHT and HARRY C. JOHNSON, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the shareholders of said Corporation duly held on April 12, 1954, in accordance with the statutes of the State of Minnesota and the by-laws of the Corporation, the following resolution amending Article V of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of a majority of the outstanding Common Shares of the Corporation, said resolution being as follows:

> BE IT RESOLVED That the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, be, and the same hereby are, amended by amending Article V thereof to read as follows in its entirety:
>
> V.
>
> The total authorized number of shares of the Corporation is 1,090,000, divided into two classes, namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value, and each Common Share shall be of the par value of $5. The total authorized number of Cumulative Preferred Shares is 90,000 and of Common Shares is 1,000,000. No fractional shares of any class or series shall be issued by the Corporation.

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 16 day of April, 1954.

C. G. Wright
President

Harry C. Johnson
Secretary

(Corporate Seal)

DW 3-26-54

J-13, 172

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

ON this 14th day of April, 1954, before me, a Notary Public within and for said County, personally appeared C. G. WRIGHT and HARRY C. JOHNSON, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said C. G. WRIGHT and HARRY C. JOHNSON acknowledged said instrument to be their free act and deed.

R. O. Mittelstadt

R. O. MITTELSTADT
Notary Public, Otter Tail Co., Minn.
My Commission expires Sept. 27, 1957

(Notarial Seal)

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 22 day of April A. D. 19 54, at 8 o'clock A. M., and was duly recorded in Book J-13 of Incorporations, on page 171

Mrs. Mike Holm
Secretary of State

APPR'D & FILED G
INDEXED C
IND. FILED S
DEA. CHECKED G

DF- 5669

CERTIFICATE OF CHANGE OF REGISTERED
OFFICE OF OTTER TAIL POWER COMPANY

We, Cyrus G. Wright, President, and Harry C. Johnson, Secretary, of Otter Tail Power Company, a Minnesota corporation, do hereby certify that by resolution of the Board of Directors of said corporation duly adopted, the location and post office address of the registered office of Otter Tail Power Company has been changed to 215 Cascade Street South, Fergus Falls, Minnesota, effective November 30, 1955.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 15 day of November, 1955.

Cyrus G. Wright
President

Harry C. Johnson
Secretary

(Corporate Seal)

STATE OF MINNESOTA)
COUNTY OF OTTER TAIL) SS.

On this 15th day of November, 1955, before me, a Notary Public within and for said county, personally appeared CYRUS G. WRIGHT AND HARRY C. JOHNSON, to me personally known, who, being each by me duly sworn did say that they are respectively the president and secretary of Otter Tail Power Company, the corporation named in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors and said CYRUS G. WRIGHT and HARRY C. JOHNSON acknowledged said instrument to be the free act and deed of said corporation.

R. O. Mittelstadt

Notary Public, Otter Tail County,
My commission expires

R. O. MITTELSTADT
Notary Public, Otter Tail Co., Minn.
My Commission expires Sept. 27, 1957

Secretary of State

ARTICLES OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
OTTER TAIL POWER COMPANY

4301

We, C. G. WRIGHT and JOHN M. WEST, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the shareholders of said Corporation duly held on April 14, 1958, in accordance with the statutes of the State of Minnesota and the By-laws of the Corporation, the following resolution amending Article V of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of a majority of the outstanding Common Shares of the Corporation, said resolution being as follows:

BE IT RESOLVED That the Artkies of Incorporation of Otter Tail Power Company, as heretofore amended, be, and the same hereby are, amended by amending Article V thereof to read as follows in its entirety:

V.

The total authorized number of shares of the Corporation is 2,090,000, divided into two classes, namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value, and each Common Share shall be of the par value of $5. The total authorized number of Cumulative Preferred Shares is 90,000 and of Common Shares is 2,000,000. No fractional shares of any class or series shall be issued by the Corporation.

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 23 day of April, 1958.

President

Secretary

(Corporate Seal)

STATE OF MINNESOTA)
COUNTY OF OTTER TAIL) ss

On this 23 day of April, 1958, before me, a Notary Public within and for said County, personally appeared C. G. WRIGHT and JOHN M. WEST, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said C. G. WRIGHT and JOHN M. WEST acknowledged said instrument to be their free act and deed.

Notary Public, Otter Tail Co., Minn.
My Commission Expires Sept. 24, 1962

(Notarial Seal)

E 7, 302

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 25 day of June A.D. 1952, at 8 o'clock A M., and was duly recorded in Book E 22 of Incorporations, on page 271

Joseph L. Donovan
Secretary of State

APPR'D & FILED
INDEXED
IND
DEX. CHECKED

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

E-23, 83

We, Albert V. Hartl and John M. West, respectively the President and the Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the shareholders of said Corporation duly held on April 8, 1963, in accordance with the statutes of the State of Minnesota and the By-laws of the Corporation, the following resolution amending Article V of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of a majority of the outstanding Common Shares of the Corporation, and said resolution being as follows:

> BE IT RESOLVED By the Common Shareholders of Otter Tail Power Company, acting at the regular, duly called and noticed meeting, that the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, be, and the same hereby are amended by changing Article V. thereof to read as follows:
>
> "ARTICLE V.
>
> The total authorized number of shares of the corporation is 3,090,000 divided into two classes, namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value, and each Common Share shall be of the par value of $5.00. The total authorized number of Cumulative Preferred Shares is 90,000 and of Common Shares is 3,000,000. No fractional shares of any class or series shall be issued by the corporation."

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 22nd day of April, 1963.

Albert V. Hartl
President

John M. West
Secretary

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

73, 84

On this 22nd day of April, 1963, before me, a Notary Public within and for said County, personally appeared Albert V. Hartl and John M. West, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said Albert V. Hartl and John M. West acknowledged said instrument to be their free act and deed.

(Notarial Seal)

Harold R. Davis

HAROLD R. DAVIS
Notary Public, OTTER TAIL CO., MINN.
My Commission Expires MAY 6, 1969

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 30 day of April A. D. 1963 at 8 o'clock A. M. and was duly recorded in Book 3-23 of Incorporations, on page 83

Joseph L. Donovan
Secretary of State

APPR'D & FILED
INDEXED
IND. FILED
DEX. CHECKED

F-24, 478

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, Albert V. Hartl and John M. West, respectively, the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at a special meeting of the shareholders of said Corporation duly called and held on February 11, 1964, in accordance with the statutes of the State of Minnesota and the By-laws of the Corporation, the following resolution amending Article V of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least two-thirds the outstanding Cumulative Preferred Shares of the Corporation and of at least two-thirds the outstanding Common Shares of the Corporation, voting separately by classes, said resolution being as follows:

> BE IT RESOLVED By the shareholders of Otter Tail Power Company, acting at a duly called and noticed meeting, that the Articles of Incorporation of Otter Tail Power Company, as heretofore amended, be, and the same hereby are, amended by changing Article V thereof to read as follows:
>
> ARTICLE V.
>
> The total authorized number of shares of the corporation is 3,165,000 divided into two classes, namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value, and each Common Share shall be of the par value of $5.00. The total authorized number of Cumulative Preferred Shares is 165,000 and of Common Shares is 3,000,000. No fractional shares of any class or series shall be issued by the corporation.

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 11th day of February, 1964.

Albert V. Hartl
President

John M. West
Secretary

(Corporate Seal)

F-24, 479

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 11th day of February, 1964, before me, a Notary Public within and for said County, personally appeared Albert V. Hartl and John M. West, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said Albert V. Hartl and John M. West acknowledged said instrument to be their free act and deed.

H. A. JUST
Notary Public, OTTER TAIL CO., MINN.
My Commission Expires MAY 10, 1966

H A Just
Notary Public

(Notarial Seal)

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 25 day of Feb. A.D. 1964 at 8 o'clock A. M., and was duly recorded in Book F-24 of Incorporations, on page 479

Joseph L. Donovan
Secretary of State

FEE PAID $
FILED
RECD

I-64, 433

CERTIFICATE

We, the undersigned, ALBERT V. HARTL and JOHN M. WEST, do hereby certify that we are the duly elected, qualified and acting President and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on March 24, 1964, viz.:

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a third series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$4.65 Cumulative Preferred Shares", and the number of shares of such series shall be thirty thousand (30,000);

B. The rate of dividends payable on the $4.65 Cumulative Preferred Shares shall be $4.65 per share per annum, payable quarterly on the first days of March, June, September and December of each year, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof;

C. The $4.65 Cumulative Preferred Shares shall be redeemable at $107.50 per share if redeemed on or before April 1, 1969; at $106.00 per share if redeemed thereafter and on or before April 1, 1974; at $104.50 per share if redeemed thereafter and on or before April 1, 1979; at $103.00 per share if redeemed thereafter and on or before April 1, 1984; and at $101.50 per share if redeemed thereafter together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; and

D. The amount payable on $4.65 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary shall be the price at which said shares are at the time redeemable, and the amount payable on $4.65 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be One Hundred Dollars ($100.00) per share together in either event as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $4.65 Cumulative Preferred Shares from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have heretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

BE IT FURTHER RESOLVED That the officers of the corporation be, and they hereby are, authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

IN WITNESS WHEREOF, The undersigned have hereunto set their hands as President and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 24th day of March, 1964.

Albert V. Hartl
President

John M. West
Secretary

(Corporate Seal)

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 24th day of March, 1964, before me, a Notary Public within and for said County and State, personally appeared ALBERT V. HARTL and JOHN M. WEST, to me personally known to be the President and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the President and Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said ALBERT V. HARTL and JOHN M. WEST acknowledged said certificate to be the free act and deed of said corporation.

H A Just

(Notarial Seal)

H. A. JUST
Notary Public, OTTER TAIL CO., MINN.
My Commission Expires MAY 19, 1966

I-24, 435

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 25 day of March A. D. 1964, at 2:45 o'clock P. M., and was duly recorded in Book I-24 of Incorporations, on page 433

Joseph L. Donovan
Secretary of State

APPR'D & FILED
INDEXED C
IND. FILED
DEX. CHECKED

X-36,121

CERTIFICATE

We, the undersigned, HARRY C. JOHNSON and JOHN M. WEST, do hereby certify that we are the duly elected, qualified and acting Vice President and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on August 9, 1971, viz.:

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a fourth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$9.50 Cumulative Preferred Shares", and the number of shares of such series shall be forty thousand (40,000);

B. The rate of dividends payable on the $9.50 Cumulative Preferred Shares shall be $9.50 per share per annum, payable quarterly on the first days of March, June, September and December of each year, commencing December 1, 1971, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof;

C. The $9.50 Cumulative Preferred Shares shall be redeemable at $109.50 per share if redeemed before September 1, 1979 and, if redeemed thereafter, at a redemption price which shall decrease by $0.50 on September 1, 1979 and on each succeeding September 1 to and including September 1, 1997, on and after which date the redemption price shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that the $9.50 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to September 1, 1978 as a part of or in contemplation of any refunding operation including the application, directly or indirectly, of money borrowed or the proceeds of preferred stock sold at an interest or dividend cost to the corporation (calculated in accordance with generally accepted financial practice) of less than 9-1/2% per annum; and

X-36,122

D. The amount payable on the $9.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary shall be the price at which said shares are at the time redeemable, and the amount payable on the $9.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be One Hundred Dollars ($100.00) per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $9.50 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

BE IT FURTHER RESOLVED That the officers of the corporation be, and they hereby are, authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

IN WITNESS WHEREOF, The undersigned have hereunto set their hands as Vice President and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 18th day of August, 1971.

In the Presence of:

Kay Dickey

[Kay Dickey]

Jean E. Bjorge

[Jean E. Bjorge]

Harry C. Johnson

[Harry C. Johnson - Vice President]

John M. West

[John M. West - Secretary]

[CORPORATE SEAL]

X-36, 123

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 19th day of August, 1971, before me, a Notary Public within and for said County and State, personally appeared HARRY C. JOHNSON and JOHN M. WEST, to me personally known to be the Vice President and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the Vice President and Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said HARRY C. JOHNSON and JOHN M. WEST acknowledged said certificate to be the free act and deed of said corporation.

Harold R. Davis

HAROLD R. DAVIS
Notary Public, OTTER TAIL CO., MINN.
My Commission Expires MAY 6, 1976

[NOTARIAL SEAL]

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 20 day of Aug., A. D. 19 71, at 8 o'clock A. M., and was duly recorded in Book X-36 of Incorporations, on page 121

Arlen D. Erdahl
Secretary of State

APPR'D & FILED
INDEXED
IND. FILED
DEL. CHECKED

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

M-38, 314

We, Albert V. Hartl and John M. West, respectively the President and Secretary of Otter Tail Power Company, a Minnesota Corporation, do hereby certify that at the annual meeting of shareholders of said Corporation duly held on April 10, 1972, in accordance with the statutes of the State of Minnesota, the Articles of Incorporation and the Bylaws of the Corporation, Article VI, Paragraph "F" of the Articles of Incorporation of the Corporation was amended by the affirmative vote of a majority of the outstanding shares of the Corporation to read as follows:

> F. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive or preferential right whatsoever to purchase, subscribe for or otherwise acquire shares of any class of the corporation or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, other than such rights of subscription, if any, as the Board of Directors may from time to time determine.

IN WITNESS WHEREOF, we have set our hands and the seal of Otter Tail Power Company this 28th day of April, 1972.

Albert V. Hartl
President

John M. West
Secretary

(Corporate Seal)

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 28th day of April, 1972, before me, a Notary Public within and for said County, personally appeared Albert V. Hartl and John M. West, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said Albert V. Hartl and John M. West acknowledged said instrument to be their free act and deed.

Earle E. Bombardier
Notary Public

(Notarial Seal)

M-38, 315

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 3 day of May A. D. 19 72 at 8 o'clock A. M., and was duly recorded in Book M-38 of Incorporations, on page 314

Arlen D. Erdahl
Secretary of State

APPR'D & FILED
INDEXED
IND. FILED
DEL. CHECKED

P-40, 167

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, Albert V. Hartl and John M. West, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the shareholders of said Corporation and at a special meeting of the Cumulative Preferred shareholders of said Corporation, both duly called and held on April 9th, 1973, in accordance with the statutes of the State of Minnesota and the Articles of Incorporation and By-laws of the Corporation, the following resolution amending Article V of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least two-thirds of the outstanding Common Shares of the Corporation and by the vote of the holders of at least two-thirds of the outstanding Cumulative Preferred Shares of the Corporation, said resolution being as follows:

BE IT RESOLVED That the Articles of Incorporation of Otter Tail Power Company as heretofore amended be, and the same hereby are, amended by changing Article V thereof to read as follows:

ARTICLE V.

The total authorized number of shares of the corporation is 3,300,000 divided into two classes; namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value, and each Common Share shall be of the par value of $5.00. The total authorized number of Cumulative Preferred Shares is 300,000 and of Common Shares is 3,000,000. No fractional shares of any class or series shall be issued by the corporation.

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 9th day of April, 1973.

Albert V. Hartl
President

John M. West
Secretary

[CORPORATE SEAL]

P. 40, 168

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 9th day of April, 1973, before me, a Notary Public within and for said County, personally appeared ALBERT V. HARTL and JOHN M. WEST, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said ALBERT V. HARTL and JOHN M. WEST acknowledged said instrument to be their free act and deed.

J. B. LILLESTOL
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires DEC. 21, 1973

[Notarial Seal]

J B Lillestol

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 17 day of April A. D. 1973, at 8 o'clock A. M., and was duly recorded in Book ____ of Incorporations, on page ____

Arlen I. Erdahl
Secretary of State

APPRD & FILED
INDEXED
IMG. PROC.
DOC. COMPD.

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

F-48, 297

We, Albert V. Hartl and John M. West, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the Common shareholders of said Corporation and at a special meeting of the Cumulative Preferred shareholders of said Corporation, both duly called and held on April 8th, 1974, in accordance with the statutes of the State of Minnesota and the Articles of Incorporation and By-laws of the Corporation, the following resolution amending Article VI of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least a majority of the outstanding Common Shares of the Corporation and by the vote of the holders of at least two-thirds of the outstanding Cumulative Preferred Shares of the Corporation, said resolution being as follows:

BE IT RESOLVED That the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby are, amended by amending Article VI thereof in the following respects:

(a) By amending the last paragraph of Section A of said Article VI to read as follows in its entirety:

> Authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preferred Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable;

F-42, 238

(iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

(b) By amending the third paragraph of Section B of said Article VI to read as follows in its entirety:

In no event shall any dividend be paid or declared, nor shall any distribution be made, on the shares of any class of the corporation ranking junior to the Cumulative Preferred Shares, nor shall any shares of the corporation of any class ranking junior to the Cumulative Preferred Shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any shares of the corporation of any class ranking junior to the Cumulative Preferred Shares, unless (i) all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preferred Shares of any series for any period then elapsed.

(c) By amending the first paragraph of Section C of said Article VI to read as follows in its entirety:

C. The Cumulative Preferred Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such shares become cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. To the extent that Cumulative Preferred Shares of any series are redeemed through the operation of a sinking or purchase fund provided for in the resolution or resolutions of the Board of Directors creating such series, such shares shall be redeemed by resolution of the Board of Directors at the time and at the applicable redemption price specified for redemption of shares of such series pursuant to such sinking or purchase fund by the resolution or resolutions creating such series. If less than all the outstanding Cumulative Preferred Shares of any series are to be redeemed, the shares to be redeemed shall be determined by lot in such manner as the Board of Directors may prescribe.

(d) By amending Section C of said Article VI by adding the following additional paragraph at the end thereof:

All Cumulative Preferred Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preferred Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preferred Shares undesignated as to series.

F-93, 300

We do hereby further certify that the foregoing amendments to the Articles of Incorporation of the Corporation have been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 8th day of April, 1974.

Albert V. Hartl
President

[CORPORATE SEAL]

John M West
Secretary

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 8th day of April, 1974, before me, a Notary Public within and for said County, personally appeared ALBERT V. HARTL and JOHN M. WEST, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said ALBERT V. HARTL and JOHN M. WEST acknowledged said instrument to be their free act and deed.

J B Libertal

[NOTARIAL SEAL]

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 10 day of June A.D. 74 at 8 o'clock A. M., and was duly recorded in Book F-93 of Incorporations, on page 297
Allen D. Erdahl
Secretary of State

E-435

CERTIFICATE X-43, 593

We, the undersigned, HARRY C. JOHNSON and JAY D. MYSTER, do hereby certify that we are the duly elected, qualified and acting Vice President and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on July 28, 1975, viz.:

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, a fifth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$11.50 Cumulative Preferred Shares", and the number of shares of such series shall be one hundred thousand (100,000).

B. The rate of dividends payable on the $11.50 Cumulative Preferred Shares shall be $11.50 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing September 1, 1975, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof.

C. The $11.50 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $111.50 per share if redeemed before June 1, 1976, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period beginning

June 1	Redemption Price
1976	$110.66
1977	$110.22
1978	$109.58
1979	$108.94
1980	$108.31
1981	$107.77
1982	$107.03
1983	$106.39
1984	$105.75
1985	$105.11
1986	$104.48
1987	$103.83
1988	$103.19
1989	$102.56
1990	$101.92
1991	$101.28
1992	$100.64
1993	$100.00

together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $11.50 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to July 15, 1985, as a part of or in contemplation of any refunding operation including the application, directly or indirectly, of (i) the proceeds from the sale of common shares of the Company, or (ii) money borrowed or the proceeds of preferred or preference shares of the Company sold at an interest or dividend cost to the Company (calculated in accordance with generally accepted financial practice) of less than 11.5% per annum.

D. The amount payable on the $11.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $11.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be One Hundred Dollars ($100.00) per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $11.50 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $11.50 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $11.50 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on June 1, 1979, and on each succeeding June 1 to and including June 1, 1993 (each such June 1 being hereinafter called a "sinking fund redemption date"), 6.50% of the maximum number of $11.50 Cumulative Preferred Shares which shall theretofore have been issued, and on June 1, 1994, the balance of the $11.50 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $11.50 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $11.50 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement of the immediately preceding paragraph, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on any sinking fund redemption date $11.50 Cumulative Preferred Shares not in excess of 6.50% of the maximum number of $11.50 Cumulative Preferred Shares which shall theretofore have been issued at the mandatory

sinking fund redemption price hereinbefore specified in this subdivision E. The privilege of so redeeming $11.50 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

BE IT FURTHER RESOLVED That the officers of this Company be, and they hereby are, authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

IN WITNESS WHEREOF, The undersigned have hereunto set their hands as Vice President and Secretary, respectively, of Otter Tail Power Company, and have affixed the seal of Otter Tail Power Company this 28th day of July, 1975.

In the Presence of:

Harry C. Johnson
[Harry C. Johnson, Vice President]

[Jay D. Myster, Secretary]

[Corporate Seal]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 28th day of July, 1975, before me a Notary Public within and for said County and State, personally appeared HARRY C. JOHNSON and JAY D. MYSTER, to me personally known to be the Vice President and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the Vice President and Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf

of said corporation by authority of its Board of Directors; and said HARRY C. JOHNSON and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

Harold R. Davis
(Notary Public)

HAROLD R. DAVIS
Notary Public, OTTER TAIL CO., MINN.
My Commission Expires MAY 6, 1978

[NOTARIAL SEAL]

APP'D & FILED
INDEXED
IND. FILED
DEL. CHECKED

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in my office on the 22 day of July A. D. 1975 at 1:20 o'clock P.M. and was duly recorded in Book A-1 of Incorporations, on page 57

Joan Anderson Growe
Secretary of State

K-46,813

CERTIFICATE

We, the undersigned, HARRY C. JOHNSON and JAY D. MYSTER, do hereby certify that we are duly elected, qualified and acting as a Vice President and the Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on March 30, 1977, viz.:

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, a sixth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$8.72 Cumulative Preferred Shares", and the number of shares of such series shall be forty-five thousand (45,000).

79626

B. The rate of dividends payable on the $8.30 Cumulative Preferred Shares shall be $8.30 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing June 1, 1977, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof.

C. The $8.30 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $108.30 per share if redeemed before March 1, 1978, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period beginning

March 1	Redemption Price	March 1	Redemption Price
1978	$107.95	1990	$103.80
1979	$107.61	1991	$103.46
1980	$107.26	1992	$103.11
1981	$106.92	1993	$102.77
1982	$106.57	1994	$102.42
1983	$106.23	1995	$102.08
1984	$105.88	1996	$101.73
1985	$105.53	1997	$101.38
1986	$105.19	1998	$101.04
1987	$104.84	1999	$100.69
1988	$104.50	2000	$100.35
1989	$104.15	2001	$100.00

together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $8.30 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to March 1, 1987 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i) indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 8.30% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $8.30 Cumulative Preferred Shares or (ii) the issue or sale of preferred or preference shares of the Company or any affiliate if such shares have an effective dividend rate (based on the proceeds to the Company or such affiliate from such issue or sale net of any discount or commission to underwriters) of less than 8.30% per annum. The term "Weighted

Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $8.30 Cumulative Preferred Shares by the then outstanding principal amount of such indebtedness or by the product of $100.00 times the number of $8.30 Cumulative Preferred Shares which are then outstanding, as the case may be; and for the purpose of this definition, the term "Remaining Dollar-years" of any indebtedness or the $8.30 Cumulative Preferred Shares shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $8.30 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the

price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $8.30 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $8.30 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $8.30 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period

shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $8.30 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, (i) on March 1, 1983, and on each succeeding March 1 to and including March 1, 1997, 4% of the maximum number of $8.30 Cumulative Preferred Shares which shall theretofore have been issued, (ii) on March 1, 1998, and on each succeeding March 1 to and including March 1, 2001, 8% of the maximum number of $8.30 Cumulative Preferred Shares which shall theretofore have been issued (each March 1 referred to in clause (i) or (ii) above of this sentence being hereinafter called a "sinking fund redemption date") and (iii) on March 1, 2002, the balance of the $8.30 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $8.30 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking

fund requirement shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $8.30 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on any sinking fund redemption date $8.30 Cumulative Preferred Shares in an amount not to exceed the number of $8.30 Cumulative Preferred Shares which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E. The

K-46; 820

privilege of so redeeming $8.30 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

BE IT FURTHER RESOLVED That the officers of this Company be, and they hereby are, authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as Vice President and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 10th day of March, 1977.

In the Presence of:

[Harry C. Johnson, Vice President]

[Jay D. Myster, Secretary]

[Corporate Seal]

K-46, B

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 31st day of March, 1977, before me a Notary Public within and for said County and State, personally appeared HARRY C. JOHNSON and JAY D. MYSTER, to me personally known to be a Vice President and the Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, a Vice President and the Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said HARRY C. JOHNSON and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

[NOTARIAL SEAL]

Earle E Bombarden
[Notary Public]

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 30 day of Mar A. D. 1977, at 11:50 o'clock A M., and was duly recorded in Book K-46 of Incorporations, on page 213

Joan Anderson Growe
Secretary of State

E 4.35

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

M-46,792

We, Robert M. Bigwood and Jay D. Myster, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the Common Shareholders of said Corporation and at a special meeting of the Cumulative Preferred Shareholders of said Corporation, both duly called and held on April 11, 1977, in accordance with the statutes of the State of Minnesota and the Articles of Incorporation and By-Laws of the Corporation, the following resolution amending Article V of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least a majority of the outstanding Common Shares of the Corporation and by the vote of the holders of at least a majority of the outstanding Cumulative Preferred Shares of the Corporation and the following resolution amending Article VI of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least a majority of the outstanding Common Shares of the Corporation and by the vote of the holders of at least two-thirds of the outstanding Cumulative Preferred Shares of the Corporation, said resolutions being as follows:

BE IT RESOLVED That Article V of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in its entirety to read as follows:

ARTICLE V

The total authorized number of shares of the corporation is 5,500,000 divided into two classes; namely, Cumulative Preferred Shares and Common Shares. Each Cumulative Preferred Share shall be without par value, and each Common Share shall be of the par value of $5.00. The total authorized number of Cumulative Preferred Shares is 1,500,000 and of the Common Shares is 4,000,000. No fractional shares of any class or series shall be issued by the corporation.

BE IT FURTHER RESOLVED That, Article VI of the Articles of Incorporation of Otter Tail Power Company,

84405

M-401

a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in the following respects:

(a) By amending the Subdivision A of said Article VI to read as follows in its entirety:

> A. The Cumulative Preferred Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.
>
> All Cumulative Preferred Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Subdivision E hereof) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preferred Shares shall be issued only as fully paid and non-assessable shares.
>
> Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preferred Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs; (v) the conversion rights, if any, with respect to the conversion of shares of such series

M-46, 794

into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

In e case of each series of Cumulative Preferred Shares created after April 1, 1977, the amount (in addition to accrued and unpaid dividends, if any) which the holders of shares of such series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private placement fee or other expense incurred by the corporation in connection with the issuance thereof).

(b) By amending paragraphs (1), (2), (7) and (8) of Subdivision E of said Article VI to read as follows in their entirety:

(1) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in this Subdivision E) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Create, authorize or issue any shares of any class ranking prior to, or any securities of any kind or class convertible into shares of any class ranking prior to, the Cumulative Preferred Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preferred Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preferred Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting

power (determined as hereinafter provided in this Subdivision E) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in this Subdivision E) vested in the Cumulative Preferred Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in this Subdivision E) vested in the Cumulative Preferred Shares of all series then outstanding, of at least two-thirds (2/3) of aggregate voting power (determined as hereinafter provided in this Subdivision E) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preferred Shares, or create, authorize or issue any shares of any class ranking on a parity with the Cumulative Preferred Shares as to dividends or assets, or any securities of any kind or class convertible into Cumulative Preferred Shares or shares of any class on a parity with the Cumulative Preferred Shares; or

(b) Issue any Cumulative Preferred Shares of any series if as a result thereof more than 60,000 Cumulative Preferred Shares of all series will then be outstanding, unless:

(i) The corporation's "Adjusted Income Available for Interest," as hereinafter defined, shall be at least equal to one-and-one-half (1-1/2) times the corporation's "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(ii) The corporation's "Adjusted Income Available for Preferred

Dividends," as hereinafter defined, shall be at least equal to two-and-one-half (2-1/2) times the corporation's "Adjusted Preferred Charges," as hereinafter defined; and

(iii) The corporation's "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the corporation's "Total Capitalization," as hereinafter defined; or

(c) Declare, pay or set apart for payment any dividend on any shares of the corporation ranking junior to the Cumulative Preferred Shares, or purchase, redeem or otherwise acquire for value any shares of the corporation ranking junior to the Cumulative Preferred Shares, or pay or set aside or make available any moneys for a purchase fund or sinking fund for the purchase or redemption of any such junior shares, unless after giving effect to the payment of such dividend or such purchase, redemption or other acquisition or such payment or setting aside of moneys in a purchase fund or sinking fund,

(i) The "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the "Total Capitalization," as hereinafter defined; and

(ii) The earned surplus of the corporation shall be not less than $831,398.

(d) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger unless, immediately after such consolidation or merger shall become effective:

(i) The Cumulative Preferred Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain outstanding or be constituted as shares of the corporation resulting from such consolidation or

merger is the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preferred Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger, and the indebtedness for borrowed money of the resulting corporation immediately after such consolidation or merger shall be no greater than the indebtedness for borrowed money of the corporation immediately preceding such consolidation or merger; or

(ii) (aa) The "Adjusted Income Available for Interest," as hereinafter defined, of the resulting corporation shall be at least equal to one-and-one-half (1-1/2) times its "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(bb) The "Adjusted Income Available for Preferred Dividends," as hereinafter defined, of the resulting corporation shall be at least equal to two-and-one-half (2-1/2) times its "Adjusted Preferred Charges," as hereinafter defined; and

(cc) The "Common Share Equity," as hereinafter defined, of the resulting corporation shall equal at least one-fourth (1/4) of its "Total Capitalization," as hereinafter defined.

(e) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preferred Shares of all series then outstanding and of all shares then outstanding of a class on a parity with the

Cumulative Preferred Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preferred Shares.

* * *

(7) Voting power vested in the holders of the Cumulative Preferred Shares as provided in paragraphs (4) and (5) may be exercised at any annual meeting of shareholders or at a special meeting of shareholders held for such purpose, which special meeting of shareholders shall be called by the proper officers of the corporation at any time when such voting power shall be so vested, within twenty (20) days after written request therefor signed by the holders of not less than five percent (5%) of the aggregate voting power (determined as hereinafter provided in this Subdivision E) vested in the Cumulative Preferred Shares of all series then outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof.

(8) Notice of any annual or special meeting of shareholders for the election of directors held when voting powers as aforesaid shall be vested in the holders of Cumulative Preferred Shares, shall be given to all holders of Cumulative Preferred Shares not less than fifteen (15) days prior to [illegible] and such notice shall describe with particularity the voting rights of the holders of each series of Cumulative Preferred Shares.

At any such annual or special meeting the [illegible] in person or by proxy of the holders of a [illegible] of the aggregate voting power (determined [illegible] hereinafter provided in this Subdivision E) [illegible] Cumulative Preferred Shares of all [illegible] outstanding shall be required to [illegible] quorum of the holders of the [illegible] Preferred Shares for the election by [illegible] of the directors whom they are entitled to [illegible] thereat, however, that the holders of a [illegible] of the aggregate voting power (determined [illegible] hereinafter provided in this Subdivision E) [illegible] the Cumulative Preferred Shares who are present in person or by proxy shall have power to

adjourn such meeting for the election of directors by the holders of the Cumulative Preferred Shares from time to time, without notice other than announcement at the meeting.

For the purpose of each vote or consent under the Articles of Incorporation or pursuant to applicable law, the number of votes to which each Cumulative Preferred Share shall be entitled shall be determined as follows:

(a) In voting by holders of Cumulative Preferred Shares, separately as a class, or by series, each Cumulative Preferred Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preferred Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount; and

(b) In voting by holders of Cumulative Preferred Shares and holders of Common Shares, together as a single class, each Common Share shall have one vote, each Cumulative Preferred Share entitled to receive $100 (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote and each Cumulative Preferred Share entitled to receive a different fixed amount (in addition to accrued and unpaid dividends, if any) in such event shall be entitled to such greater or lesser number of votes which, in the same proportion [illegible] shall be to $100.

* * *

We do hereby further [illegible] amendments to the Articles of Incorporation of the Corporation have been duly adopted in [illegible]

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IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 11th day of April, 1977.

Robert M. Bigwood
President

Jay D. Myster
Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 11th day of April, 1977, before me, a Notary Public within and for said County, personally appeared Robert M. Bigwood and Jay D. Myster, to me personally known, who, being each by me duly sworn, did say that they are. respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said Robert M. Bigwood and Jay D. Myster acknowledged said instrument to be their free act and deed.

Harold R. Davis

HAROLD R. DAVIS
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires MAY 5, 1983

[NOTARIAL SEAL]

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 18 day of Apr, A. D. 1977, at 8 o'clock A. M., and was duly recorded in Book M-44 of Incorporations, on page 792

Joan Anderson Growe
Secretary of State

CERTIFICATE

B-48, 225

We, the undersigned, HARRY C. JOHNSON and JAY D. MYSTER, do hereby certify that we are duly elected, qualified and acting as a Senior Vice President and the Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on March 6, 1978, viz.:

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, a seventh series of Cumulative Preferred Shares be, and hereby is, created as follows:

A. The designation of said series shall be "$8.375 Cumulative Preferred Shares", and the number of shares of such series shall be one hundred thousand (100,000).

B. The rate of dividends payable on the $8.375 Cumulative Preferred Shares shall be $8.375 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing June 1, 1978. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $8.375 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $108.375 per share if redeemed on or before June 1, 1979, and at the following redemption prices per share if redeemed thereafter:

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If redeemed during the twelve months' period ending

June 1	Redemption Price	June 1	Redemption Price
1980	$108.016	1992	$103.839
1981	$107.677	1993	$103.490
1982	$107.329	1994	$103.141
1983	$106.979	1995	$102.792
1984	$106.630	1996	$102.443
1985	$106.281	1997	$102.094
1986	$105.932	1998	$101.745
1987	$105.583	1999	$101.396
1988	$105.234	2000	$101 047
1989	$104.886	2001	$100.698
1990	$104.53[illegible]	2002	$100.349
1991	$104.1[illegible]8	2003	$100.000

together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $8.375 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to June 1, 1988 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i) indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 8.375% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $8.375 Cumulative Preferred Shares or (ii) the issue or sale of shares of the Company ranking prior to or on a parity with the $8.375 Cumulative Preferred Shares as to dividends or on liquidation if such shares have an effective dividend rate (based on the proceeds to the Company from such issue or sale net of any discount or commission to underwriters) of less than 8.375% per annum. The term "Weighted Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $8.375 Cumulative Preferred Shares by the then outstanding principal amount of such indebtedness or by the product of $100.00 times the number of

$8.375 Cumulative Preferred Shares which are then outstanding, as the case may be; and for the purpose of this definition, the term "Remaining Dollar-years" of any indebtedness or the $8.375 Cumulative Preferred Shares shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $8.375 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above). and the amount payable on the $8.375 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $8.375 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $8.375 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $8.375 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Section of Article VI of said Articles of Incorporation, (i) on June 1, 1984, and on each succeeding Jun 1

B-48,224

to and including June 1, 1993, 2% of the maximum number of $8.375 Cumulative Preferred Shares which shall theretofore have been issued, (ii) on June 1, 1994, and on each succeeding June 1 to and including June 1, 2002, 6.67% of the maximum number of $8.375 Cumulative Preferred Shares which shall theretofore have been issued (each June 1 referred to in clause (i) or (ii) above of this sentence being hereinafter called a "sinking fund redemption date") and (iii) on June 1, 2003, the balance of the $8.375 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $8.375 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $8.375 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on any sinking fund redemption date $8.375 Cumulative Preferred Shares in an amount not to exceed the number of $8.375 Cumulative Preferred Shares which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E. The privilege of so redeeming $8.375 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

BE IT FURTHER RESOLVED That the officers of this Company be, and they hereby are, authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

B-478, [illegible]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as a Senior Vice President and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this ___ day of March, 1978.

In the Presence of:

[Harry C. Johnson,
Senior Vice President]

[Jay D. Myster, Secretary]

[Corporate Seal]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this ___ day of March, 1978, before me a Notary Public within and for said County and State, personally appeared HARRY C. JOHNSON and JAY D. MYSTER, to me personally known to be a Senior Vice President and the Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, a Senior Vice President and the Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said HARRY C. JOHNSON and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

[illegible] E. BOTTARDIER
NO. [illegible] - MINNESOTA
[illegible] COUNTY
[illegible] AUG. 27, 1983

[NOTARIAL SEAL]

[Notary Public]

B-46, 230

STATE OF MINNESOTA

DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 21 day of Mar A. D. 19 72, at 8 o'clock a M., and was duly recorded in Book B-46 of Incorporations, on page 225

Joan Anderson Growe

Secretary of State

E-435

I-50, 661

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, Robert M. Bigwood and Jay D. Myster, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the Common Shareholders of said Corporation, duly called and held on April 9, 1979, in accordance with the statutes of the State of Minnesota and the Articles of Incorporation and By-Laws of the Corporation, the following resolution amending Articles V and VI of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least a majority of the outstanding Common Shares of the Corporation, said resolution being as follows:

BE IT RESOLVED That Articles V and VI of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby are, amended in their entirety to read as follows:

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ARTICLE V.

The total authorized number of shares of the corporation is 8,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 6,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

ARTICLE VI.

The designations, relative rights, voting power, preferences and restrictions of the Cumulative Preferred Shares, the Cumulative Preference Shares and the Common Shares, respectively, shall be as set forth in Division I through Division IV, inclusive, of this Article VI.

The term "subordinate shares", when hereinafter in this Article VI used with reference to shares junior to the Cumulative Preferred Shares, means the Cumulative Preference Shares, the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preferred Shares with respect to the payment of dividends or the distribution of assets; and when hereinafter used with reference to shares junior to the Cumulative Preference Shares, means the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preference Shares with respect to the payment of dividends or the distribution of assets.

DIVISION I

Provisions Relating to Cumulative Preferred Shares

A. Issue in Series. The Cumulative Preferred Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preferred Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with

the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preferred Shares shall be issued only as fully paid and non-assessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preferred Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unalloted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

In the case of each series of Cumulative Preferred Shares created after April 1, 1977, the amount (in addition to accrued and unpaid dividends, if any) which the holders of shares of such series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Before any dividends on any subordinate shares shall be paid or declared and set apart for payment, the holders of the Cumulative Preferred Shares of each series shall be entitled to receive, when and as declared by the Board of Directors out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not

exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative, in the case of shares of each particular series:

(1) if issued prior to the record date for the first dividend on shares of such series, then from and including the date fixed for such purpose by the Board of Directors in the resolution or resolutions creating such series;

(2) if issued during the period commencing immediately after the record date for a dividend on shares of such series and terminating at the close of the payment date for such dividend, then from and including such last mentioned dividend payment date;

(3) otherwise from and including the quarterly dividend payment date next preceding the date of issue of such shares.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preferred Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preferred Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preferred Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding

subordinate shares, and the holders of the Cumulative Preferred Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preferred Shares. Subject to the limitations stated in Subdivision D of this Division I, the Cumulative Preferred Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such shares become cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. To the extent that Cumulative Preferred Shares of any series are redeemed through the operation of a sinking or purchase fund provided for in the resolution or resolutions of the Board of Directors creating such series, such shares shall be redeemed by resolution of the Board of Directors at the time and at the applicable redemption price specified for redemption of shares of such series pursuant to such sinking or purchase fund by the resolution or resolutions creating such series. If less than all the outstanding Cumulative Preferred Shares of any series are to be redeemed, the shares to be redeemed shall be determined by lot in such manner as the Board of Directors may prescribe.

Notice of every redemption of Cumulative Preferred Shares shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the corporation, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption.

If notice of redemption shall have been duly given as aforesaid, and if, on or before the redemption date specified in the notice, all funds necessary for the redemption shall have been deposited in trust with a bank or trust company in good standing and doing business at any place within the United States, having capital, surplus and undivided profits aggregating at least $1,000,000 and designated in the notice of redemption, for the pro rata benefit of the holders of the shares so called for redemption, so as to

and continue to be available therefor, then, from and after the date of such deposit, notwithstanding that any certificate for Cumulative Preferred Shares so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the dividends thereon shall cease to accumulate from and after the date fixed for redemption, and all rights with respect to the Cumulative Preferred Shares so called for redemption shall forthwith on the date of such deposit cease and terminate, except only the right of the holders thereof to receive the redemption price of the shares so redeemed, including accrued dividends to the redemption date, but without interest. Any funds deposited by the corporation pursuant to this paragraph and unclaimed at the end of six (6) years after the date fixed for redemption shall be repaid to the corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders of the shares so called for redemption shall look only to the corporation for the payment thereof.

All Cumulative Preferred Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preferred Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preferred Shares undesignated as to series.

D. Limitations on Purchase and Redemption of Cumulative Preferred Shares. No Cumulative Preferred Shares of any series shall be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preferred Shares of any series, unless all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in the event all of the Cumulative Preferred Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any subordinate shares, the holders of the shares of each series of Cumulative Preferred Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or

resolutions authorizing the issue of such series, together with a sum, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such shares became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment. If such distribution or payment shall have been made to the holders of the Cumulative Preferred Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the class or classes of subordinate shares, according to their respective rights and preferences and in each case according to their respective shares. If the assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preferred Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preferred Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Create, authorize or issue any shares of any class ranking prior to, or any securities of any kind or class convertible into shares of any class ranking prior to, the Cumulative Preferred Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights

of the holders of the Cumulative Preferred Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preferred Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, of at least two-thirds (2/3) of aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preferred Shares, or create, authorize or issue any shares of any class ranking on a parity with the Cumulative Preferred Shares as to dividends or assets, or any securities of any kind or class convertible into Cumulative Preferred Shares or shares of any class on a parity with the Cumulative Preferred Shares; or

(b) Issue any Cumulative Preferred Shares of any series if as a result thereof more than 60,000 Cumulative Preferred Shares of all series will then be outstanding, unless:

(i) The corporation's "Adjusted Income Available for Interest," as hereinafter defined, shall be at least equal to one-and-one-half (1-1/2) times the corporation's "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(ii) The corporation's "Adjusted Income Available for Preferred Dividends," as hereinafter defined, shall be at least equal to two-and-one-half (2-1/2) times the corporation's "Adjusted Preferred Charges," as hereinafter defined; and

(iii) The corporation's "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the corporation's "Total Capitalization," as hereinafter defined; or

(c) Declare, pay or set apart for payment any dividend on any subordinate shares, or purchase, redeem or otherwise acquire for value any subordinate shares, or pay or set aside or make available any moneys for a purchase fund or sinking fund for the purchase or redemption of any such subordinate shares, unless after giving effect to the payment of such dividend or such purchase, redemption or other acquisition of such payment or setting aside of moneys in a purchase fund or sinking fund,

(i) The "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the "Total Capitalization," as hereinafter defined; and

(ii) The earned surplus of the corporation shall be not less than $831,398.

(d) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger, unless, immediately after such consolidation or merger shall become effective:

(i) The Cumulative Preferred Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preferred Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger, and the indebtedness for borrowed money of the resulting corporation immediately after such consolidation or merger shall be no greater than the indebtedness for borrowed money of the corporation immediately preceding such consolidation or merger; or

(ii) (aa) The "Adjusted Income Available for Interest," as hereinafter defined, of the resulting corporation shall be at least equal to one-and-one-half (1-1/2) times its "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(bb) The "Adjusted Income Available for Preferred Dividends," as hereinafter defined, of the resulting corporation shall be at least equal to two-and-one-half (2-1/2) times its "Adjusted Preferred Charges," as hereinafter defined; and

(cc) The "Common Share Equity," as hereinafter defined, of the resulting corporation shall equal at least one-fourth (1/4) of its "Total Capitalization," as hereinafter defined.

(e) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preferred Shares of all series then outstanding and of all shares then outstanding of a class on a parity with the Cumulative Preferred Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preferred Shares.

(3) For the purposes of the foregoing provisions of this Subdivision F:

(a) The term "Adjusted Income Available for Interest" shall mean the gross income of the corporation for a period of twelve (12) consecutive calendar months selected by the corporation out of the fifteen (15) calendar months immediately preceding the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger, determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice, available for the payment of interest, but after deduction of taxes of all kinds (including taxes based on income), including for a like period such gross income (similarly computed and with similar deductions and eliminating any duplication of income) of any property

which was or will have been an operating unit or a part of an operating unit preceding its acquisition by the corporation and which has been acquired within the past twelve (12) months immediately preceding or is to be acquired by the corporation substantially contemporaneously with the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger.

(b) The term "Adjusted Interest and Preferred Charges" is hereby defined as the sum of (i) the interest charges for one year upon all interest bearing indebtedness of the corporation outstanding at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, including that, if any, proposed to be issued or assumed substantially contemporaneously, or to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject (adjusted for all amortization of debt discount and expense, or of premium on debt, as the case may be), and (ii) the dividend requirements for one year on all outstanding Cumulative Preferred Shares, and on all other shares of a class ranking prior to or on a parity with the Cumulative Preferred Shares as to dividends or assets, outstanding at the time of issuance of such additional Cumulative Preferred Shares, or of such consolidation or merger, including all such shares proposed to be issued, or all such shares of the resulting corporation, as the case may be.

(c) The term "Adjusted Income Available for Preferred Dividends" is hereby defined as the "Adjusted Income Available for Interest" for the aforesaid twelve (12) months' period, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(d) The term "Adjusted Preferred Charges" is hereby defined as the "Adjusted Interest and Preferred Charges" for one year determined at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(e) The term "Common Share Equity" is hereby defined as the sum of (i) the stated capital of the corporation applicable to its Common Shares and to all other subordinate shares (including shares, if any, proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (ii) capital surplus to the extent of premium on Common Shares and on all other subordinate shares (including premium, if any, on shares proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (iii) contributions in aid of construction, and (iv) earned surplus, all determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice.

(f) The term "Total Capitalization" is hereby defined as the sum of (i) the Common Share Equity, (ii) the involuntary liquidation preference of all Cumulative Preferred Shares and all other shares prior to or on a parity with the Cumulative Preferred Shares to be outstanding after the proposed event, and (iii) the principal amount of all interest bearing debt (including debt to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject) to be outstanding after the proposed event, excluding, however, all indebtedness maturing by its terms within one year from the time of creation thereof unless the corporation, without the consent of the lender, has the right to extend the maturity of such indebtedness for a period or periods which, with the original period of such indebtedness, aggregates one year or more.

DIVISION II

Provisions Relating to Cumulative Preference Shares

A. Issue in Series. The Cumulative Preference Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preference Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preference Shares shall be issued only as fully paid and nonassessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preference Shares in one or more series, and to determine, and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs, provided that the amount in the case of an involuntary dissolution, liquidation or winding up of such affairs shall be determined as provided in the following paragraph; (v) the conversion rights, if any, with respect to the conversion or shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

The amount (in addition to accrued and unpaid dividends, if any) which the holders of Cumulative Preference Shares of each series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Subject to the preferential rights of the holders of Cumulative Preferred Shares with respect to payment of dividends as set forth in Subdivision B of Division I, the holders of the Cumulative Preference Shares

of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative from and including the date or dates fixed for such purpose by the Board of Directors in the resolution or resolutions authorizing the creation of such series.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preference Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preference Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, other than a dividend or distribution payable solely in subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preference Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding subordinate shares, and the holders of the Cumulative Preference Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preference Shares. Subject to the limitations stated in Subdivision B of Division I and in Subdivision D of this Division II, the Cumulative Preference Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. Each such redemption shall be effected upon the same notice as provided in Subdivision C of Division I in respect of the redemption of Cumulative Preferred Shares, and all other provisions of said Subdivision C with respect to the method and effect of redemption of Cumulative Preferred Shares shall be applicable to the redemption of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

All Cumulative Preference Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preference Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preference Shares undesignated as to series.

D. Limitation on Purchase and Redemption of Cumulative Preference Shares. No Cumulative Preference Shares of any series shall be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preference Shares of any series, unless all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in event all of the Cumulative Preference Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any class or classes of subordinate shares, the holders of the shares of each series of Cumulative Preference Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the date fixed for such payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment; provided, however, that no such payment to the holders of Cumulative Preference Shares shall be made until payment in full shall have been made to the holders of Cumulative Preferred Shares, or moneys made available for such payment in full, in accordance with the provisions of Subdivision E of Division I. If such payment shall have been made to the holders of the Cumulative Preference Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of subordinate shares according to their respective rights and preferences and in each case according to their respective shares. If the assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preference Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preference Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of

shareholders called for the purpose) of the holders of at lea : two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Create or authorize any shares of any class (other than the Cumulative Preferred Shares, whether now or hereafter authorized) ranking prior to the Cumulative Preference Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preference Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preference Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preference Shares, or create or authorize any shares of any class ranking on a parity with the Cumulative Preference Shares as to dividends or assets; or

(b) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger unless, immediately after such consolidation or merger shall become effective, the Cumulative Preference Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain

outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, and there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preference Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger; or

(c) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preference Shares of all series then outstanding and of all shares then outstanding of a class on a parity with the Cumulative Preference Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preference Shares.

DIVISION III

Provisions Relating To Common Shares

A. Dividends. Subject to the preferential rights of the holders of the Cumulative Preferred Shares and the Cumulative Preference Shares with respect to the payment of dividends, as set forth in Subdivision B of Division I and Subdivision B of Division II, respectively, holders of the Common Shares shall be entitled to receive dividends, out of any funds legally available therefor, when and as declared by the Board of Directors.

B. Liquidation Preferences. In the event of any dissolution, liquidation or winding-up of the affairs of the corporation, whether voluntary or involuntary, holders of the Common Shares shall be entitled to receive ratably, in accordance with the numbers of shares held by them respectively, the assets of the corporation available for payment to shareholders remaining after payment in full shall have been made to holders of the Cumulative Preferred Shares and the Cumulative Preference Shares in accordance with the provisions of Subdivision E of Division I and Subdivision E of Division II, respectively.

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DIVISION IV

Voting Rights and Other Provisions
Relating To Cumulative Preferred Shares,
Cumulative Preference Shares and Common Shares

A. Voting Rights of Common Shares. Except as otherwise expressly set forth in this Article VI and as provided by law, the holders of Common Shares shall have the sole voting rights of shareholders of the corporation and shall be entitled to one vote for each share held, and the holders of a majority of the Common Shares outstanding shall have power to authorize the sale, lease, exchange or other disposal of all, or substantially all, of the property and assets of the corporation, including its good will, to adopt or reject an agreement of consolidation or merger and to amend the Articles of Incorporation.

B. Voting Rights of Cumulative Preferred Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect three members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(2) After an amount equivalent to twelve (12) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(3) At any annual meeting or special meeting of the shareholders for the election of directors occurring

after all dividends then in default on the Cumulative Preferred Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preferred Shares shall thereupon be divested of any special rights with respect to the election of directors provided in paragraphs (1) and (2) of this Subdivision B, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preferred Shares in the case of a future like default or defaults in dividends thereon.

(4) Voting power vested in the holders of the Cumulative Preferred Shares as provided in paragraphs (1) and (2) of this Subdivision B may be exercised at any annual meeting of shareholders or at a special meeting of shareholders held for such purpose, which special meeting of shareholders shall be called by the proper officers of the corporation at any time when such voting power shall be so vested, within twenty (20) days after written request therefor signed by the holders of not less than five percent (5%) of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof.

(5) Notice of any annual or special meeting of shareholders for the election of directors held when voting powers as aforesaid shall be vested in the holders of Cumulative Preferred Shares shall be given to all holders of Cumulative Preferred Shares not less than fifteen (15) days prior to said meeting, and such notice shall describe with particularity the voting rights of the holders of each series of Cumulative Preferred Shares.

(6) At any such annual or special meeting the presence in person or by proxy of the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding shall be required to constitute a quorum of the holders of the Cumulative Preferred Shares for the election by them of the directors whom they are entitled to elect; provided, however, that the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares who are present in person or by proxy shall have power to adjourn such meeting for the election of directors by the holders of the Cumulative Preferred Shares

from time to time, without notice other than announcement at the meeting.

C. Voting Rights of Cumulative Preference Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preference Shares of any series outstanding shall be in default, the holders of Cumulative Preference Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect two members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preferred Shares to elect directors as provided in Subdivision B of this Division IV, elect the remaining directors of the corporation.

(2) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preference Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preference Shares shall thereupon be divested of any special rights with respect to the election of directors provided for in paragraph (1) of this Subdivision C, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preference Shares in the case of a future like default or defaults in dividends thereon.

(3) All provisions of paragraphs (4), (5) and (6) of Subdivision B of this Division IV with respect to the method of exercising the special voting rights of the holders of Cumulative Preferred Shares shall be applicable to the special voting rights of the holders of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

D. Number of Votes Applicable to Each Cumulative Preferred Share and to Each Cumulative Preference Share. For the purpose of each vote or consent under the Articles of Incorporation or pursuant to applicable law, the number of votes to which each Cumulative Preferred Share and each Cumulative Preference Share shall be entitled shall be determined as follows:

(a) In voting by holders of Cumulative Preferred Shares, separately as a class, or by series, each Cumulative Preferred Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preferred Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount;

(b) In voting by holders of Cumulative Preference Shares, separately as a class, or by series, each Cumulative Preference Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preference Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount; and

(c) In voting by holders of Cumulative Preferred Shares and/or Cumulative Preference Shares and/or holders of Common Shares, together as a single class, each Common Share shall have one vote, each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive $100 (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote and each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive a different fixed amount (in addition to accrued and unpaid dividends, if any) in such event shall be entitled to such greater or lesser number of votes which is in the same proportion as such different amount shall be to $100.

E. Number and Term of Directors and Manner of Election.

(1) Except at such times as the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares shall have voting rights for the election of directors, (a) the Board of Directors shall consist of such number of

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persons, not less than seven (7) nor more than nine (9), as may be determined by the shareholders from time to time at annual meetings thereof, provided that the number of directors shall not be increased so as to require at any annual meeting the election of more than three (3) directors in order to fill all of the vacancies on the Board, (b) the term of office of each director other than directors elected to fill vacancies shall be for the period ending at the third annual meeting following his election and until his successor is elected and qualified, and (c) a majority of the remaining directors shall have authority to fill vacancies in the Board of Directors occurring between annual meetings of the shareholders, each director so elected to serve for the unexpired term of the director with respect to whom the vacancy occurred.

(2) If at any time the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall, under the provisions of paragraph (1) of Subdivision B of this Division IV or of paragraph (1) of Subdivision C of this Division IV, become entitled to elect any directors, then the terms of all incumbent directors shall expire at the time of the first annual meeting thereafter at which such holders of Cumulative Preferred Shares and/or Cumulative Preference Shares are so entitled to elect directors. If at any time the holders of Cumulative Preferred Shares of the corporation shall, under the provisions of paragraph (2) of Subdivision B of this Division IV, become entitled to elect a majority of the Board of Directors, the terms of all incumbent directors shall expire whenever such majority has been duly elected and qualified. During any period during which the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall have voting rights with respect to directors under the provisions of this Division IV, the Board of Directors shall consist of eleven (11) persons and the entire number of persons composing such Board shall be elected at each annual or special meeting of shareholders for the election of direcors and shall serve until the next such annual or special meeting or until their successors have been elected and qualified, provided, however, that whenever the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares acquire voting rights under paragraph (1) of Subdivision B of this Division IV or under paragraph (1) of Subdivision C of this Division IV, and exercise such rights at a special meeting called therefor, the terms of office of directors theretofore elected by the holders of Common Shares will not expire until the next annual meeting. If a vacancy or vacancies in the Board of Directors shall exist with respect to a director or directors who shall have been elected by the holders

I-50, 68-1

of either Cumulative Preferred Shares or Cumulative Preference Shares, the remaining directors elected by the holders of Cumulative Preferred Shares or Cumulative Preference Shares, as the case may be, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise, if a vacancy or vacancies shall exist with respect to a director or directors who shall have been elected by the holders of Common Shares, the remaining directors elected by the holders of Common Shares, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(3) Whenever the Cumulative Preferred Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (3) of Subdivision B of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preference Shares pursuant to Subdivision C of this Division IV, shall expire upon the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid the provisions of paragraph (1) of Subdivision E of this Division IV shall again control, unless at that time the holders of Cumulative Preference Shares have voting rights for the election of directors.

(4) Whenever the Cumulative Preference Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (2) of Subdivision C of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preferred Shares pursuant to Subdivision B of this Division IV, shall expire on the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such

special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid, the provisions of paragraph (1) of Subdivision E of this Division IV shall again control, unless at that time the holders of Cumulative Preferred Shares have voting rights for the election of directors.

F. Cumulative Voting. If notice in writing is given by any holder of Cumulative Preferred Shares, Cumulative Preference Shares or Common Shares to the president or secretary of the corporation not less than twenty-four hours before the time fixed for holding a meeting for the election of directors at which such shareholder is entitled to vote, that he intends to cumulate his votes in such election, each holder of shares of the class with respect to which such notice has been given shall have the right to multiply the number of votes to which he may be entitled by the number of directors to be elected by the holders of shares of such class, and he may cast all such votes for one candidate or distribute them among any two or more candidates. In such case, it shall be the duty of the presiding officer upon the convening of the meeting to announce that such notice has been given.

G. Preemptive Rights. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive or preferential right whatsoever to purchase, subscribe for or otherwise acquire shares of any class of the corporation or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, other than such rights of subscription, if any, as the Board of Directors may from time to time determine.

I-50, 661,

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 9th day of April, 1979.

President

Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 9th day of April, 1979, before me, a Notary Public within and for said County, personally appeared Robert M. Bigwood and Jay D. Myster, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said Robert M. Bigwood and Jay D. Myster acknowledged said instrument to be their free act and deed.

[NOTARIAL SEAL]

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 10 day of April A. D. 19 79 at 11:50 o'clock A M., and was duly recorded in Book I-50 of Incorporations, on page 661
Joan Anderson Growe
Secretary of State

E-435

OTTER TAIL POWER COMPANY
ARTICLES OF REDUCTION OF STATED CAPITAL

A-51, 144

We, ROBERT M. BIGWOOD and JAY D. MYSTER, respectively, the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that:

1) Pursuant to resolutions of the Board of Directors of the Company duly adopted on April 9, 1979, 13,000 $11.50 Cumulative Preferred Shares, without par value, of the Company that were outstanding were redeemed on June 1, 1979 at a redemption price of $100 per share, which is the preference (exclusive of accrued and unpaid dividends) to which each share was entitled upon involuntary liquidation.

2) By resolution of the Board of Directors of the Company duly adopted on April 9, 1979, the Company applied to the redemption of said 13,000 $11.50 Cumulative Preferred Shares $1,300,000 of its stated capital, which is an amount not exceeding the aggregate amount of the preference (exclusive of accrued and unpaid dividends) to which the $11.50 Cumulative Preferred Shares so redeemed were entitled upon involuntary liquidation.

3) Following the effective date of these Articles of Reduction of Stated Capital, the amount of the stated capital which the Company shall have shall be $57,753,205.

We do hereby further certify that the foregoing Articles of Reduction of Stated Capital have been duly adopted in accordance with law.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of Otter Tail Power Company this 17th day of July, 1979.

Robert M. Bigwood
President

Jay D. Myster
Secretary

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 17th day of July, 1979, before me, a Notary Public within and for said County, personally appeared ROBERT M. BIGWOOD and JAY D. MYSTER, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said Robert M. Bigwood and Jay D. Myster acknowledged said instrument to be their free act and deed.

[Notarial Seal] LARRY W. MARQUARD NOTARY PUBLIC - MINNESOTA OTTER TAIL COUNTY My Commission Expires JAN. 17, 1986

Larry W. Marquard

A-51, 145

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 23 day of July A. D. 19 72, at 4:30 o'clock P M., and was duly recorded in Book A-51 of Incorporations, on page 144

Joan Anderson Growe
Secretary of State

E-735

CERTIFICATE

F. 51,937

We, the undersigned, D. K. EMMEN and JAY D. MYSTER, do hereby certify that we are duly elected, qualified and acting as the Vice President, Finance and the Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on July 23, 1979, viz.:

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, an eighth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$8.90 Cumulative Preferred Shares", and the number of shares of such series shall be seventy thousand (70,000).

B. The rate of dividends payable on the ...90 Cumulativ Preferred Shares shall be $8.90 ... share per annum, payable quarterly on the ...rst day of March, June, September and December of each year, commencing September 1, 1979. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $8.90 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $103.90 per share if redeemed on or before September 1, 1980, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period ending

A 51, 939

September 1	Redemption Price	September 1	Redemption Price
1981	$108.529	1993	$104.079
1982	$108.158	1994	$103 708
1983	$10 .788	1995	$103.338
1984	$107.417	1996	$102.967
1985	$107.046	1997	$102.596
1986	$106.675	1998	$102.225
1987	$106.304	1999	$101.854
1988	$105.933	2000	$101.483
1989	$105.563	2001	$101.113
1990	$105.192	2002	$100.742
1991	$104.821	2003	$100.371
1992	$104.450	2004	$100.000

together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $8.90 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to September 1, 1989 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i)

indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 8.90% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $8.90 Cumulative Preferred Shares or (ii) the issue or sale of shares of the Company ranking prior to the Common Shares of the Company as to dividends or on liquidation if such shares have an effective dividend rate (based on the proceeds to the Company from such issue or sale net of any discount or commission to underwriters) of less than 8.90% per annum.

The term "Weighted Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $8.90 Cumulative Preferred Shares by the then outstanding principal amount of such indebtedness or by the product of $100.00 times the number of $8.90 Cumulative Preferred Shares which are then outstanding, as the case may be; and for the purpose of this definition, the term "Remaining Dollar-years" of any indebtedness

or the $8.90 Cumulative Preferred Shares shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $8.90 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $8.90 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in Subdivision E of said Division I, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $8.90 Cumulative Rreferred Shares from the date on which dividends on such

A 51,942

share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $8.90 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $8.90 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said Division I, (i) on September 1, 1985, and on each succeeding September 1 to and including September 1, 1994, 2-1/2% of the maximum number of $8.90 Cumulative Preferred Shares which shall theretofore have been issued, (ii) on September 1, 1995, and on each succeeding September 1 to and including September 1, 2003,

7.5% of the maximum number of $8.90 Cumulative Preferred Shares which shall theretofore have been issued (each September 1 referred to in clause (i) or (ii) above of this sentence being hereinafter called a "sinking fund redemption date") and (iii) on September 1, 2004, the balance of the $8.90 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $8.90 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $8.90 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with

the effect provided in Subdivision C of said Division I, on any sinking fund redemption date $8.90 Cumulative Preferred Shares in an amount not to exceed the number of $8.90 Cumulative Preferred Shares which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E; provided that not more than 30% of the maximum number of $8.90 Cumulative Preferred Shares which shall theretofore have been issued may be so redeemed. The privilege of so redeeming $8.90 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

BE IT FURTHF RESOLVED That the officers of this Company be, and they hereby are, authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be filed for record in the office of the Secretary of State of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as the Vice President, Finance and Secretary, respectively, of Otter Tail Power Company and have affixed

A 51, 945

the seal of Otter Tail Power Company this 2nd day of July, 1979.

In the Presence of:

[D. R. Emmen
Vice President, Finance]

[Jay D. Myster, Secretary]

[Corporate Seal]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

A-51 946

On this 24 day of July, 1979, before me a Notary Public within and for said Co . . and State, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known to be the Vice President, Finance and the Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the Vice President, Finance and the Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said D. R. EMMEN and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

Harold R. Davis

[Notary Public]

[NOTARIAL SEAL]

HAROLD R. DAVIS
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires MAY 5, 1983

A-51, 947

STATE OF MINNESOTA

DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 26 day of July A. D. 19 77, at 4:00 o'clock P M., and was duly recorded in Book A-51 of Incorporations, on page 937

Joan Anderson Growe

By

Secretary of State

135

Ex-52.228

OTTER TAIL POWER COMPANY
ARTICLES OF REDUCTION OF STATED CAPITAL

We, D. R. EMMEN and JAY D. MYSTER, respectively, the Vice President, Finance, and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that:

1) Pursuant to resolutions of the Board of Directors of the Company duly adopted on April 14, 1980, 6,500 $11.50 Cumulative Preferred Shares, without par value, of the Company that were outstanding were redeemed on June 1, 1980, at a redemption price of $100 per share, which is the preference (exclusive of accrued and unpaid dividends) to which each share was entitled upon involuntary liquidation.

2) By resolution of the Board of Directors of the Company duly adopted on April 14, 1980, the Company applied to the redemption of said 6,500 $11.50 Cumulative Preferred Shares $650,000 of its stated capital, which is an amount not exceeding the aggregate amount of the preference (exclusive of accrued and unpaid dividends) to which the $11.50 Cumulative Preferred Shares so redeemed were entitled upon involuntary liquidation.

3) Following the effective date of these Articles of Reduction of Stated Capital, the amount of the stated capital which the Company shall have shall be $66,881,720.

We do hereby further certify that the foregoing Articles of Reduction of Stated Capital have been duly adopted in accordance with law.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of Otter Tail Power Company this 5th day of June, 1980.

D. R. Emmen
Vice President, Finance

Jay D. Myster
Secretary

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 5th day of June, 1980, before me, a Notary Public within and for said County, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the Vice President, Finance, and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said D. R. Emmen and Jay D. Myster acknowledged said instrument to be their free act and deed.

Earle E. Bombarder

[Notarial Seal]

Y-52, 229

STATE OF MINNESOTA

DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 17 day of [illegible] A. D 19[illegible], at [illegible] o'clock [illegible] M., and was duly recorded in Book Y-52 of Incorporations, on page 228

Joan Anderson Growe

Secretary of State

E-435

CERTIFICATE

A-53,19

We, the undersigned, D. R. EMMEN and JAY D. MYSTER, do hereby certify that we are duly elected, qualified and acting as the Vice President, Finance and the Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation; that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors of said Company duly called and held on June 18, 1980, viz.:

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, a ninth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$11.50 Cumulative Preferred Shares (Series A)", and the number of shares of such series shall be eighty thousand (80,000).

B. The rate of dividends payable on the $11.50 Cumulative Preferred Shares (Series A) shall be $11.50 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing September 1, 1980. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $11.50 Cumulative Preferred Shares (Series A) shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $111.50 per share if redeemed on or before June 1, 1981, and at the following redemption prices per share if redeemed thereafter:

A-53, 50

If redeemed during the twelve months' period ending

June 1	Redemption Price	June 1	Redemption Price
1982	$111.02	1994	$105.27
1983	$110.54	1995	$104.79
1984	$110.06	1996	$104.31
1985	$109.58	1997	$103.83
1986	$109.10	1998	$103.35
1987	$108.63	1999	$102.88
1988	$108.15	2000	$102.40
1989	$107.67	2001	$101.92
1990	$107.19	2002	$101.44
1991	$106.71	2003	$100.96
1992	$106.23	2004	$100.48
1993	$105.75	2005	$100.00

together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $11.50 Cumulative Preferred Shares (Series A) shall not be redeemable, in whole or in part, prior to June 1, 1990 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i) indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 11.50% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $11.50 Cumulative Preferred Shares (Series A) or (ii) the issue or sale of shares of the Company ranking prior to the Common Shares of the Company as to dividends or on liquidation if such shares have an effective dividend rate (based on the proceeds to the Company from such issue or sale net of any discount or commission to underwriters) of less than 11.50% per annum. The term "Weighted Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $11.50 Cumulative Preferred Shares (Series A) by the then outstanding principal amount of such indebtedness or by the product of $100.00 times

A-53,51

the number of $11.50 Cumulative Preferred Shares (Series A) which are then outstanding, as the case may be; and for the purpose of this definition, the term "Remaining Dollar-years" of any indebtedness or the $11.50 Cumulative Preferred Shares (Series A) shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $11.50 Cumulative Preferred Shares (Series A) in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $11.50 Cumulative Preferred Shares (Series A) in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in Subdivision E of said Division I, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $11.50 Cumulative Preferred Shares (Series A) from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $11.50 Cumulative Preferred Shares (Series A) remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $11.50 Cumulative Preferred Shares (Series A), redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said

A-53,52

Division I, (i) on June 1, 1986, and on each succeeding June 1 to and including June 1, 2004, (each such June 1 being hereinafter called a "sinking fund redemption date"), 5% of the maximum number of $11.50 Cumulative Preferred Shares (Series A) which shall theretofore have been issued and (ii) on June 1, 2005, the balance of the $11.50 Cumulative Preferred Shares (Series A) then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $11.50 Cumulative Preferred Shares (Series A) shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $11.50 Cumulative Preferred Shares (Series A) shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said Division I, on any sinking fund redemption date $11.50 Cumulative Preferred Shares (Series A) in an amount not to exceed the number of $11.50 Cumulative Preferred Shares (Series A) which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E; provided that not more than 25% of the maximum number of $11.50 Cumulative Preferred Shares (Series A) which shall theretofore have been issued may be so redeemed. The privilege of so redeeming $11.50 Cumulative Preferred Shares (Series A) shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

BE IT FURTHER RESOLVED That the officers of this Company be, and they hereby are, authorized and directed to execute and acknowledge a certificate setting forth a copy of the foregoing resolution and to cause the same to be

A-5353

filed for record in the office of the Secretary of State of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as the Vice President, Finance and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 18th day of June, 1980.

In the Presence of:

[D. R. Emmen
Vice President, Finance]

Lorraine D. Killion

Susan K. Mortenson

[Jay D. Myster, Secretary]

[Corporate Seal]

1-53, 5-1

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 18th day of June, 1980, before me a Notary Public within and for said County and State, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known to be the Vice President, Finance and the Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the Vice President, Finance and the Secretary of said corporation; and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said D. R. EMMEN and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

Harold R. Davis
[Notary Public]

[NOTARIAL SEAL]

HAROLD R. DAVIS
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires MAY 5, 1983

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 20 day of June A. D. 19 80 at 4:30 o'clock P M., and was duly recorded in Book A 53 of Incorporations, on page 49

Joan Anderson Growe
Secretary of State

E-435

H 55, 638

OTTER TAIL POWER COMPANY
ARTICLES OF REDUCTION OF STATED CAPITAL

We, D. R. EMMEN and JAY D. MYSTER, respectively, the Senior Vice President, Finance, and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that:

1) Pursuant to resolutions of the Board of Directors of the Company duly adopted on April 13, 1981, 6,500 $11.50 Cumulative Preferred Shares, without par value, of the Company that were outstanding were redeemed on June 1, 1981, at a redemption price of $100 per share, which is the preference (exclusive of accrued and unpaid dividends) to which each share was entitled upon involuntary liquidation.

2) By resolution of the Board of Directors of the Company duly adopted on April 13, 1981, the Company applied to the redemption of said 6,500 $11.50 Cumulative Preferred Shares $650,000 of its stated capital, which is an amount not exceeding the aggregate amount of the preference (exclusive of accrued and unpaid dividends) to which the $11.50 Cumulative Preferred Shares so redeemed were entitled upon involuntary liquidation.

3) Following the effective date of these Articles of Reduction of Stated Capital, the amount of the stated capital which the Company shall have shall be $77,183,295.

We do hereby further certify that the foregoing Articles of Reduction of Stated Capital have been duly adopted in accordance with law.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of Otter Tail Power Company this 8th day of June, 1981.

127509
127570

D. R. Emmen
Senior Vice President, Finance

Jay D. Myster
Secretary

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 8th day of June, 1981, before me, a Notary Public within and for said County, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the Senior Vice President, Finance, and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said D. R. EMMEN and JAY D. MYSTER acknowledged said instrument to be their free act and deed.

Earle E. Bombardier

(Notarial Seal)

EARLE E. BOMBARDIER
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires AUG. 27, 1983

H 35,639

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 15 day of [illegible]
A.D. 19[illegible] at [illegible] o'clock [illegible] M.,
and was duly recorded in Book H-35
of Incorporations on page 638

[illegible]
Secretary of State

E-435

A-57, 820

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, Robert M. Bigwood and Jay D. Myster, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the Common Shareholders of said Corporation, duly called and held on April 12, 1982, in accordance with the statutes of the State of Minnesota and the Articles of Incorporation and By-Laws of the Corporation, the following resolution amending Article V of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least a majority of the outstanding Common Shares of the Corporation, said resolution being as follows:

> BE IT RESOLVED That Article V of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in its entirety to read as follows:
>
> ARTICLE V.
>
> The total authorized number of shares of the corporation is 10,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 8,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

505851

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

A-57,821

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 12th day of April, 1982.

President

Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS.
COUNTY OF OTTER TAIL)

On this 12th day of April, 1982, before me, a Notary Public within and for said County, personally appeared Robert M. Bigwood and Jay D. Myster, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its share-holders, and said Robert M. Bigwood and Jay D. Myster acknowledged said instrument to be their free act and deed.

[NOTARIAL SEAL]

LARRY W. MARQUARD
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires JAN. 17, 1986

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 14 day of April A. D. 1982, at 4:30 o'clock PM., and was duly recorded in Book A57 of Incorporations, on page 820

Joan Anderson Growe
Secretary of State

E-435

K-57, 9:12

OTTER TAIL POWER COMPANY
ARTICLES OF REDUCTION OF STATED CAPITAL

We, D. R. EMMEN and JAY D. MYSTER, respectively, the Senior Vice President, Finance, and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that:

1) Pursuant to resolutions of the Board of Directors of the Company duly adopted on April 12, 1982, 6,500 $11.50 Cumulative Preferred Shares, without par value, of the Company that were outstanding were redeemed on June 1, 1982, at a redemption price of $100 per share, which is the preference (exclusive of accrued and unpaid dividends) to which each share was entitled upon involuntary liquidation.

2) By resolution of the Board of Directors of the Company duly adopted on April 12, 1982, the Company applied to the redemption of said 6,500 $11.50 Cumulative Preferred Shares $650,000 of its stated capital, which is an amount not exceeding the aggregate amount of the preference (exclusive of accrued and unpaid dividends) to which the $11.50 Cumulative Preferred Shares so redeemed were entitled upon involuntary liquidation.

3) Following the effective date of these Articles of Reduction of Stated Capital, the amount of the stated capital which the Company shall have shall be $77,475,720.

We do hereby further certify that the foregoing Articles of Reduction of Stated Capital have been duly adopted in accordance with law.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of Otter Tail Power Company this 8th day of June, 1982.

D. R. Emmen
Senior Vice President, Finance

J. D. Myster
Secretary

523056

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 8TH day of June, 1982, before me, a Notary Public within and for said County, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the Senior Vice President, Finance, and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said D. R. EMMEN and JAY D. MYSTER acknowledged said instrument to be their free act and deed.

Larry W. Marquard
Notary Public

(Notarial Seal)

LARRY W. MARQUARD
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires JAN. 17, 1987

K-51, .113

STATE OF MINNESOTA
DEPARTMENT OF STATE

I hereby certify that the within instrument was filed for record in this office on the 21 day of June A. D. 1982, at 4:30 o'clock P. M. and was duly recorded in Book K-51 of Incorporations, on page 113

Joan Anderson Growe
Secretary of State

26525-AA

W-61

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, John C. MacFarlane and Jay D. Myster, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the Common Shareholders of said Corporation, duly called and held on April 9, 1984, in accordance with sections 302A.131 and 302A.135 of the Minnesota Statues and the Articles of Incorporation and By-Laws of the Corporation, the following resolution amending Subdivision F of Division IV of Article VI of the Articles of Incorporation of the Corporation was duly adopted by the vote of the holders of at least a majority of the outstanding Common Shares of the Corporation, said resolution being as follows:

BE IT RESOLVED That Subdivision F of Division IV of Article VI of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in its entirety to read as follows:

"F. Cumulative Voting. If notice in writing is given by any holder of Cumulative Preferred Shares, Cumulative Preference Shares or Common Shares to any officer of the corporation before a meeting for the election of directors at which such shareholder is entitled to vote, or to the presiding officer at such meeting at any time before the election of directors takes place, that he intends to cumulate his votes in such election, each holder of shares of the class with respect to which such notice has been given shall have the right to multiply the number of votes to which he may be entitled by the number of directors to be elected by the holders of shares of such class, and he may cast all such votes for one candidate or distribute them among any two or more candidates. In such case, it shall be the duty of the presiding officer, before the election of directors at the meeting, to announce that all shareholders of the class with respect to which such notice has been given shall cumulate their votes."

706188

W-61, 1.35

We do hereby further certify that the foregoing amendment to the Articles of Incorporation of the Corporation has been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 9th day of April, 1984.

President

Secretary

(CORPORATE SEAL)

STATE OF MINNESOTA)
) SS.
COUNTY OF OTTER TAIL)

On this 9th day of April, 1984. before me, a Notary Public within and for said County, personally appeared John C. MacFarlane and Jay D. Myster, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said John C. MacFarlane and Jay D. Myster acknowledged said instrument to be their free act and deed.

Larry W. Marquard

[Notarial Seal]

LARRY W. MARQUARD
NOTARY PUBLIC - MINNESOTA
OTTER TAIL COUNTY
My Commission Expires JAN. 17, 1985

W-67

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 26 day of April A. D. 19 84, at 4:30 o'clock P M. and was duly recorded in Book W-6 of Incorporations, on page 437

Secretary of State

26525-AA

Y 66 471

ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

We, John C. MacFarlane and Jay D. Myster, respectively the President and Secretary of Otter Tail Power Company, a Minnesota corporation, do hereby certify that at the annual meeting of the Common Shareholders of said Corporation, duly called and held on April 14, 1986, in accordance with Sections 302A.131 and 302A.135 of the Minnesota Statutes and the Articles of Incorporation and Bylaws of the Corporation, the following resolutions amending Articles V, VI, VII and IX of the Articles of Incorporation of the Corporation were duly adopted by the vote of the holders of at least a majority of the outstanding Common Shares of the Corporation (with less than ten percent (10%) of the Common Shares which voted on the resolution amending Subdivision F of Division IV of Article VI of the Articles of Incorporation having voted against said resolution), said resolutions being as follows:

BE IT RESOLVED That Article V of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in its entirety to read as follows:

ARTICLE V

The total authorized number of shares of the corporation is 17,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 15,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

923518

BE IT RESOLVED That Article VI of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended by adding thereto the following Division V to said Article VI:

Division V

Voting Rights of Common Shares
Relating To Certain Business Combinations

A. In addition to any other affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in Subdivision B of this Division V,

1. any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) an Interested Shareholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate or Associate (as such terms are hereinafter defined) of an Interested Shareholder, or

2. any sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition (in one transaction or a series of transactions), other than in the ordinary course of business, to or with (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition would be, an Affiliate or Associate of an Interested Shareholder, directly or indirectly, of all or any Substantial Part (as hereinafter defined) of the assets of the corporation (including, without limitation, any voting securities of a Subsidiary) or any Subsidiary, or both, or

3. the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities (except pursuant to stock dividends, stock splits or similar transactions which would not have the effect of increasing the proportionate voting power of an Interested Shareholder) of the corporation or any Subsidiary, or both, to (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder)

which is, or after such issuance or transfer would be, an Affiliate or Associate of an Interested Shareholder, or

4. the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of an Interested Shareholder, or

5. any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any subsidiary directly or indirectly beneficially owned by (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such reclassification, recapitalization, merger or consolidation or other transaction would be, an Affiliate or Associate of an Interested Shareholder,

shall not be consummated unless such consummation shall have been approved by the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law, in these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of Subdivision A of this Division V shall not be applicable to any particular Business Combination (as hereinafter defined) and such Business Combination shall require only such affirmative vote as is required by law and any other provision of these Articles of Incorporation, if the Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined) or all of the following conditions shall have been met:

1. The transaction constituting the Business Combination shall provide for a consideration to be received by all holders of Common Shares in exchange for all their Common Shares, and the aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of

consideration other than cash to be received per share by holders of Common Shares in such Business Combination shall be at least equal to the higher of the following:

(a) (if applicable) the highest per-share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any Common Shares beneficially owned by an Interested Shareholder (i) within the two-year period immediately prior to the Announcement Date (as hereinafter defined), (ii) within the two-year period immediately prior to the Determination Date (as hereinafter defined) or (iii) in the transaction in which it became an Interested Shareholder, whichever is highest; or

(b) the Fair Market Value per Common Share on the Announcement Date or on the Determination Date, whichever is higher.

2. The consideration to be received by holders of Common Shares shall be in cash or in the same form as was previously paid in order to acquire the Common Shares that are beneficially owned by an Interested Shareholder and, if an Interested Shareholder beneficially owns Common Shares that were acquired with varying forms of consideration, the form of consideration for such Common Shares shall be either cash or the form used to acquire the largest number beneficially owned by it. The price determined in accordance with paragraph 1 of this Subdivision B shall be subject to appropriate adjustment in the event of any recapitalization, stock dividend, stock split, combination of shares or similar event.

3. After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination:

(a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor the full amount of any dividends (whether or not cumulative) payable on any outstanding Cumulative Preferred Shares or Cumulative Preference Shares;

(b) there shall have been (i) no reduction in the annual rate of dividends paid on the Common Shares (except as necessary to reflect any subdivision of the Common Shares) other than as approved by a majority of the Continuing Directors and (ii) an

increase in such annual rate of dividends as necessary to prevent any such reduction in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding Common Shares, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and

(c) such Interested Shareholder shall not have become the beneficial owner of any additional Common Shares except as part of the transaction in which it became an Interested Shareholder.

4. After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise; and

5. A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to the shareholders of the corporation, no later than the earlier of (a) 30 days prior to any vote on the proposed Business Combination or (b) if no vote on such Business Combination is required, 60 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). Such proxy statement shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the Business Combination which the Continuing Directors, or any of them, may have furnished in writing and, if deemed advisable by a majority of the Continuing Directors, an opinion of a reputable investment banking firm as to the fairness (or lack of fairness) of the terms of such Business Combination, from the point of view of the holders of the Common Shares other than an Interested Shareholder (such investment banking firm to be selected by a majority of the Continuing Directors, to be furnished with all information it reasonably requests and to be paid a reasonable fee for its services upon receipt by the corporation of such opinion).

C. For the purposes of this Division V:

1. "Business Combination" shall mean any transaction that is referred to in any one or more of paragraphs 1 through 5 of Subdivision A of this Division V.

2. "Person" shall mean any individual, firm, trust, partnership, association, corporation or other entity.

3. "Interested Shareholder" shall mean any person (other than the corporation or any Subsidiary) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(b) is an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(c) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares which were, at any time within the two-year period immediately prior to the date in question, beneficially owned by an Interested Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction (as hereinafter defined) or any series of transactions involving a Public Transaction.

For the purpose of determining whether a person is an Interested Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

4. "Public Transaction" shall mean any (a) purchase of shares offered pursuant to an effective registration statement under the Securities Act of 1933 or (b) open-market purchase of shares on a national securities exchange or in the over-the-counter market if, in either such case, the price and other terms of sale are not negotiated by the purchaser and the seller of the beneficial interest in the shares.

5. A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

6. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986.

7. "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986) is owned, directly or indirectly, by the corporation; provided, however, that, for purposes of the definition of Interested Shareholder set forth in paragraph 3, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the corporation.

8. "Continuing Director" shall mean any member of the Board of Directors of the corporation who (1) is not an Affiliate or Associate of, and not a nominee of, an Interested Shareholder having any interest, direct or indirect, in the proposed Business Combination and (2) was a member of the Board of Directors prior to the time that such Interested Shareholder became an Interested Shareholder, and

any successor of a Continuing Director who is not an Affiliate or Associate of, and not a nominee of, such Interested Shareholder and is recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board of Directors.

9. "Announcement Date" shall mean the date of the first public announcement of the proposed Business Combination.

10. "Determination Date" shall mean the date on which an Interested Shareholder became an Interested Shareholder.

11. "Fair Market Value" shall mean: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation or last reported sale price, whichever is applicable, with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Continuing Directors in good faith.

12. "Substantial Part" shall mean more than 30% of the fair market value of the total assets of the corporation as of the end of its most recent fiscal year ending prior to the time the determination is being made.

D. A majority of the Continuing Directors shall have the power and duty to determine for the purposes of this Division V, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Division V, including, without limitation, (1) whether a person is an Interested Shareholder, (2) the number of Common Shares beneficially owned by any person,

(3) whether a person is an Affiliate or Associate of another, (4) whether the assets which are the subject of any Business Combination constitute a Substantial Part of the assets of the corporation or the Subsidiary, or both, (5) whether the requirements of Subdivision B of this Division V have been met, and (6) such other matters with respect to which a determination is required under this Division V. The good faith determination of a majority of the Continuing Directors on such matters shall be conclusive and binding for all purposes of this Division V.

E. Nothing contained in this Division V shall be construed to relieve an Interested Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the Corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares, shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division V unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

BE IT RESOLVED That, Article VI of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended by adding the following Division VI to said Article VI:

Division VI

Provisions Relating to Purchases
Of Common Shares Of The Corporation

A. Except as otherwise expressly provided in this Division VI, the corporation may not purchase any Common Shares at a per-share price in excess of the Fair Market Price (as hereinafter defined) as of the time of such purchase from a person known by the corporation to be a Substantial Shareholder (as hereinafter defined), unless such purchase has been approved by the affirmative vote of the holders of at least two-thirds (2/3) of the Common Shares voted thereon held by Disinterested Shareholders (as hereinafter defined). Such affirmative vote shall be required notwithstanding the fact that no vote may be required or that a lesser percentage may be specified by law, in these

Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of this Division VI shall not apply to (1) any purchase pursuant to an offer to purchase which is made on the same terms and conditions to the holders of all of the outstanding Common Shares or (2) any open market purchase that constitutes a Public Transaction (as hereinafter defined).

C. For the purposes of this Division VI:

1. The terms "Continuing Director," "Person," "Public Transaction," "Affiliate" and "Associate" shall have the meanings given to them in Division V of this Article VI.

2. "Substantial Shareholder" shall mean any person (other than any employee benefit plan or trust of the corporation or any similar entity) who or which:

(a) is the beneficial owner of more than 10% of the voting power of the then outstanding Common Shares, the acquisition of any shares of which has occurred within the two-year period immediately prior to the date on which the corporation purchases any such shares; or

(b) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares beneficially owned by a Substantial Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction or any series of transactions involving a Public Transaction and, with respect to all Common Shares owned by such person, such person has been the beneficial owner of any such shares for a period of less than two years (including, for these purposes, the holding period of the Substantial Shareholder from whom such person acquired shares).

For the purposes of determining whether a person is a Substantial Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

3. "Disinterested Shareholders" shall mean those holders of Common Shares who are not Substantial Shareholders.

4. "Fair Market Price" shall mean the highest closing sale price on the Composite Tape for New York Stock Exchange-Listed Stocks during the 30-day period immediately preceding the date in question of a Common Share or, if such Common Shares are not quoted on the Composite Tape, on the New York Stock Exchange or, if such Common Shares are not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Common Shares are listed, or, if such Common Shares are not listed on any such exchange, the highest closing bid quotation with respect to a Common Share during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or, if no such quotations are available, the fair market value on the date in question of a Common Share, as determined by a majority of the Board of Directors in good faith.

5. A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

D. A majority of the Board of Directors shall have the power and duty to determine for the purposes of this Division VI, on the basis of information known to them

after reasonable inquiry, all facts necessary to determine compliance with this Division VI, including without limitation, (1) whether a person is a Substantial Shareholder, (2) the number of Common Shares beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether a price is in excess of the Fair Market Price, (5) whether a purchase constitutes a Public Transaction, and (6) such other matters with respect to which a determination is required under this Division VI. The good faith determination of a majority of the Board of Directors on such matters shall be conclusive and binding for all purposes of this Division VI.

E. Nothing contained in this Division VI shall be construed to relieve a Substantial Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division VI unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

BE IT RESOLVED That paragraph (1) of Subdivision E of Division IV of Article VI of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended be, and the same hereby is, amended in its entirety to read as follows:

> (1) Except at such times as the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares shall have voting rights for the election of directors, (a) the Board of Directors shall consist of such number of persons, not less than seven (7) nor more than nine (9), as may be determined by the shareholders from time to time at annual meetings thereof, provided that the number of directors shall not be increased so as to require at any annual meeting the election of more than three (3) directors in order to fill all of the vacancies on the Board, (b) the term of office of each director other than directors elected to fill vacancies shall be for the period ending at the third annual meeting following his election and until his successor is elected and

qualified, and (c) a majority of the remaining directors shall have authority to fill vacancies in the Board of Directors occurring between annual meetings of the shareholders, each director so elected to serve for the unexpired term of the director with respect to whom the vacancy occurred. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with or repeal this paragraph (1) of Subdivision E of this Division IV unless the Board of Directors, if all such director are Continuing Directors, as defined in this Article VI, shall unanimously recommend such amendment, alteration, adoption or repeal.

BE IT RESOLVED That Article VII of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in its entirety to read as follows:

Article VII

The Board of Directors of the corporation shall have authority to accept or reject subscriptions for shares.

BE IT RESOLVED That the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby are, amended by adding thereto the following Article IX:

Article IX

The Board of Directors shall have the power, to the extent permitted by law, to adopt, amend or repeal the Bylaws of the corporation, subject to the power of the shareholders to adopt, amend or repeal such Bylaws. Bylaws fixing the number of directors to be elected by the holders of Common Shares or their classifications, qualifications, or terms of office, or prescribing procedures for removing such directors may be adopted, amended or repealed only by the affirmative vote of the holders of 75% of the outstanding Common Shares of the corporation or such lesser percentage of the outstanding Common Shares as may from time to time be provided in such Bylaws.

Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with, or repeal this Article IX unless the Board of Directors, if all such directors are Continuing Directors, as defined in Article VI of the Articles of Incorporation, shall unanimously recommend such amendment, alteration, adoption or repeal.

BE IT RESOLVED That the first paragraph of Article VI of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in its entirety to read as follows:

ARTICLE VI.

The designations, relative rights, voting power, preferences and restrictions of the Cumulative Preferred Shares, the Cumulative Preference Shares and the Common Shares, respectively, shall be as set forth in Division I through Division VI, inclusive, of this Article VI.

BE IT RESOLVED That, Subdivision F of Division IV of Article VI of the Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, be, and the same hereby is, amended in its entirety to read as follows:

F. Cumulative Voting. The holders of Common Shares of the corporation shall have no right to cumulate votes in the election of directors. If notice in writing is given by any holder of Cumulative Preferred Shares or Cumulative Preference Shares to any officer of the corporation before a meeting for the election of directors at which such shareholder is entitled to vote, or to the presiding officer at such meeting at any time before the election of directors takes place, that he intends to cumulate his votes in such election, each holder of shares of the class with respect to which such notice has been given shall have the right to multiply the number of votes to which he may be entitled by the number of directors to be elected by the holders of shares of such class, and he may cast

all such votes for one candidate or distribute them among any two or more candidates. In such case, it shall be the duty of the presiding officer, before the election of directors at the meeting, to announce that all shareholders of the class with respect to which such notice has been given shall cumulate their votes.

We do hereby further certify that the foregoing amendments to the Articles of Incorporation of the Corporation have been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 14th day of April, 1986.

President

Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 14th day of April, 1986, before me, a Notary Public within and for said County, personally appeared John C. MacFarlane and Jay D. Myster, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said John C. MacFarlane and Jay D. Myster acknowledged said instrument to be their free act and deed.

[NOTARIAL SEAL]

Notary Public

Y 66 156

STATE OF MINNESOTA
DEPARTMENT OF STATE
I hereby certify that the within instrument was filed for record in this office on the 13TH day of May A. D. 1986 at 4:30 o'clock P M., and was duly recorded in Book Y-66 of Incorporations, on page 471

George Orwicon Beene
Secretary of State

Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

We do hereby further certify that the foregoing amendments to the Articles of Incorporation of the Corporation have been duly adopted in accordance with law.

IN WITNESS WHEREOF, We have hereunto set our hands and the seal of Otter Tail Power Company this 11th day of April, 1988.

President

Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 11th day of April, 1988, before me, a Notary Public within and for said County, personally appeared John C. MacFarlane and Jay D. Myster, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and the Secretary of Otter Tail Power Company, the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its shareholders, and said John C. MacFarlane and Jay D. Myster acknowledged said instrument to be their free act and deed.

LARRY W. MARQUARD
NOTARY PUBLIC—MINNESOTA
OTTER TAIL COUNTY
My Commission Expires JAN 15 1992

[NOTARIAL SEAL]

Notary Public

1959

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

APR 12 1988

Joan Anderson Growe
Secretary of State

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ARTICLES OF AMENDMENT
RESTATING
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

1. The name of the corporation is OTTER TAIL POWER COMPANY, a Minnesota corporation.

2. The document entitled "Restated Articles of Incorporation of Otter Tail Power Company," marked Exhibit A attached hereto, contains the full text of amendments to the Articles of Incorporation of Otter Tail Power Company.

3. The date of adoption of the amendment by the Board of Directors of such corporation was October 17, 1988.

4. The amendment merely restates the existing Articles of Incorporation of the corporation as heretofore amended, including the resolutions heretofore adopted by the Board of Directors of the corporation and filed with the Secretary of State of Minnesota creating the corporation's first nine series of Cumulative Preferred Shares, and the amendment correctly sets forth without change the corresponding provisions of the Articles of Incorporation of the corporation as previously amended.

5. The amendment restates the Articles of Incorporation in their entirety and has been adopted pursuant to Chapter 302A of the Minnesota Statutes.

IN WITNESS WHEREOF, The undersigned, Jay D. Myster, Vice President, Governmental & Legal, of Otter Tail Power Company, being duly authorized on behalf of Otter Tail Power Company, has executed this document this 18th day of October, 1988.

Jay D. Myster, Vice President,
Governmental & Legal

(Corporate Seal)

220200

Exhibit

RESTATED
ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

ARTICLE I.

The name of the corporation shall be Otter Tail Power Company.

ARTICLE II.

The purposes of the corporation shall be as follows:

(a) To generate, produce, buy or in any manner acquire, and to sell, dispose of, and distribute electricity for light, heat and power and other purposes, and to carry on the business of furnishing, supplying, manufacturing, and selling light, heat, power, gas, water, and steam, and any and all business incidental thereto; and to build, construct, develop, improve, buy, acquire by condemnation or otherwise, hold, own, lease, maintain and operate plants, facilities, systems, and works for the manufacture, generation, production, accumulation, transmission, and distribution of electricity, gas, water, and steam, and to exercise rights of condemnation and eminent domain in connection with the doing of any of its purposes as herein set forth so far as may be permissible by law.

(b) To produce, mine, buy, sell, store, market, deal in, and prospect for, coal, oil and minerals of all kinds and the products and by-products thereof.

(c) To manufacture, buy, sell, trade, and deal in goods, wares, merchandise, property, and commodities of any and every class and description.

(d) To purchase, acquire, and lease, and to sell, lease, and dispose of water, water rights, and power privileges for power, light, heat, mining, milling, irrigation, agricultural, domestic or any other use or purpose.

(e) To acquire, hold, mortgage, pledge, or dispose of the shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation.

(f) To endorse or guarantee the promissory notes, checks, drafts, evidences of indebtedness or obligations of whatsoever nature of any corporation, domestic or foreign, of which the corporation shall own or control, directly or indirectly a majority of the stock then entitled to elect directors, or a majority thereof

(g) To do or perform any and all lawful business necessary, essential or expedient to the proper conduct of any of the purposes aforesaid.

ARTICLE III.

The period of duration of the corporation shall be perpetual.

ARTICLE IV.

The location and post-office address of the registered office of the corporation in Minnesota is 215 Cascade Street South, Fergus Falls, Minnesota. 56537 TB

ARTICLE V.

The total authorized number of shares of the corporation is 17,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 15,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

ARTICLE VI.

The designations, relative rights, voting power, preferences and restrictions of the Cumulative Preferred Shares, the Cumulative Preference Shares and the Common Shares, respectively, shall be as set forth in Division I through Division VI, inclusive, of this Article VI.

The term "subordinate shares," when hereinafter in this Article VI used with reference to shares junior to the Cumulative Preferred Shares, means the Cumulative Preference Shares, the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preferred Shares with respect to the payment of dividends or the distribution of assets; and when hereinafter used with reference to shares junior to the Cumulative Preference Shares, means the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preference Shares with respect to the payment of dividends or the distribution of assets.

DIVISION I

Provisions Relating to Cumulative Preferred Shares

A. Issue in Series. The Cumulative Preferred Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preferred Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as

hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preferred Shares shall be issued only as fully paid and nonassessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preferred Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

In the case of each series of Cumulative Preferred Shares created after April 1, 1977, the amount (in addition to accrued and unpaid dividends, if any) which the holders of shares of such series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Before any dividends on any subordinate shares shall be paid or declared and set apart for payment, the holders of the Cumulative Preferred Shares of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative, in the case of shares of each particular series:

(1) if issued prior to the record date for the first dividend on shares of such series, then from and including the date fixed for such

purpose by the Board of Directors in the resolution or resolutions creating such series;

(2) if issued during the period commencing immediately after the record date for a dividend on shares of such series and terminating at the close of the payment date for such dividend, then from and including such last mentioned dividend payment date;

(3) otherwise from and including the quarterly dividend payment date next preceding the date of issue of such shares.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preferred Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preferred Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preferred Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding subordinate shares, and the holders of the Cumulative Preferred Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preferred Shares. Subject to the limitations stated in Subdivision D of this Division I, the Cumulative Preferred Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such shares become cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon

or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. To the extent that Cumulative Preferred Shares of any series are redeemed through the operation of a sinking or purchase fund provided for in the resolution or resolutions of the Board of Directors creating such series, such shares shall be redeemed by resolution of the Board of Directors at the time and at the applicable redemption price specified for redemption of shares of such series pursuant to such sinking or purchase fund by the resolution or resolutions creating such series. If less than all the outstanding Cumulative Preferred Shares of any series are to be redeemed, the shares to be redeemed shall be determined by lot in such manner as the Board of Directors may prescribe.

Notice of every redemption of Cumulative Preferred Shares shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the corporation, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption.

If notice of redemption shall have been duly given as aforesaid, and if, on or before the redemption date specified in the notice, all funds necessary for the redemption shall have been deposited in trust with a bank or trust company in good standing and doing business at any place within the United States, having capital, surplus and undivided profits aggregating at least $1,000,000 and designated in the notice of redemption, for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefor, then from and after the date of such deposit, notwithstanding that any certificate for Cumulative Preferred Shares so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the dividends thereon shall cease to accumulate from and after the date fixed for redemption, and all rights with respect to the Cumulative Preferred Shares so called for redemption shall forthwith on the date of such deposit cease and terminate, except only the right of the holders thereof to receive the redemption price of the shares so redeemed, including accrued dividends to the redemption date, but without interest. Any funds deposited by the corporation pursuant to this paragraph and unclaimed at the end of six (6) years after the date fixed for redemption shall be repaid to the corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders of the shares so called for redemption shall look only to the corporation for the payment thereof.

All Cumulative Preferred Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preferred Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preferred Shares undesignated as to series.

D. Limitations on Purchase and Redemption of Cumulative Preferred Shares. No Cumulative Preferred Shares of any series shall be purchased,

redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preferred Shares of any series, unless all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in the event all of the Cumulative Preferred Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any subordinate shares, the holders of the shares of each series of Cumulative Preferred Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the issue of such series, together with a sum, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such shares became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment. If such distribution or payment shall have been made to the holders of the Cumulative Preferred Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of subordinate shares, according to their respective rights and preferences and in each case according to their respective shares. If the assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preferred Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preferred Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Create, authorize or issue any shares of any class ranking prior to, or any securities of any kind or class convertible into shares of any class ranking prior to, the Cumulative Preferred Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preferred Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preferred Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, of at least two-thirds (2/3) of aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preferred Shares, or create, authorize or issue any shares of any class ranking on a parity with the Cumulative Preferred Shares as to dividends or assets, or any securities of any kind or class convertible into Cumulative Preferred Shares or shares of any class on a parity with the Cumulative Preferred Shares; or

(b) Issue any Cumulative Preferred Shares of any series if as a result thereof more than 60,000 Cumulative Preferred Shares of all series will then be outstanding, unless:

(i) The corporation's "Adjusted Income Available for Interest," as hereinafter defined, shall be at least equal to one-and-one-half (1-1/2) times the corporation's "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(ii) The corporation's "Adjusted Income Available for Preferred Dividends," as hereinafter defined, shall be at least equal to two-and-one-half (2-1/2) times the corporation's "Adjusted Preferred Charges," as hereinafter defined; and

(iii) The corporation's "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the corporation's "Total Capitalization," as hereinafter defined; or

(c) Declare, pay or set apart for payment any dividend on any subordinate shares, or purchase, redeem or otherwise acquire for value any subordinate shares, or pay or set aside or make available any moneys for a purchase fund or sinking fund for the purchase or redemption of any such subordinate shares, unless after giving effect to the payment of such dividend or such purchase, redemption or other acquisition of such payment or setting aside of moneys in a purchase fund or sinking fund,

(i) The "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the "Total Capitalization," as hereinafter defined; and

(ii) The earned surplus of the corporation shall be not less than $831,398.

(d) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger, unless, immediately after such consolidation or merger shall become effective:

(i) The Cumulative Preferred Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preferred Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger, and the indebtedness for borrowed money of the resulting corporation immediately after such consolidation or merger shall be no greater than the indebtedness for borrowed money of the corporation immediately preceding such consolidation or merger; or

(ii) (aa) The "Adjusted Income Available for Interest," as hereinafter defined, of the resulting corporation shall be at least equal to one-and-one-half (1-1/2) times its "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(bb) The "Adjusted Income Available for Preferred

Dividends," as hereinafter defined, of the resulting corporation shall be at least equal to two-and-one-half (2-1/2) times its "Adjusted Preferred Charges," as hereinafter defined; and

(cc) The "Common Share Equity," as hereinafter defined, of the resulting corporation shall equal at least one-fourth (1/4) of its "Total Capitalization," as hereinafter defined.

(e) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preferred Shares of all series then outstanding and of all shares then outstanding of a class on parity with the Cumulative Preferred Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preferred Shares.

(3) For the purposes of the foregoing provisions of this Subdivision F:

(a) The term "Adjusted Income Available for Interest" shall mean the gross income of the corporation for a period of twelve (12) consecutive calendar months selected by the corporation out of the fifteen (15) calendar months immediately preceding the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger, determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice, available for the payment of interest, but after deduction of taxes of all kinds (including taxes based on income) including for a like period such gross income (similarly computed and with similar deductions and eliminating any duplication of income) of any property which was or will have been an operating unit or a part of an operating unit preceding its acquisition by the corporation and which has been acquired within the past twelve (12) months immediately preceding or is to be acquired by the corporation substantially contemporaneously with the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger.

(b) The term "Adjusted Interest and Preferred Charges" is hereby defined as the sum of (1) the interest charges for one year upon all interest bearing indebtedness of the corporation outstanding at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, including that, if any, proposed to be issued or assumed substantially contemporaneously, or

to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject (adjusted for all amortization of debt discount and expense, or of premium on debt, as the case may be), and (ii) the dividend requirements for one year on all outstanding Cumulative Preferred Shares, and on all other shares of a class ranking prior to or on a parity with the Cumulative Preferred Shares as to dividends or assets, outstanding at the time of issuance of such additional Cumulative Preferred Shares, or of such consolidation or merger, including all such shares proposed to be issued, or all such shares of the resulting corporation, as the case may be.

(c) The term "Adjusted Income Available for Preferred Dividends" is hereby defined as the "Adjusted Income Available for Interest" for the aforesaid twelve (12) months' period, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(d) The term "Adjusted Preferred Charges" is hereby defined as the "Adjusted Interest and Preferred Charges" for one year determined at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(e) The term "Common Share Equity" is hereby defined as the sum of (i) the stated capital of the corporation applicable to its Common Shares and to all other subordinate shares (including shares, if any, proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be) (ii) capital surplus to the extent of premium on Common Shares and on all other subordinate shares (including premium, if any, on shares proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (iii) contributions in aid of construction, and (iv) earned surplus, all determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice.

(f) The term "Total Capitalization" is hereby defined as the sum of (i) the Common Share Equity, (ii) the involuntary liquidation preference of all Cumulative Preferred Shares and all other shares prior to or on a parity with the Cumulative Preferred Shares to be outstanding after the proposed event, and (iii) the principal amount of all interest bearing debt (including debt to which property

theretofore acquired or to be acquired substantially contemporaneously is or will be subject) to be outstanding after the proposed event, excluding, however, all indebtedness maturing by its terms within one year from the time of creation thereof unless the corporation, without the consent of the lender, has the right to extend the maturity of such indebtedness for a period or periods which, with the original period of such indebtedness, aggregates one year or more.

DIVISION II

Provisions Relating to Cumulative Preference Shares

A. Issue in Series. The Cumulative Preference Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preference Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preference Shares shall be issued only as fully paid and nonassessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preference Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs, provided that the amount in the case of an involuntary dissolution, liquidation or winding up of such affairs shall be determined as provided in the following paragraph; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

The amount (in addition to accrued and unpaid dividends, if any) which the holders of Cumulative Preference Shares of each series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Subject to the preferential rights of the holders of Cumulative Preferred Shares with respect to payment of dividends as set forth in Subdivision B of Division I, the holders of the Cumulative Preference Shares of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative from and including the date or dates fixed for such purpose by the Board of Directors in the resolution or resolutions authorizing the creation of such series.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preference Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preference Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, other than a dividend or distribution payable solely in subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preference Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding

subordinate shares, and the holders of the Cumulative Preference Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preference Shares. Subject to the limitations stated in Subdivision B of Division I and in Subdivision D of this Division II, the Cumulative Preference Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. Each such redemption shall be effected upon the same notice as provided in Subdivision C of Division I in respect of the redemption of Cumulative Preferred Shares, and all other provisions of said Subdivision C with respect to the method and effect of redemption of Cumulative Preferred Shares shall be applicable to the redemption of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

All Cumulative Preference Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preference Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preference Shares undesignated as to series.

D. Limitation on Purchase and Redemption of Cumulative Preference Shares. No Cumulative Preference Shares of any series shall be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preference Shares of any series, unless all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in event all of the Cumulative Preference Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any class of subordinate shares, the holders of the shares of each series of Cumulative Preference Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the creation of such series together with an amount, in the case of each

share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the date fixed for such payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment; provided, however, that no such payment to the holders of Cumulative Preference Shares shall be made until payment in full shall have been made to the holders of Cumulative Preferred Shares, or moneys made available for such payment in full, in accordance with the provisions of Subdivision E of Division I. If such payment shall have been made to the holders of the Cumulative Preference Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of subordinate shares according to their respective rights and preferences and in each case according to their respective shares. If the assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preference Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preference Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Create or authorize any shares of any class (other than the Cumulative Preferred Shares, whether now or hereafter authorized) ranking prior to the Cumulative Preference Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preference Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preference Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter

provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preference Shares, or create or authorize any shares of any class ranking on a parity with the Cumulative Preference Shares as to dividends or assets; or

(b) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger unless, immediately after such consolidation or merger shall become effective, the Cumulative Preference Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, and there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preference Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger; or

(c) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preference Shares of all series then outstanding and of all shares then outstanding of a class on a parity with the Cumulative Preference Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preference Shares.

DIVISION III

Provisions Relating to Common Shares

A. Dividends. Subject to the preferential rights of the holders of the Cumulative Preferred Shares and the Cumulative Preference Shares with respect to the payment of dividends, as set forth in Subdivision B of Division I and Subdivision B of Division II, respectively, holders of the Common Shares shall be entitled to receive dividends, out of any funds legally available therefor, when and as declared by the Board of Directors.

B. Liquidation Preferences. In the event of any dissolution, liquidation or winding-up of the affairs of the corporation, whether voluntary or involuntary, holders of the Common Shares shall be entitled to receive ratably, in accordance with the numbers of shares held by them respectively, the assets of the corporation available for payment to shareholders remaining after payment in full shall have been made to holders of the Cumulative Preferred Shares and the Cumulative Preference Shares in accordance with the provisions of Subdivision E of Division I and Subdivision E of Division II, respectively.

DIVISION IV

Voting Rights and Other Provisions
Relating to Cumulative Preferred Shares,
Cumulative Preference Shares and Common Shares

A. Voting Rights of Common Shares. Except as otherwise expressly set forth in this Article VI and as provided by law, the holders of Common Shares shall have the sole voting rights of shareholders of the corporation and shall be entitled to one vote for each share held, and the holders of a majority of the Common Shares outstanding shall have power to authorize the sale, lease, exchange or other disposal of all, or substantially all, of the property and assets of the corporation, including its good will, to adopt or reject an agreement of consolidation or merger and to amend the Articles of Incorporation.

B. Voting Rights of Cumulative Preferred Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect three members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(2) After an amount equivalent to twelve (12) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(3) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preferred Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preferred Shares shall thereupon be divested of any special rights with respect to the election of directors provided in paragraphs (1) and (2) of this Subdivision B, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preferred Shares in the case of a future like default or defaults in dividends thereon.

(4) Voting power vested in the holders of the Cumulative Preferred Shares as provided in paragraphs (1) and (2) of this Subdivision B may be exercised at any annual meeting of shareholders or at a special meeting of shareholders held for such purpose, which special meeting of shareholders shall be called by the proper officers of the corporation at any time when such voting power shall be so vested, within twenty (20) days after written request therefor signed by the holders of not less than five percent (5%) of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof.

(5) Notice of any annual or special meeting of shareholders for the election of directors held when voting powers as aforesaid shall be vested in the holders of Cumulative Preferred Shares shall be given to all holders of Cumulative Preferred Shares not less than fifteen (15) days prior to said meeting, and such notice shall describe with particularity the voting rights of the holders of each series of Cumulative Preferred Shares.

(6) At any such annual or special meeting the presence in person or by proxy of the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding

shall be required to constitute a quorum of the holders of the Cumulative Preferred Shares for the election by them of the directors whom they are entitled to elect; provided, however, that the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares who are present in person or by proxy shall have power to adjourn such meeting for the election of directors by the holders of the Cumulative Preferred Shares from time to time, without notice other than announcement at the meeting.

C. Voting Rights of Cumulative Preference Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preference Shares of any series outstanding shall be in default, the holders of Cumulative Preference Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect two members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preferred Shares to elect directors as provided in Subdivision B of this Division IV, elect the remaining directors of the corporation.

(2) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preference Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preference Shares shall thereupon be divested of any special rights with respect to the election of directors provided for in paragraph (1) of this Subdivision C, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preference Shares in the case of a future like default or defaults in dividends thereon.

(3) All provisions of paragraphs (4), (5) and (6) of Subdivision B of this Division IV with respect to the method of exercising the special voting rights of the holders of Cumulative Preferred Shares shall be applicable to the special voting rights of the holders of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

D. Number of Votes Applicable to Each Cumulative Preferred Share and to Each Cumulative Preference Share. For the purpose of each vote or consent under the Articles of Incorporation or pursuant to applicable law, the number of votes to which each Cumulative Preferred Share and each Cumulative Preference Share shall be entitled shall be determined as follows:

(a) In voting by holders of Cumulative Preferred Shares, separately as a class, or by series, each Cumulative Preferred Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preferred Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount;

(b) In voting by holders of Cumulative Preference Shares, separately as a class, or by series, each Cumulative Preference Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preference Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount; and

(c) In voting by holders of Cumulative Preferred Shares and/or Cumulative Preference Shares and/or holders of Common Shares, together as a single class, each Common Share shall have one vote, each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive $100 (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote and each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive a different fixed amount (in addition to accrued and unpaid dividends, if any) in such event shall be entitled to such greater or lesser number of votes which is in the same proportion as such different amount shall be to $100.

E. Number and Term of Directors and Manner of Election.

(1) Except at such times as the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares shall have voting rights for the election of directors, (a) the Board of Directors shall consist of such number of persons, not less than seven (7) nor more than nine (9), as may be determined by the shareholders from time to time at annual meetings thereof (subject to the authority of the Board of Directors to increase or decrease the number of directors as permitted by law), (b) the term of office of each director other than directors elected to fill vacancies shall be for the period ending at the third annual meeting following his election and until his successor is elected and qualified, (c) vacancies in the Board of Directors occurring by reason of death, resignation, removal or disqualification shall be filled for the unexpired term of the director with respect to whom the vacancy occurred by a majority of the remaining directors of the Board of Directors, although

less than a quorum, and (d) vacancies in the Board of Directors occurring by reason of newly created directorships resulting from an increase in the authorized number of directors by action of the Board of Directors as permitted by these Articles of Incorporation and the Bylaws of the corporation shall be filled by a majority vote of the directors serving at the time of such increase, each director so elected to a newly created directorship to serve for the appropriate term so as to maintain, as near as may be, an equal division between the classes of directors. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with or repeal this paragraph (1) of Subdivision E of this Division IV unless the Board of Directors, if all such directors are Continuing Directors, as defined in this Article VI, shall unanimously recommend such amendment, alteration, adoption or repeal.

(2) If at any time the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall, under the provisions of paragraph (1) of Subdivision B of this Division IV or of paragraph (1) of Subdivision C of this Division IV, become entitled to elect any directors, then the terms of all incumbent directors shall expire at the time of the first annual meeting thereafter at which such holders of Cumulative Preferred Shares and/or Cumulative Preference Shares are so entitled to elect directors. If at any time the holders of Cumulative Preferred Shares of the corporation shall, under the provisions of paragraph (2) of Subdivision B of this Division IV, become entitled to elect a majority of the Board of Directors, the terms of all incumbent directors shall expire whenever such majority has been duly elected and qualified. During any period during which the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall have voting rights with respect to directors under the provisions of this Division IV, the Board of Directors shall consist of eleven (11) persons and the entire number of persons composing such Board shall be elected at each annual or special meeting of shareholders for the election of directors and shall serve until the next such annual or special meeting or until their successors have been elected and qualified, provided, however, that whenever the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares acquire voting rights under paragraph (1) of Subdivision B of this Division IV or under paragraph (1) of Subdivision C of this Division IV, and exercise such rights at a special meeting called therefor, the terms of office of directors theretofore elected by the holders of Common Shares will not expire until the next annual meeting. If a vacancy or vacancies in the Board of Directors shall exist with respect to a director or directors who shall have been elected by the holders of either Cumulative Preferred Shares or Cumulative Preference Shares, the remaining directors elected by the holders of Cumulative Preferred Shares or Cumulative Preference

Shares, as the case may be, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise, if a vacancy or vacancies shall exist with respect to a director or directors who shall have been elected by the holders of Common Shares, the remaining directors elected by the holders of Common Shares, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(3) Whenever the Cumulative Preferred Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (3) of Subdivision B of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preference Shares pursuant to Subdivision C of this Division IV, shall expire upon the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid the provisions of paragraph (1) of Subdivision E of this Division IV shall again control, unless at that time the holders of Cumulative Preference Shares have voting rights for the election of directors.

(4) Whenever the Cumulative Preference Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (2) of Subdivision C of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preferred Shares pursuant to Subdivision B of this Division IV, shall expire on the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid, the provisions of paragraph (1) of Subdivision E of this Division IV shall again control, unless at that time the holders of Cumulative Preferred Shares have voting rights for the election of directors.

F. Cumulative Voting. The holders of Common Shares of the corporation shall have no right to cumulate votes in the election of directors. If notice

in writing is given by any holder of Cumulative Preferred Shares or Cumulative Preference Shares to any officer of the corporation before a meeting for the election of directors at which such shareholder is entitled to vote, or to the presiding officer at such meeting at any time before the election of directors takes place, that he intends to cumulate his votes in such election, each holder of shares of the class with respect to which such notice has been given shall have the right to multiply the number of votes to which he may be entitled by the number of directors to be elected by the holders of shares of such class, and he may cast all such votes for one candidate or distribute them among any two or more candidates. In such case, it shall be the duty of the presiding officer, before the election of directors at the meeting, to announce that all shareholders of the class with respect to which such notice has been given shall cumulate their votes.

G. Preemptive Rights. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive or preferential right whatsoever to purchase, subscribe for or otherwise acquire shares of any class of the corporation or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, other than such rights of subscription, if any, as the Board of Directors may from time to time determine.

DIVISION V

Voting Rights of Common Shares
Relating To Certain Business Combinations

A. In addition to any other affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in Subdivision B of this Division V,

1. any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) an Interested Shareholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate or Associate (as such terms are hereinafter defined) of an Interested Shareholder, or

2. any sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition (in one transaction or a series of transactions), other than in the ordinary course of business, to or with (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition would be, an Affiliate or Associate of an Interested Shareholder, directly or indirectly, of all or any Substantial Part (as

hereinafter defined) of the assets of the corporation (including, without limitation, any voting securities of a Subsidiary) or any Subsidiary, or both, or

3. the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities (except pursuant to stock dividends, stock splits or similar transactions which would not have the effect of increasing the proportionate voting power of an Interested Shareholder) of the corporation or any Subsidiary, or both, to (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such issuance or transfer would be, an Affiliate or Associate of an Interested Shareholder, or

4. the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of an Interested Shareholder, or

5. any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any subsidiary directly or indirectly beneficially owned by (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such reclassification, recapitalization, merger or consolidation or other transaction would be, an Affiliate or Associate of an Interested Shareholder,

shall not be consummated unless such consummation shall have been approved by the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law, in these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of Subdivision A of this Division V shall not be applicable to any particular Business Combination (as hereinafter defined) and such Business Combination shall require only such affirmative vote as is required by law and any other provision of these Articles of Incorporation, if the Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined) or all of the following conditions shall have been met:

1. The transaction constituting the Business Combination shall provide for a consideration to be received by all holders of Common Shares in exchange for all their Common Shares, and the aggregate amount

of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Shares in such Business Combination shall be at least equal to the higher of the following:

(a) (if applicable) the highest per-share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any Common Shares beneficially owned by an Interested Shareholder (i) within the two-year period immediately prior to the Announcement Date (as hereinafter defined), (ii) within the two-year period immediately prior to the Determination Date (as hereinafter defined) or (iii) in the transaction in which it became an Interested Shareholder, whichever is highest; or

(b) the Fair Market Value per Common Share on the Announcement Date or on the Determination Date, whichever is higher.

2. The consideration to be received by holders of Common Shares shall be in cash or in the same form as was previously paid in order to acquire the Common Shares that are beneficially owned by an Interested Shareholder and, if an Interested Shareholder beneficially owns Common Shares that were acquired with varying forms of consideration, the form of consideration for such Common Shares shall be either cash or the form used to acquire the largest number beneficially owned by it. The price determined in accordance with paragraph 1 of this Subdivision B shall be subject to appropriate adjustment in the event of any recapitalization, stock dividend, stock split, combination of shares or similar event.

3. After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination:

(a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor the full amount of any dividends (whether or not cumulative) payable on any outstanding Cumulative Preferred Shares or Cumulative Preference Shares;

(b) there shall have been (i) no reduction in the annual rate of dividends paid on the Common Shares (except as necessary to reflect any subdivision of the Common Shares) other than as approved by a majority of the Continuing Directors and (ii) an increase in such annual rate of dividends as necessary to prevent any such reduction in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding Common Shares, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and

(c) such Interested Shareholder shall not have become the beneficial owner of any additional Common Shares except as part of the transaction in which it became an Interested Shareholder.

4. After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise; and

5. A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to the shareholders of the corporation, no later than the earlier of (a) 30 days prior to any vote on the proposed Business Combination or (b) if no vote on such Business Combination is required, 60 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). Such proxy statement shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the Business Combination which the Continuing Directors, or any of them, may have furnished in writing and, if deemed advisable by a majority of the Continuing Directors, an opinion of a reputable investment banking firm as to the fairness (or lack of fairness) of the terms of such Business Combination, from the point of view of the holders of the Common Shares other than an Interested Shareholder (such investment banking firm to be selected by a majority of the Continuing Directors, to be furnished with all information it reasonably requests and to be paid a reasonable fee for its services upon receipt by the corporation of such opinion).

C. For the purposes of this Division V:

1. "Business Combination" shall mean any transaction that is referred to in any one or more of paragraphs 1 through 5 of Subdivision A of this Division V.

2. "Person" shall mean any individual, firm, trust, partnership, association, corporation or other entity.

3. "Interested Shareholder" shall mean any person (other than the corporation or any Subsidiary) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(b) is an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(c) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares which were, at any time within the two-year period immediately prior to the date in question, beneficially owned by an Interested Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction (as hereinafter defined) or any series of transactions involving a Public Transaction.

For the purpose of determining whether a person is an Interested Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

4. "Public Transaction" shall mean any (a) purchase of shares offered pursuant to an effective registration statement under the Securities Act of 1933 or (b) open-market purchase of shares on a national securities exchange or in the over-the-counter market if, in either such case, the price and other terms of sale are not negotiated by the purchaser and the seller of the beneficial interest in the shares.

5. A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

6. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986.

7. "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3all-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986) is owned, directly or indirectly, by the corporation; provided, however, that, for purposes of the definition of Interested Shareholder set forth in paragraph 3, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the corporation.

8. "Continuing Director" shall mean any member of the Board of Directors of the corporation who (1) is not an Affiliate or Associate of, and not a nominee of, an Interested Shareholder having any interest, direct or indirect, in the proposed Business Combination and (2) was a member of the Board of Directors prior to the time that such Interested Shareholder became an Interested Shareholder, and any successor of a Continuing Director who is not an Affiliate or Associate of, and not a nominee of, such Interested Shareholder and is recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board of Directors.

9. "Announcement Date" shall mean the date of the first public announcement of the proposed Business Combination.

10. "Determination Date" shall mean the date on which an Interested Shareholder became an Interested Shareholder.

11. "Fair Market Value" shall mean: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation or last reported sale price, whichever is applicable, with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Continuing Directors in good faith.

12. "Substantial Part" shall mean more than 30% of the fair market value of the total assets of the corporation as of the end of its most recent fiscal year ending prior to the time the determination is being made.

D. A majority of the Continuing Directors shall have the power and duty to determine for the purposes of this Division V, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Division V, including, without limitation, (1) whether a person is an Interested Shareholder, (2) the number of Common Shares beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether the assets which are the subject of any Business Combination constitute a Substantial Part of the assets of the corporation or the Subsidiary, or both, (5) whether the requirements of Subdivision B of this Division V have been met, and (6) such other matters with respect to which a determination is required under this Division V. The good faith determination of a majority of the Continuing Directors on such matters shall be conclusive and binding for all purposes of this Division V.

E. Nothing contained in this Division V shall be construed to relieve an Interested Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares, shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division V unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

DIVISION VI

Provisions Relating to Purchases Of Common Shares Of The Corporation

A. Except as otherwise expressly provided in this Division VI, the corporation may not purchase any Common Shares at a per-share price in excess of the Fair Market Price (as hereinafter defined) as of the time of such purchase from a person known by the corporation to be a Substantial Shareholder (as hereinafter defined), unless such purchase has been approved by the affirmative vote of the holders of at least two-thirds (2/3) of the Common Shares voted thereon held by Disinterested Shareholders (as hereinafter defined). Such affirmative vote shall be required notwithstanding the fact that no vote may be required or that a lesser percentage may be specified by law, in these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of this Division VI shall not apply to (1) any purchase pursuant to an offer to purchase which is made on the same terms and conditions to the holders of all of the outstanding Common Shares or (2) any open market purchase that constitutes a Public Transaction (as hereinafter defined).

C. For the purposes of this Division VI:

1. The terms "Continuing Director," "Person," "Public Transaction," "Affiliate" and "Associate" shall have the meanings given to them in Division V of this Article VI.

2. "Substantial Shareholder" shall mean any person (other than any employee benefit plan or trust of the corporation or any similar entity) who or which:

(a) is the beneficial owner of more than 10% of the voting power of the then outstanding Common Shares, the acquisition of any shares of which has occurred within the two-year period immediately prior to the date on which the corporation purchases any such shares; or

(b) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares beneficially owned by a Substantial Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction or any series of transactions involving a Public Transaction and, with respect to all Common Shares owned by such person, such person has been the beneficial owner of any such shares for a period of less than two years (including, for these purposes, the holding period of the Substantial Shareholder from whom such person acquired shares).

For the purposes of determining whether a person is a Substantial Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

3. "Disinterested Shareholders" shall mean those holders of Common Shares who are not Substantial Shareholders.

4. "Fair Market Price" shall mean the highest closing sale price on the Composite Tape for New York Stock Exchange-Listed Stocks during the 30-day period immediately preceding the date in question of a Common Share or, if such Common Shares are not quoted on the Composite Tape, on the New York Stock Exchange or, if such Common Shares are not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Common Shares are listed, or, if such Common Shares are not listed on any such exchange, the highest closing bid quotation with respect to a Common Share during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or, if no such quotations are available, the fair market value on the date in question of a Common Share, as determined by a majority of the Board of Directors in good faith.

5. A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

D. A majority of the Board of Directors shall have the power and duty to determine for the purposes of this Division VI, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Division VI, including without limitation, (1) whether a person is a Substantial Shareholder, (2) the number of Common Shares beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether a price is in excess of the Fair Market Price, (5) whether a purchase constitutes a Public Transaction, and (6) such other matters with respect to which a determination is required under this Division VI. The good faith determination of a majority of the Board of Directors on such matters shall be conclusive and binding for all purposes of this Division VI.

E. Nothing contained in this Division VI shall be construed to relieve a Substantial Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division VI unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

ARTICLE VII.

The Board of Directors of the corporation shall have authority to accept or reject subscriptions for shares.

ARTICLE VIII.

Except as herein otherwise limited or qualified, the corporation reserves the right to amend, alter, change or repeal any of the terms or provisions of these Articles of Incorporation, all in the manner now or hereafter prescribed by the laws of the State of Minnesota, and all rights conferred herein upon officers, directors and shareholders of the corporation are granted subject to this reservation.

ARTICLE IX.

The Board of Directors shall have the power, to the extent permitted by law, to adopt, amend or repeal the Bylaws of the corporation, subject to the power of the shareholders to adopt, amend or repeal such Bylaws. Bylaws fixing the number of directors or their classifications, qualifications, or terms of office, or prescribing procedures for removing such directors may be adopted, amended or repealed only by (i) the Board of Directors, to the extent permitted by law, or (ii) the affirmative vote of the holders of 75% of the outstanding Common Shares of the corporation or such lesser percentage of the outstanding Common Shares as may from time to time be provided in such Bylaws.

Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with, or repeal this Article IX unless the Board of Directors, if all such directors are Continuing Directors, as defined in Article VI of the Articles of Incorporation, shall unanimously recommend such amendment, alteration, adoption or repeal.

ARTICLE X.

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Sections 302A.559 or 80A.23 of the Minnesota Statutes; (iv) for any transaction from which the director derived an improper personal benefit; or (v) for any act or omission occurring prior to the date when this Article X became effective.

Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

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RESOLUTIONS OF BOARD OF DIRECTORS
ESTABLISHING SERIES OF
CUMULATIVE PREFERRED SHARES

$3.60 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on August 12, 1946, which was filed with the Secretary of State of Minnesota on August 13, 1946:

Resolution

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of the Articles of Incorporation, as amended, BE IT RESOLVED that an initial series of Cumulative Preferred Shares be and it hereby is created as follows:

A. The designation of such series shall be "$3.60 Cumulative Preferred Shares," and the number of shares of such series shall be sixty thousand (60,000);

B. The rate of dividends payable on the $3.60 Cumulative Preferred Shares shall be Three & 60/100 Dollars — ($3.60) per annum, payable quarterly on the first days of March, June, September and December in each year and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including September 1, 1946;

C. The $3.60 Cumulative Preferred Shares shall be redeemable at One Hundred Two & 25/100 dollars — ($102.25) per share, together, as provided in said Articles of Incorporation, with accrued dividends to the redemption date;

D. The amount payable on $3.60 Cumulative Preferred Shares, in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary, shall be the sum of One Hundred Two & 25/100 Dollars ($102.25) per share, and the amount payable on $3.60 Cumulative Preferred Shares, in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary, shall be One Hundred Dollars ($100) per share, together in either event, as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $3.60 Cumulative Preferred Shares, from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

$4.40 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on March 6, 1950, which was filed with the Secretary of State of Minnesota on March 8, 1950:

Resolution

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a second series of Cumulative Preferred Shares be and it hereby is created as follows:

A. The designation of such series shall be "$4.40 Cumulative Preferred Shares," and the number of shares of such series shall be twenty-five thousand (25,000);

B. The rate of dividends payable on the $4.40 Cumulative Preferred Shares shall be $4.40 per share per annum, payable quarterly on the first days of March, June, September and December of each year and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including March 15, 1950;

C. The $4.40 Cumulative Preferred Shares shall be redeemable at $104 per share if redeemed on or before March 15, 1955; at $103 if redeemed thereafter and on or before March 15, 1960; and at $102 per share if redeemed thereafter, together, as provided in said Articles of Incorporation, in each instance with accrued dividends to the redemption date;

D. The amount payable on $4.40 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary, shall be the price at which said shares are at the time redeemable, and the amount payable on $4.40 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary, shall be One Hundred Dollars ($100.00) per share together in either event as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $4.40 Cumulative Preferred Shares from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have heretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

$4.65 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on March 24, 1964, which was filed with the Secretary of State of Minnesota on March 25, 1964:

Resolution

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a third series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$4.65 Cumulative Preferred Shares," and the number of shares of such series shall be thirty thousand (30,000):

B. The rate of dividends payable on the $4.65 Cumulative Preferred Shares shall be $4.65 per share per annum, payable quarterly on the first days of March, June, September and December of each year, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof;

C. The $4.65 Cumulative Preferred Shares shall be redeemable at $107.50 per share if redeemed on or before April 1, 1969; at $106.00 per share if redeemed thereafter and on or before April 1, 1974; at $104.50 per share if redeemed thereafter and on or before April 1, 1979; at $103.00 per share if redeemed thereafter and on or before April 1, 1984; and at $101.50 per share if redeemed thereafter together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; and

D. The amount payable on $4.65 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary shall be the price at which said shares are at the time redeemable, and the amount payable on $4.65 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be One Hundred Dollars ($100.00) per share together in either event as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $4.65 Cumulative Preferred Shares from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have heretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

$9.50 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on August 9, 1971, which was filed with the Secretary of State of Minnesota on August 20, 1971:

Resolution

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a fourth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$9.50 Cumulative Preferred Shares," and the number of shares of such series shall be forty thousand (40,000);

B. The rate of dividends payable on the $9.50 Cumulative Preferred Shares shall be $9.50 per share per annum, payable quarterly on the first days of March, June, September and December of each year, commencing December 1, 1971, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof;

C. The $9.50 Cumulative Preferred Shares shall be redeemable at $109.50 per share if redeemed before September 1, 1979 and, if redeemed thereafter, at a redemption price which shall decrease by $0.50 on September 1, 1979 and on each succeeding September 1 to and including September 1, 1997, on and after which date the redemption price shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that the $9.50 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to September 1, 1978 as a part of or in contemplation of any refunding operation including the application, directly or indirectly, of money borrowed or the proceeds of preferred stock sold at an interest or dividend cost to the corporation (calculated in accordance with generally accepted financial practice) of less than 9 1/2% per annum; and

D. The amount payable on the $9.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary shall be the price at which said shares are at the time redeemable, and the amount payable on the $9.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be One Hundred dollars ($100.00) per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $9.50 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

$11.50 Cumulative Preferred Shares [1]

The Board of Directors of the corporation adopted the following resolution on July 28, 1975, which was filed with the Secretary of State of Minnesota on July 28, 1975:

Resolution

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, a fifth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$11.50 Cumulative Preferred Shares," and the number of shares of such series shall be one hundred thousand (100,000).

B. The rate of dividends payable on the $11.50 Cumulative Preferred Shares shall be $11.50 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing September 1, 1975, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof.

C. The $11.50 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $111.50 per share if redeemed before June 1, 1976, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period beginning

June 1	Redemption Price	June 1	Redemption Price
1976	$110.86	1985	$105.11
1977	$110.22	1986	$104.48
1978	$109.58	1987	$103.83
1979	$108.94	1988	$103.19
1980	$108.31	1989	$102.56
1981	$107.77	1990	$101.92
1982	$107.03	1991	$101.28
1983	$106.39	1992	$100.64
1984	$105.75	1993	$100.00

1 The $11.50 Cumulative Preferred Shares were redeemed in their entirety on March 1, 1986

together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $11.50 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to July 15, 1985, as a part of or in contemplation of any refunding operation including the application, directly or indirectly, of (i) the proceeds from the sale of common shares of the Company, or (ii) money borrowed or the proceeds of preferred or preference shares of the Company sold at an interest or dividend cost to the Company (calculated in accordance with generally accepted financial practice) of less than 11.5% per annum.

D. The amount payable on the $11.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $11.50 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be One Hundred Dollars ($100.00) per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $11.50 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $11.50 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $11.50 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on June 1, 1979, and on each succeeding June 1 to and including June 1, 1993 (each such June 1 being hereinafter called a "sinking fund redemption date"), 6.50% of the maximum number of $11.50 Cumulative Preferred Shares which shall theretofore have been issued and on June 1, 1994, the balance of the $11.50 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $11.50 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $11.50 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the sinking fund requirement for

such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement of the immediately preceding paragraph, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on any sinking fund redemption date $11.50 Cumulative Preferred Shares not in excess of 6.50% of the maximum number of $11.50 Cumulative Preferred Shares which shall theretofore have been issued at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E. The privilege of so redeeming $11.50 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

$8.30 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on March 30, 1977, which was filed with the Secretary of State of Minnesota on March 30, 1977:

Resolution

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, a sixth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$8.30 Cumulative Preferred Shares," and the number of shares of such series shall be forty-five thousand (45,000).

B. The rate of dividends payable on the $8.30 Cumulative Preferred Shares shall be $8.30 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing June 1, 1977, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof.

C. The $8.30 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $108.30 per share if redeemed before March 1, 1978, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period beginning

March 1	Redemption Price	March 1	Redemption Price
1978	$107.95	1990	$103.80
1979	$107.61	1991	$103.46
1980	$107.26	1992	$103.11
1981	$106.92	1993	$102.77
1982	$106.57	1994	$102.42
1983	$106.23	1995	$102.08
1984	$105.88	1996	$101.73
1985	$105.53	1997	$101.38
1986	$105.19	1998	$101.04
1987	$104.84	1999	$100.69
1988	$104.50	2000	$100.35
1989	$104.15	2001	$100.00

together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $8.30 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to March 1, 1987 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i) indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 8.30% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $8.30 Cumulative Preferred Shares or (ii) the issue or sale of preferred or preference shares of the Company or any affiliate if such shares have an effective dividend rate (based on the proceeds to the Company or such affiliate from such issue or sale net of any discount or commission to underwriters) of less than 8.30% per annum. The term "Weighted Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $8.30 Cumulative Preferred Shares by the then outstanding principal amount of such indebtedness or by the product of $100.00 times the number of $8.30 Cumulative Preferred Shares which are then outstanding, as the case may be; and for the purpose of this definition, the term "Remaining Dollar-years" of any indebtedness or the $8.30 Cumulative Preferred Shares shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $8.30 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are

at the time redeemable (as set forth in subdivision C above), and the amount payable on the $8.30 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $8.30 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $8.30 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $8.30 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, (i) on March 1, 1983, and on each succeeding March 1 to and including March 1, 1997, 4% of the maximum number of $8.30 Cumulative Preferred Shares which shall theretofore have been issued, (ii) on March 1, 1998, and on each succeeding March 1 to and including March 1, 2001, 8% of the maximum number of $8.30 Cumulative Preferred Shares which shall theretofore have been issued (each March 1 referred to in clause (i) or (ii) above of this sentence being hereinafter called a "sinking fund redemption date") and (iii) on March 1, 2002, the balance of the $8.30 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $8.30 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $8.30 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on any sinking fund redemption date $8.30 Cumulative Preferred Shares in an amount not to exceed the number of $8.30 Cumulative Preferred Shares which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E. The privilege of so redeeming $8.30 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

$8.375 Cumulative Preferred Shares

The Board of directors of the corporation adopted the following resolution on March 6, 1978, which was filed with the Secretary of State of Minnesota on March 21, 1978:

Resolution

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, a seventh series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$8.375 Cumulative Preferred Shares," and the number of shares of such series shall be one hundred Thousand (100,000).

B. The rate of dividends payable on the $8.375 Cumulative Preferred Shares shall be $8.375 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing June 1, 1978. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $8.375 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $108.375 per share if redeemed on or before June 1, 1979, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period ending

June 1	Redemption Price	June 1	Redemption Price
1980	$108.026	1992	$103.839
1981	$107.677	1993	$103.490
1982	$107.329	1994	$103.141
1983	$106.979	1995	$102.792
1984	$106.630	1996	$102.443
1985	$106.281	1997	$102.094
1986	$105.932	1998	$101.745
1987	$105.583	1999	$101.396
1988	$105.234	2000	$101.047
1989	$104.886	2001	$100.698
1990	$104.537	2002	$100.349
1991	$104.188	2003	$100.000

together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $8.375 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to June 1, 1988 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i) indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 8.375% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $8.375 Cumulative Preferred Shares or (ii) the issue or sale of shares of the Company ranking prior to or on a parity with the $8.375 Cumulative Preferred Shares as to dividends or on liquidation if such shares have an effective dividend rate (based on the proceeds to the Company from such issue or sale net of any discount or commission to underwriters) of less than 8.375% per annum. The term "Weighted Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $8.375 Cumulative Preferred Shares by the then outstanding principal amount of such indebtedness or by the product of $100.00 times the number of $8.375 Cumulative Preferred Shares which are then outstanding, as the case may be; and for the purpose of this definition, the term "Remaining Dollar-years" of any indebtedness or the $8.375 Cumulative Preferred Shares shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $8.375 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $8.375 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in said Articles of Incorporation, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $8.375 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $8.375 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the

payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $8.375 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation (i) on June 1, 1984, and on each succeeding June 1 to and including June 1, 1993, 2% of the maximum number of $8.375 Cumulative Preferred Shares which shall theretofore have been issued, (ii) on June 1, 1994, and on each succeeding June 1 to and including June 1, 2002, 6.67% of the maximum number of $8.375 Cumulative Preferred Shares which shall theretofore have been issued (each June 1 referred to in clause (i) or (ii) above of this sentence being hereinafter called a "sinking fund redemption date") and (iii) on June 1, 2003, the balance of the $8.375 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $8.375 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $8.375 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Section C of Article VI of said Articles of Incorporation, on any sinking fund redemption date $8.375 Cumulative Preferred Shares in an amount not to exceed the number of $8.375 Cumulative Preferred Shares which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E. The privilege of so redeeming $8.375 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

$8.90 Cumulative Preferred Shares

The Board of directors of the corporation adopted the following resolution on July 23, 1979, which was filed with the Secretary of State of Minnesota on July 26, 1979:

Resolution

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, an eighth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$8.90 Cumulative Preferred Shares," and the number of shares of such series shall be seventy thousand (70,000).

B. The rate of dividends payable on the $8.90 Cumulative Preferred Shares shall be $8.90 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing September 1, 1979. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $8.90 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $108.90 per share if redeemed on or before September 1, 1980, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period ending

September 1	Redemption Price	September 1	Redemption Price
1981	$108.529	1993	$104.079
1982	$108.158	1994	$103.708
1983	$107.788	1995	$103.338
1984	$107.417	1996	$102.967
1985	$107.046	1997	$102.596
1986	$106.675	1998	$102.225
1987	$106.304	1999	$101.854
1988	$105.933	2000	$101.483
1989	$105.563	2001	$101.113
1990	$105.192	2002	$100.742
1991	$104.821	2003	$100.371
1992	$104.450	2004	$100.000

together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $8.90 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to September 1, 1989 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i) indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 8.90% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $8.90 Cumulative Preferred Shares or (ii) the issue or sale of shares of the Company ranking prior to the Common Shares of the Company as to dividends or on liquidation if such shares have an effective

dividend rate (based on the proceeds to the Company from such issue or sale net of any discount or commission to underwriters) of less than 8.90% per annum. The term "Weighted Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $8.90 Cumulative Preferred Shares by the then outstanding principal amount of such indebtedness or by the product of $100.00 times the number of $8.90 Cumulative Preferred Shares which are then outstanding, as the case may be; and for the purpose of this definition, the term "Remaining Dollar-years" of any indebtedness or the $8.90 Cumulative Preferred Shares shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $8.90 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $8.90 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in Subdivision E of said Division I, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $8.90 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $8.90 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $8.90 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said Division I, (i) on September 1, 1985, and on each succeeding September 1 to and including September 1, 1994, 2 1/2% of the maximum number of $8.90 Cumulative Preferred Shares which shall theretofore have been issued, (ii) on September 1, 1995, and on each succeeding September 1 to and including September 1, 2003, 7.5% of the maximum number of $8.90 Cumulative Preferred Shares which shall theretofore have been issued (each September 1 referred to in clause (i) or (ii) above of this sentence being hereinafter called a "sinking fund redemption date") and (iii) on September 1, 2004, the balance of the $8.90 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $8.90 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be

$100.00 per share, together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $8.90 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said Division I, on any sinking fund redemption date $8.90 Cumulative Preferred Shares in an amount not to exceed the number of $8.90 Cumulative Preferred Shares which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E; provided that not more than 30% of the maximum number of $8.90 Cumulative Preferred Shares which shall theretofore have been issued may be so redeemed. The privilege of so redeeming $8.90 Cumulative Preferred Shares shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

$11.50 Cumulative Preferred Shares (Series A) [1]

The Board of Directors of the corporation adopted the following resolution on June 18, 1980, which was filed with the Secretary of State of Minnesota on June 20, 1980:

Resolution

BE IT FURTHER RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, a ninth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$11.50 Cumulative Preferred Shares (Series A)," and the number of shares of such series shall be eighty thousand (80,000).

B. The rate of dividends payable on the $11.50 Cumulative Preferred Shares (Series A) shall be $11.50 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing September 1, 1980. Such dividends shall be cumulative and accrue in the case

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1 The $11.50 Cumulative Preferred Shares (Series A) were redeemed in their entirety on March 1, 1986

of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $11.50 Cumulative Preferred Shares (Series A) shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking funds hereafter described in subdivision E below) at $111.50 per share if redeemed on or before June 1, 1981, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period ending

June 1	Redemption Price	June 1	Redemption Price
1982	$111.02	1994	$105.27
1983	$110.54	1995	$104.79
1984	$110.06	1996	$104.31
1985	$109.58	1997	$103.83
1986	$109.10	1998	$103.35
1987	$108.63	1999	$102.88
1988	$108.15	2000	$102.40
1989	$107.67	2001	$101.92
1990	$107.19	2002	$101.44
1991	$106.71	2003	$100.96
1992	$106.23	2004	$100.48
1993	$105.75	2005	$100.00

together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that, except for redemptions effected through or by the sinking funds described in subdivision E below, the $11.50 Cumulative Preferred Shares (Series A) shall not be redeemable, in whole or in part, prior to June 1, 1990 as a part of, or in contemplation of, any refunding operation including the application, directly or indirectly, of the proceeds of (i) indebtedness for money borrowed by the Company or any affiliate if such indebtedness (a) has an effective interest cost (computed in accordance with generally accepted financial practice) of less than 11.50% per annum or (b) has a Weighted Average Life to Maturity, at the time of such redemption, of less than the remaining Weighted Average Life to Maturity of the $11.50 Cumulative Preferred Shares (Series A) or (ii) the issue or sale of shares of the Company ranking prior to the Common Shares of the Company as to dividends or on liquidation if such shares have an effective dividend rate (based on the proceeds to the Company from such issue or sale net of any discount or commission to underwriters) of less than $11.50% per annum. The term "Weighted Average Life to Maturity" shall mean, at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness or the $11.50 Cumulative Preferred Shares (Series A) by the then outstanding principal amount of such indebtedness or by the product of $100.00 times the number of $11.50 Cumulative Preferred Shares (Series A) which are then outstanding, as the case may be; and for the purpose

of this definition, the term "Remaining Dollar-years" of any indebtedness or the $11.50 Cumulative Preferred Shares (Series A) shall mean, at any date, the total of the products obtained by multiplying (i) the amount of each then remaining installment, mandatory sinking fund, serial maturity or other required payment, including payment at final maturity, in respect thereof by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the date on which such payment is required to be made.

D. The amount payable on the $11.50 Cumulative Preferred Shares (Series A) in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be the price at which said shares are at the time redeemable (as set forth in subdivision C above), and the amount payable on the $11.50 Cumulative Preferred Shares (Series A) in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in Subdivision E of said Division I, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $11.50 Cumulative Preferred Shares (Series A) from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $11.50 Cumulative Preferred Shares (Series A) remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment therof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $11.50 Cumulative Preferred Shares (Series A), redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said Division I, (i) on June 1, 1986, and on each succeeding June 1 to and including June 1, 2004 (each such June 1 being hereinafter called a "sinking fund redemption date"), 5% of the maximum number of $11.50 Cumulative Preferred Shares (Series A) which shall theretofore have been issued and (ii) on June 1, 2005, the balance of the $11.50 Cumulative Preferred Shares (Series A) then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at which the $11.50 Cumulative Preferred Shares (Series A) shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $11.50 Cumulative Preferred Shares (Series A) shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

In addition to the mandatory sinking fund requirement, the Company may, at its option, redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said Division I, on any sinking fund redemption date $11.50 Cumulative Preferred Shares (Series A) in an amount not to exceed the number of $11.50 Cumulative Preferred Shares (Series A) which shall be redeemed on such sinking fund redemption date through the mandatory sinking fund requirement at the mandatory sinking fund redemption price hereinbefore specified in this subdivision E; provided that not more than 25% of the maximum number of $11.50 Cumulative Preferred Shares (Series A) which shall theretofore have been issued may be so redeemed. The privilege of so redeeming $11.50 Cumulative Preferred Shaes (Series A) shall not be cumulative and shall not relieve the Company to any extent from its obligation to redeem shares pursuant to the mandatory sinking fund requirement.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
OCT 19 1988
Joan Anderson Growe
Secretary of State

6525-AA

CERTIFICATE

The undersigned, D. R. EMMEN and JAY D. MYSTER, do hereby certify that we are duly elected, qualified and acting as the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation (the "Company"), and that the following is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of the Company duly called and held on April 13, 1992, at which a quorum was present and acted throughout:

BE IT RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, a tenth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$9.00 Exchangeable Cumulative Preferred Shares," and the number of shares of such series shall be fifty-three thousand three hundred eleven (53,311).

B. The rate of dividends payable on the $9.00 Exchangeable Cumulative Preferred Shares shall be $9.00 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing on the first day of the first such month following the date of original issuance of the $9.00 Exchangeable Cumulative Preferred Shares. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $9.00 Exchangeable Cumulative Preferred Shares shall be redeemable at any time on or after the seventh anniversary of the date of original issuance thereof at $100.00 per share together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that the holder of any $9.00 Exchangeable Cumulative Preferred Shares to be redeemed pursuant to this Section C shall have the right, at such holder's option, to exchange any or all of the $9.00 Exchangeable Cumulative Preferred Shares held by such holder and so to be redeemed into Common Shares (as defined below) pursuant to, and subject to and upon compliance with, the provisions of Section E hereof.

D. The amount payable on the $9.00 Exchangeable Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company, whether voluntary or involuntary, shall be $100.00 per share,

together, as provided in Subdivision E of said Division I, with a sum, in the case of each share, computed at the annual dividend rate for the $9.00 Exchangeable Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. (1) Subject to and upon compliance with the provisions of this Section E, each holder of $9.00 Exchangeable Cumulative Preferred Shares shall have the right, at each such holder's option, at any time on or after the seventh anniversary of the date of original issuance thereof, to exchange any or all of the $9.00 Exchangeable Cumulative Preferred Shares held by each such holder into either (a) cash in the amount of $100.00 per each $9.00 Exchangeable Cumulative Preferred Share so exchanged, together, in each instance, with accrued dividends to the Exchange Date (as defined below), or (b) the number of fully paid and nonassessable Common Shares obtained by dividing (i) the sum of (A) the $100.00 liquidation value of a $9.00 Exchangeable Cumulative Preferred Share and (B) any accrued dividends to the Exchange Date with respect to the $9.00 Exchangeable Cumulative Preferred Share to be exchanged, by (ii) the Fair Market Value (as defined below) of a Common Share, and multiplying such resulting number by the number of $9.00 Exchangeable Cumulative Preferred Shares to be so exchanged (rounding such product, for the purpose of determining the amount of any cash payments provided for under subsection (3) of this Section E, to the nearest 1/100 Common Share, with 1/200 of a Common Share being rounded upward), and in the case of either clause (a) or (b), by surrender of such $9.00 Exchangeable Cumulative Preferred Shares to be so exchanged, such surrender to be made in the manner provided in subsection (2) of this Section E.

For purposes of this Section E, the term "Common Shares" shall mean the Common Shares of the Company as the same exists at the date of original issue of the $9.00 Exchangeable Cumulative Preferred Shares or as such shares may be constituted from time to time thereafter.

For purposes of this Section E, the term "Exchange Date" shall mean (x), if the $9.00 Exchangeable Cumulative Preferred Shares are being exchanged for cash, the date which is 10 calendar days after the date such shares have been duly surrendered to the Registrar or (y), if the $9.00 Exchangeable Cumulative Preferred Shares are being exchanged for Common Shares, the date which is 60 Trading Days (as defined below) after the date such shares have been duly surrendered to the Registrar, or, in the case of either clause (x) or (y), if such day is not a business day, the next succeeding business day.

For purposes of this Section E, the term "Fair Market Value" with respect to the Common Shares shall mean the average of the reported last sale prices for the 60 consecutive Trading Days immediately preceding the relevant Exchange Date. The reported last sale price for each Trading Day shall be the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if the Common Shares are not listed or admitted to trading on the New York Stock Exchange, in the principal national securities exchange on which the Common Shares are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Shares are not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for Common Shares on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Shares selected for such purpose by the Company and if no such quotations are available, the fair market value of the Common Shares as determined by a New York Stock Exchange member firm regularly making a market in the Common Shares selected for such purpose by the Company.

For purposes of this Section E, the term "Trading Day" means (x), if the Common Shares are listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y), if the Common Shares are quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z), otherwise, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(2) In order to validly exercise the exchange privilege pursuant to this Section E, the holder of each $9.00 Exchangeable Cumulative Preferred Share to be exchanged shall surrender the certificate representing such share at the office of the Registrar for the $9.00 Exchangeable Cumulative Preferred Shares in Fergus Falls, Minnesota, appointed for such purpose by the Company (which may be the Company), with the Notice of Election to Exchange on the back of such certificate completed and signed. Unless the shares issuable on exchange are to be issued in the same name as the name in which the share to be exchanged is registered, each share surrendered for exchange shall be accompanied by instruments of transfer, in form satisfactory to the Registrar, duly executed by the holder or the holder's duly authorized attorney, and by an amount sufficient to pay any transfer or similar tax. If the $9.00 Exchangeable Cumulative Preferred Shares have been called for redemption and are being surrendered for exchange pursuant to the proviso

contained in Section C hereof, then the certificate representing such shares must be duly surrendered, as aforesaid, to the Registrar on or before the twentieth day following the date of the notice of redemption relating to such shares in order for the exchange privilege to be validly exercised, and any such shares with respect to which the exchange privilege is not validly exercised shall be redeemed on the redemption date.

On or before the Exchange Date, the Company shall deliver at the office of the Registrar, for the account of each holder of $9.00 Exchangeable Cumulative Preferred Shares surrendered for exchange on such Exchange Date, (i) if such $9.00 Exchangeable Cumulative Preferred Shares are being exchanged for cash, funds in the amount provided in clause (a) of subsection (1) of this Section E, or (ii) if such $9.00 Exchangeable Cumulative Preferred Shares are being exchanged for Common Shares, a certificate or certificates for the number of full Common Shares issuable upon the exchange of such shares in accordance with the provisions of clause (b) of subsection (1) of this Section E, and funds for the settlement of any fractional interest in respect of a Common Share arising upon such exchange as provided in subsection (3) of this Section E. At the option of the Company, the Common Shares so delivered may be newly issued shares, treasury shares or shares reacquired by or on behalf of the Company, including shares purchased in the open market at any time in the sole discretion of the Company.

Each holder of $9.00 Exchangeable Cumulative Preferred Shares acknowledges by acceptance thereof that (i) the Common Shares deliverable upon any exchange of $9.00 Exchangeable Cumulative Preferred Shares will not be registered under the Securities Act of 1933, as amended, or any applicable state securities laws and that any such Common Shares may not be resold except pursuant to an exemption from such Act and all such applicable laws or pursuant to registrations thereunder; (ii) such Common Shares may not be sold, transferred or otherwise disposed of in any manner without first obtaining (a) an opinion of counsel reasonably acceptable to the Company, both as to opinion and as to counsel, that such proposed sale, transfer or other disposition can lawfully be made without registration pursuant to the Securities Act of 1933, as then amended, and applicable state securities laws, or (b) such registrations (it being expressly understood that the Company shall not have any obligation to register such securities for such purpose); (iii) certificates representing such Common Shares may bear a legend stating that such Common Shares have not been registered under the Securities Act of 1933, as amended, and applicable state securities laws and referring to the foregoing restrictions on transferability of such Common Shares; and (iv) the Company may place stop transfer orders or notations on the Company's stock record referring to such restrictions on transferability.

All Common Shares delivered upon exchange of the $9.00 Exchangeable Cumulative Preferred Shares pursuant to this Section E will, upon delivery, be duly

and validly issued and fully paid and nonassessable, free of all liens and charges and not subject to any preemptive rights.

Each exchange of $9.00 Exchangeable Cumulative Preferred Shares pursuant to this Section E shall be deemed to have been effected immediately prior to the close of business on the Exchange Date. Until such time on the Exchange Date, any $9.00 Exchangeable Cumulative Preferred Shares which have been surrendered for exchange with respect to such Exchange Date shall be treated as outstanding and the person or persons in whose name or names a certificate for any such shares is registered (or any prior holder who was the holder of record of such shares on the relevant record date) shall remain the holder of record for the purpose of voting such shares and receiving any dividends paid with respect to such shares prior to such time on the Exchange Date, notwithstanding that such shares might have been redeemed on a date prior to the Exchange Date but for the exercise of the right to exchange such shares pursuant to the proviso contained in Section C hereof. At such time on such Exchange Date, the person or persons in whose name or names any certificate or certificates for Common Shares shall be deliverable upon such exchange shall be deemed to have become the holder or holders of record of the Common Shares represented thereby unless the stock transfer books of the Company are closed on such date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open.

(3) In connection with the exchange of any $9.00 Exchangeable Cumulative Preferred Shares for Common Shares pursuant to this Section E, no fractional Common Share or scrip representing fractions of a Common Share shall be issued. Instead of any fractional interest in a Common Share which would otherwise be deliverable upon the exchange of $9.00 Exchangeable Cumulative Preferred Shares, the Company shall pay to the holder of such $9.00 Exchangeable Cumulative Preferred Shares an amount in cash (computed to the nearest cent, with one-half cent being rounded upward) equal to the Fair Market Value of a Common Share multiplied by the fraction of a Common Share represented by such fractional interest.

(4) The number of $9.00 Exchangeable Cumulative Preferred Shares which may be exchanged pursuant to this Section E in any twelve-month period shall be limited to a total of 10,662 $9.00 Exchangeable Cumulative Preferred Shares, and the Company shall have no obligation to exchange any shares surrendered in excess of that amount; provided, however, that $9.00 Exchangeable Cumulative Preferred Shares called for redemption and surrendered for exchange pursuant to the proviso contained in Section C hereof shall not be subject to the limitation set forth in this subsection (4) and shall not be counted for purposes of determining the limitation set forth in this subsection (4) as it applies to shares otherwise surrendered for exchange.

(5) On any Exchange Date, the Company shall have no obligation to exchange for Common Shares, whether pursuant to the proviso contained in Section C hereof or otherwise, $9.00 Exchangeable Cumulative Preferred Shares held by any holder unless either (i) the total number of $9.00 Exchangeable Cumulative Preferred Shares surrendered for exchange by such holder with respect to such Exchange Date equals or exceeds 500 or (ii) the total number of $9.00 Exchangeable Cumulative Preferred Shares surrendered for exchange by all holders of $9.00 Exchangeable Cumulative Preferred Shares with respect to such Exchange Date equals or exceeds 500.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 10th day of August, 1992.

D. R. Emmen
Senior Vice President, Finance and Treasurer

Jay D. Myster
Vice President, Governmental and Legal and Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 10th day of August, 1992 before me a Notary Public and for said County and State, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known to be the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary of said corporation, and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said D. R. EMMEN and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

RAYMOND J. HOLMGREN
NOTARY PUBLIC—MINNESOTA
OTTER TAIL COUNTY
My Commission Expires OCT. 18, 1995

[NOTARIAL SEAL]

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
AUG 10 1992
Joan Anderson Growe
Secretary of State

DC 26525 AH

CERTIFICATE

The undersigned, D. R. EMMEN and JAY D. MYSTER, do hereby certify that we are duly elected, qualified and acting as the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation (the "Company"), and that the following is a true and correct copy of a resolution duly adopted by a Written Action of the Pricing Committee of the Board of Directors of the Company, dated September 29, 1992, executed by all the members of said Pricing Committee, duly established by the Board of Directors of the Company at a meeting thereof duly called and held on February 3, 1992, at which a quorum was present and acted throughout, to act for the Board of Directors with respect to the matters set forth in said Written Action:

RESOLUTION

BE IT RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, an eleventh series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$6.35 Cumulative Preferred Shares," and the number of shares of such series shall be one hundred eighty thousand (180,000).

B. The rate of dividends payable on the $6.35 Cumulative Preferred Shares shall be $6.35 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing December 1, 1992. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $6.35 Cumulative Preferred Shares shall be redeemable (otherwise than with respect to any redemption effected through or by the sinking fund hereafter described in subdivision E below), at the option of the Company, in whole or in part, at $103.175 per share if redeemed before December 1, 1998, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period beginning:

December 1	Redemption Price
1998	$102.540
1999	$101.905
2000	$101.270
2001	$100.635
2002 and thereafter	$100.000

together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that the $6.35 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to December 1, 1997.

D. The amount payable on the $6.35 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be $106.350 per share prior to December 1, 1993, and will decrease by $0.635 per share on December 1, 1993 and on each December 1 thereafter to $100.00 per share on December 1, 2002, and the amount payable on the $6.35 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in Subdivision E of said Division I, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $6.35 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

E. So long as any of the $6.35 Cumulative Preferred Shares remain outstanding, after all dividends on all Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, the Company shall, as and for a mandatory sinking fund for the benefit of the $6.35 Cumulative Preferred Shares, redeem, in the manner and upon the notice and with the effect provided in Subdivision C of said Division I, (i) on December 1, 2002, and on each succeeding December 1 to and including December 1, 2006, 5% of the maximum number of $6.35 Cumulative Preferred Shares which shall theretofore have been issued and (ii) on December 1, 2007, the balance of the $6.35 Cumulative Preferred Shares then outstanding (such required redemptions being hereinafter called the "mandatory sinking fund requirement"). The price at

which the $6.35 Cumulative Preferred Shares shall be redeemed in satisfaction of the mandatory sinking fund requirement shall be $100.00 per share, together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date. The mandatory sinking fund requirement for the $6.35 Cumulative Preferred Shares shall be cumulative so that if, in any year, the Company shall not satisfy in full the mandatory sinking fund requirement for such year, the amount of the deficiency shall be added to the mandatory sinking fund requirement for succeeding years until the deficiency shall have been fully satisfied.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 1st day of October, 1992.

D. R. Emmen
Senior Vice President, Finance and Treasurer

Jay D. Myster
Vice President, Governmental and Legal and Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 15 day of October, 1992, before me a Notary Public within and for said County and State, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known to be the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary of said corporation, and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said D. R. EMMEN and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

LARRY W. MARQUARD
NOTARY PUBLIC—MINNESOTA
OTTER TAIL COUNTY
My Commission Expires JAN. 15, 1998

Larry W. Marquard

[NOTARIAL SEAL]

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
OCT 2 1992
Joan Anderson Growe
Secretary of State

26525-A4

CERTIFICATE

The undersigned, D. R. EMMEN and JAY D. MYSTER, do hereby certify that we are duly elected, qualified and acting as the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company, a Minnesota corporation (the "Company"), and that the following is a true and correct copy of a resolution duly adopted by a Written Action of the Pricing Committee of the Board of Directors of the Company, dated October 11, 1993, executed by all the members of said Pricing Committee, duly established by the Board of Directors of the Company at a meeting thereof duly called and held on February 3, 1992, at which a quorum was present and acted throughout, to act for the Board of Directors with respect to the matters set forth in said Written Action:

RESOLUTION

BE IT RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, a twelfth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$6.75 Cumulative Preferred Shares," and the number of shares of such series shall be forty thousand (40,000).

B. The rate of dividends payable on the $6.75 Cumulative Preferred Shares shall be $6.75 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing December 1, 1993. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The $6.75 Cumulative Preferred Shares shall be redeemable at the option of the Company, in whole or in part, at $103.375 per share if redeemed before December 1, 2004, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period beginning:

December 1,	Redemption Price
2004	$103.0375
2005	$102.7000
2006	$102.3625
2007	$102.0250
2008	$101.6875
2009	$101.3500
2010	$101.0125
2011	$100.6750
2012	$100.3375
2013 and thereafter	$100.0000

together, as provided in Subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that the $6.75 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to December 1, 2003.

D. The amount payable on the $6.75 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary shall be $106.75 per share prior to December 1, 1994, and will decrease by $0.3375 per share on December 1, 1994 and on each December 1 thereafter to $100.00 per share on December 1, 2013, and the amount payable on the $6.75 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in Subdivision E of said Division I, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $6.75 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company and have affixed the seal of Otter Tail Power Company this 11TH day of October, 1993.

D. R. Emmen
Senior Vice President, Finance and Treasurer

Jay D. Myster
Vice President, Governmental and Legal and Secretary

[CORPORATE SEAL]

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

On this 11TH day of October, 1993, before me a Notary Public within and for said County and State, personally appeared D. R. EMMEN and JAY D. MYSTER, to me personally known to be the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary, respectively, of Otter Tail Power Company, who, being by me duly sworn, did say that they are, respectively, the Senior Vice President, Finance and Treasurer and the Vice President, Governmental and Legal and Secretary of said corporation, and that the seal affixed to the within certificate is the corporate seal of said corporation, and that said certificate was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said D. R. EMMEN and JAY D. MYSTER acknowledged said certificate to be the free act and deed of said corporation.

LARRY W. MARQUARD
NOTARY PUBLIC—MINNESOTA
OTTER TAIL COUNTY
My Commission Expires JAN. 15, 1998

Larry W. Marquard

[NOTARIAL SEAL]

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
OCT 12 1993
Joan Anderson Growe
Secretary of State

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ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

1. The name of the corporation is Otter Tail Power Company, a Minnesota corporation.

2. The following is the full text of the amendment to the Restated Articles of Incorporation of Otter Tail Power Company:

BE IT RESOLVED That Article V of the Restated Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, shall be amended in its entirety to read as follows:

ARTICLE V.

The total authorized number of shares of the corporation is 27,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 25,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

3. The amendment was adopted by the shareholders pursuant to Section 302A.135 of the Minnesota Business Corporation Act on April 11, 1994.

IN WITNESS WHEREOF, the undersigned, the Vice President, Governmental and Legal and Secretary of Otter Tail Power Company, being duly authorized on behalf of Otter Tail Power Company, has executed this document this 11th day of April, 1994.

Jay D. Myster
Vice President, Governmental and
Legal and Secretary

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
APR 21 1994

Joan Anderson Growe
Secretary of State

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26525-AA

CERTIFICATE OF DESIGNATION
OF
SERIES A JUNIOR PARTICIPATING PREFERRED SHARES
OF
OTTER TAIL POWER COMPANY

The undersigned hereby certifies that the Board of Directors of Otter Tail Power Company (the "Corporation"), a corporation organized and existing under the Minnesota Business Corporation Act, duly adopted the following resolution on January 27, 1997:

RESOLVED, that a series of preferred shares of the Corporation is hereby created, and the designation and amount thereof and the relative rights and preferences of the shares of such series, are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Shares" (the "Preferred Shares") and the number of shares constituting the Preferred Shares shall be 250,000. Such number of shares may be increased or decreased by resolution of the Board of Directors and any necessary shareholder approval; provided, however, that no decrease shall reduce the number of Preferred Shares to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Preferred Shares.

Section 2. Dividends and Distributions.

(a) Subject to the rights of the holders of any series of preferred shares (or any similar stock) ranking prior and superior to the Preferred Shares with respect to dividends, the holders of Preferred Shares, in preference to the holders of common shares, par value $5.00 per share (the "Common Shares"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a Preferred Share or fraction of a Preferred Share, in an amount per share (rounded to the nearest cent) equal to the greater of (i) $0.01 or (ii)

subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in Common Shares or a subdivision of the outstanding Common Shares (by reclassification or otherwise), declared on the Common Shares since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any Preferred Share or fraction of a Preferred Share. In the event the Corporation shall at any time after February 7, 1997, declare or pay any dividend on the Common Shares payable in Common Shares, or effect a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise) into a greater or lesser number of Common Shares, then in each such case the amount to which holders of Preferred Shares were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Preferred Shares as provided in paragraph (a) of this Section immediately after it declares a dividend or distribution on the Common Shares (other than a dividend payable in Common Shares or a subdivision of the outstanding Common Shares); provided that, in the event no dividend or distribution shall have been declared on the Common Shares during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $0.01 per share on the Preferred Shares shall nevertheless be payable, out of funds legally available for such purpose, on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding Preferred Shares from their date of issue. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Preferred Shares entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Preferred Shares as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared,

on Preferred Shares outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, except dividends paid ratably on the Preferred Shares and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares; provided, however, that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Preferred Shares; or

(iv) redeem or purchase or otherwise acquire for consideration any Preferred Shares, or any stock ranking on a parity with the Preferred Shares, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 3, purchase or otherwise acquire such shares at such time and in such manner.

Section 4. Reacquired Shares. Any Preferred Shares purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred shares subject to the conditions and restrictions on issuance set forth herein, in the Articles of Incorporation, or in any other certificate of designation creating a series of preferred stock or any similar stock or as otherwise required by law.

Section 5. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares unless, prior thereto, the holders of Preferred Shares shall have received the greater of (i) $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Shares, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, except distributions made ratably on the Preferred Shares and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after February 7, 1997, declare or pay any dividend on the Common Shares payable in shares of Common Shares, or effect a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise) into a greater or lesser number of Common Shares, then in each such case the aggregate amount to which holders of shares of Preferred Shares were entitled immediately prior to such event under clause (1)(ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event.

Section 6. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the Common Shares are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each Preferred Share shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each Common Share is changed or exchanged. In the event the Corporation shall at any time after February 7, 1997, declare or pay any dividend on the Common Shares payable in Common Shares, or effect a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise) into a greater or lesser number of Common Shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of Preferred Shares shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event.

Section 7. No Redemption. The Preferred Shares shall not be redeemable.

Section 8. Rank. The Preferred Shares shall rank, with respect to the payment of dividends and the distribution of assets, junior to all other series of the Corporation's preferred shares.

Section 9. Fractional Shares. Preferred Shares may be issued in fractions of a share which are integral multiples of one one-hundredth of a share which shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, participate in distributions and to have the benefit of all other rights of holders of Preferred Shares.

Section 11. Amendment. The Articles of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or rights of the Preferred Shares so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding Preferred Shares, voting together as a single class.

IN WITNESS WHEREOF, I have subscribed my name this 27th day of January 1997.

OTTER TAIL POWER COMPANY

By _____

Its Vice President, Finance and Treasurer

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JAN 29 1997

Joan Anderson Growe
Secretary of State

26525-AA

ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

1. The name of the corporation is Otter Tail Power Company, a Minnesota corporation.

2. The following is the full text of the amendment to the Restated Articles of Incorporation of Otter Tail Power Company:

> BE IT RESOLVED That Article V of the Restated Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, as heretofore amended, shall be amended in its entirety to read as follows:
>
> **ARTICLE V.**
>
> The total authorized number of shares of the corporation is 52,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 50,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

3. The amendment was adopted by the shareholders pursuant to Section 302A.135 of the Minnesota Business Corporation Act on April 12, 1999.

IN WITNESS WHEREOF, the undersigned, the President and Chief Executive Officer of Otter Tail Power Company, being duly authorized on behalf of Otter Tail Power Company, has executed this document this 12th day of April, 1999.

John C. MacFarlane
President and Chief Executive Officer

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

APR 29 1999

Mary Kiffmeyer
Secretary of State

013917

26525-AA

ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

1. The name of the corporation is Otter Tail Power Company, a Minnesota corporation.

2. The following is the full text of the amendment to the Restated Articles of Incorporation of Otter Tail Power Company:

> NOW, THEREFORE, BE IT RESOLVED, That subject to approval by the Company's shareholders, Article I of the Company's Restated Articles of Incorporation shall be amended in its entirety to read as follows:

ARTICLE I

The name of the corporation shall be Otter Tail Corporation.

3. The amendment was adopted by the shareholders pursuant to Section 302A.135 of the Minnesota Business Corporation Act on April 9, 2001.

IN WITNESS WHEREOF, the undersigned, the Corporate Secretary and General Counsel of Otter Tail Power Company, being duly authorized on behalf of Otter Tail Power Company, has executed this document this 9th day of April, 2001.

George A. Koeck
Corporate Secretary and General Counsel

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

APR - 9 2001

Mary Kiffmeyer
Secretary of State

091080

MINNESOTA SECRETARY OF STATE
NOTICE OF CHANGE OF REGISTERED OFFICE/ REGISTERED AGENT

26525-AA

Please read the instructions on the back before completing this form.

1. Entity Name:

Otter Tail Corporation

2. Registered Office Address (No. & Street): List a complete street address or rural route and rural route box number. **A post office box is not acceptable.**

215 South Cascade St.	Fergus Falls	MN	56537
Street	City	State	Zip Code

3. Registered Agent (Registered agents are required for foreign entities but optional for **Minnesota** entities):

George Koeck

If you do not wish to designate an agent, you must list "NONE" in this box. **DO NOT LIST THE ENTITY NAME.**

In compliance with Minnesota Statutes, Section 302A.123, 303.10, 308A.025, 317A.123 or 322B.135 I certify that the above listed company has resolved to change the entity's registered office and/or agent as listed above.

I certify that I am authorized to execute this notice and I further certify that I understand that by signing this notice I am subject to the penalties of perjury as set forth in Minnesota Statutes Section 609.48 as if I had signed this notice under oath.

Signature of Authorized Person

Name and Telephone Number of a Contact Person: George Koeck (701) 451-3587
please print legibly

Filing Fee: For Profit Minnesota Corporations, Cooperatives and Limited Liability Companies $70.00.

Minnesota Nonprofit Corporations: No $35.00 fee is due unless you are adding or removing an agent.

Non-Minnesota Corporations: $50.00.

Make checks payable to Secretary of State
Return to: Minnesota Secretary of State
180 State Office Bldg.
100 Constitution Ave.
St. Paul, MN 55155-1299
(651) 296-2803

STATE OF MINNESOTA
PAID
DEC 23 2002
Secretary of State
142069

8830276 Rev. 7/02

State of Minnesota

26525-AA

SECRETARY OF STATE

Certificate of Merger

I, Mary Kiffmeyer, Secretary of State of Minnesota, certify that the documents required to effectuate a merger between the entities listed below and designating the surviving entity have been filed in this office on the date noted on this certificate; and the qualification of any non-surviving entity to do business in Minnesota is terminated on the effective date of this merger.

Merger Filed Pursuant to Minnesota Statutes, Chapter: 302A

State of Formation and Names of Merging Entities:

MN: MINNESOTA DAKOTA GENERATING COMPANY
MN: OTTER TAIL CORPORATION

State of Formation and Name of Surviving Entity:

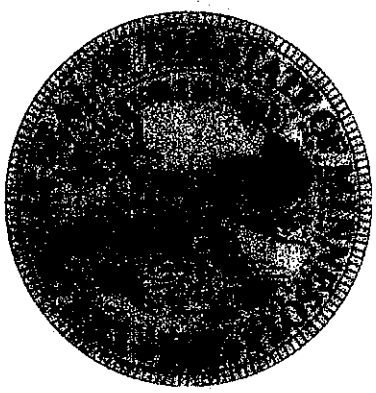
MN: OTTER TAIL CORPORATION

Effective Date of Merger: October 1, 2003

Name of Surviving Entity After Effective Date of Merger:

MN: OTTER TAIL CORPORATION

This Certificate has been issued on September 29, 2003.



Mary Kiffmeyer
Secretary of State.

26525-AA DC-m

6376720002

ARTICLES OF MERGER OF
MINNESOTA DAKOTA GENERATING COMPANY WITH AND
INTO OTTER TAIL CORPORATION

The undersigned domestic corporations, Minnesota Dakota Generating Company and Otter Tail Corporation do hereby execute the following Articles of Merger pursuant to Section 302A.621 of the Minnesota Statutes.

1. The Plan of Merger is attached as Exhibit 1 and incorporated herein by reference.

2. Under the Plan of Merger, Minnesota Dakota Generating Company will be merged with and into its parent corporation, Otter Tail Corporation, f/k/a Otter Tail Power Company, and the name of the surviving corporation after the merger will be Otter Tail Corporation.

3. The effective dated of such merger shall be October 1, 2003.

4. The total number of issued and outstanding shares of Minnesota Dakota Generating Company is 96, of which Otter Tail Corporation owns all 96 shares (100% of the Company).

5. The sole shareholder of Minnesota Dakota Generating Company waived mailing pursuant to Minnesota Statutes Section 302A.621 subd. 4.

6. Under the Plan of Merger, the surviving corporation will be a domestic corporation.

7. The Plan of Merger has been approved by each of the undersigned corporations in accordance with Chapter 302A of the Minnesota Statutes.

8. A vote of the shareholders of the corporations is not required by virtue of Minnesota Statutes Section 302A.613, Subd. 3 and 302A.621.

IN WITNESS WHEREOF, these Articles of Merger have been signed by the authorized officers of Minnesota Dakota Generating Company and Otter Tail Corporation on the 22nd day of September, 2003.

MINNESOTA DAKOTA
GENERATING COMPANY

By: _____
Lauris Molbert
Its: Vice President & Secretary

OTTER TAIL CORPORATION

By: _____
Lauris Molbert
Its: Exec. Vice President & COO

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EXHIBIT 1

PLAN OF MERGER

THIS PLAN OF MERGER ("Agreement") is made this 22nd day of September, 2003, to be effective October 1, 2003, by and between OTTER TAIL CORPORATION, a Minnesota Corporation ("OTC") and MINNESOTA DAKOTA GENERATING COMPANY ("MDG"), a Minnesota corporation, (OTC and MDG being hereinafter collectively referred to as the "Constituent Corporations").

WITNESSETH:

WHEREAS, OTC is a Minnesota business corporation with its principal place of business in Fergus Falls, Minnesota;

WHEREAS, MDG is a Minnesota business corporation with its principal place of business in Fergus Falls, Minnesota;

WHEREAS, it is no longer necessary to operate the business of MDG separate from OTC;

WHEREAS, it is desirable for the benefit of both business entities and their shareholders that the properties, businesses, assets and liabilities of the two business entities be combined into one surviving corporation, which shall be OTC; and

WHEREAS, MDG and OTC have approved the merger of MDG into OTC (the "Merger") upon the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Merger

a. On October 1, 2003, (the "Effective Time"), and subject to the terms and conditions of this Agreement, MDG shall be merged into OTC and the separate existence of MDG shall thereupon cease, in accordance with the applicable provisions of the Minnesota Business Corporation Act (the "MNBCA").

b. OTC will be the surviving corporation in the Merger (sometimes referred to herein as the "Surviving Corporation") and will continue to be governed by the laws of the State of Minnesota and the separate corporate existence of MDG and all of OTC's rights, privileges, immunities, and franchises, public or private, and all of its duties and liabilities as a corporation, will continue unaffected by the Merger.

c. The Merger will have the effects specified by the MNBCA. The Surviving Corporation shall possess all of the rights, privileges, immunities, and franchises, to the extent consistent with the Articles of Incorporation, of the Constituent Corporations. All rights, privileges, powers, and franchises of the Constituent Corporations, of a public as well as a private nature, and all property, real, personal, intangible, and mixed of the Constituent Corporations, debts due on whatever account to them, including all accounts receivables, shall be taken by and deemed to be transferred to and vested in the Surviving Corporation without any further act; and all such property, rights, privileges, immunities, and franchises, of a public as well as a private nature, and all, every and other interests of the Constituent Corporations shall be thereafter as effectually the property of the Surviving Corporation as they were of the Constituent Corporations. If at any time after the filing of this Agreement with the office of the Secretary of State of the State of Minnesota, the Surviving Corporation shall determine that in any further conveyance, assignment, or other documents or further action is necessary or desirable in order to vest in, or confirm to, the Surviving Corporation the full title to all of the property, assets, rights, privileges, and franchises of the Constituent Corporations, or either of them, the officers and directors of the Constituent Corporations shall execute and deliver all such instruments and take all such further actions as the Surviving Corporation may determine to be necessary or desirable in order to vest in and confirm to the Surviving Corporation all such property, assets, rights, privileges, immunities, franchises, and otherwise carry out the purposes of this Agreement.

d. From and after the Effective Time, the Surviving Corporation shall be subject to all the duties and liabilities of a corporation organized under the MNBCA and shall be liable and responsible for all the liabilities and obligations of the Constituent Corporations. The rights of the creditors of the Constituent Corporations or of any person dealing with such corporations or any liens upon the property of such corporations, shall not be impaired by the Merger pursuant to this Agreement, and any claim existing or action or proceeding pending by or against either of such corporations may be prosecuted to judgment as if the Merger pursuant to this Agreement had not taken place, or the Surviving Corporation may be proceeded against or be substituted in place of either Constituent Corporation.

2. Cancellation of MDG Shares in the Merger. Each share of MDG shall be cancelled forthwith on the effective date of the merger and the certificates representing such shares shall be surrendered and cancelled.

3. Articles of Incorporation/Bylaws. The Articles of Incorporation and the Bylaws of OTC shall continue as the Articles of Incorporation and the Bylaws of the Surviving Corporation.

4. Directors and Officers. The directors and officers of OTC shall be the directors and officers of the Surviving Corporation until their successors are duly elected and qualified under the Bylaws of the Surviving Corporation.

5. Entire Agreement. This Agreement constitutes the entire agreement between the parties and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. The parties and their respective affiliates make no representations or warranties to each other, and any and all prior representations and statements made by any party or its representatives, whether verbally or in writing, are deemed to have been merged into this Agreement, it being intended that no such representations or statements shall survive the execution and delivery of this Agreement.

6. Tax Treatment. The merger contemplated herein is a statutory merger reorganization and thus is intended to qualify as a reorganization under §368(a)(1)(A) of the Internal Revenue Code of 1986, as amended to date (the "Code") and entitled to treatment under § 332 of the Code.

7. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute one instrument.

8. Severability. The invalidity of any provisions of this Agreement or portion of a provision shall not affect the validity of any other provision of this Agreement or the remaining portion of the applicable provision.

9. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Minnesota applicable to contracts made to be performed entirely therein.

10. Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, including, without limitation, third party beneficiary rights.

11. Corporate Approvals and Dissenting Shares. This Plan of Merger is subject to approval by the Board of Directors of OTC and MDG.

12. Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other parties (which consent shall not be unreasonably withheld).

13. Abandonment of Plan. Notwithstanding any of the provisions of this Agreement, the directors of OTC or MDG, at any time prior to the effective date of the merger herein contemplated, for any reason they deem sufficient and proper, shall have the proper authority to abandon and refrain from making effective the contemplated merger as set forth herein, in which case this Plan of Merger shall be cancelled and become null and void.

14. Headings. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Plan of Merger as of the day and year first above written.

MINNESOTA DAKOTA
GENERATING COMPANY

By: _____
Lauris Molbert
Its: Vice President & Secretary

OTTER TAIL CORPORATION

By: _____
Lauris Molbert
Its: Exec. Vice President & COO

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STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
SEP 29 2003 LS
Mary Kiffmeyer
Secretary of State

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STATEMENT OF CANCELLATION

OTTER TAIL CORPORATION

Statement of Cancellation of
Statements Establishing Rights and Preferences of Shares

1. This statement of cancellation is being filed by Otter Tail Corporation (the "Company"), pursuant to Minn. Stat., Section 302A.133.

2. This statement of cancellation pertains to each series of the Company's shares listed below (each, a "Series"). The rights and preferences of each Series were established by statements establishing rights and preferences that the Company filed with the Minnesota Secretary of State pursuant to Minn. Stat., Section 302A.401, Subd. 3, on the dates set forth opposite each Series (each, a "Statement of Rights"):

Series	Date of Filing
$9.50 Cumulative Preferred Shares	August 20, 1971
$11.50 Cumulative Preferred Shares	July 28, 1975
$8.30 Cumulative Preferred Shares	March 30, 1977
$8.375 Cumulative Preferred Shares	March 21, 1978
$8.90 Cumulative Preferred Shares	July 26, 1979
$11.50 Cumulative Preferred Shares (Series A)	June 20, 1980
$9.00 Exchangeable Cumulative Preferred Shares	August 10, 1992
$6.35 Cumulative Preferred Shares	October 2, 1992
Series A Junior Participating Preferred Shares	January 29, 1997

3. No shares of any Series listed above remain outstanding. The Board of Directors of the Company has approved the filing of this statement of cancellation pursuant to Minn. Stat., Section 302A.133 in order to remove each Statements of Rights from the Company's articles of incorporation.

4. Pursuant to the foregoing, the Company's articles of incorporation are hereby amended to remove each Statement of Rights therefrom.

Date: June 23, 2009

OTTER TAIL CORPORATION

By: _____
George Koeck
Corporate Secretary and General Counsel

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JUN 23 2009

Mark Ritchie
Secretary of State

4817-6128-5891\1

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ARTICLES OF AMENDMENT
RESTATING
RESTATED ARTICLES OF INCORPORATION
OF
OTTER TAIL CORPORATION

1. The name of the corporation is Otter Tail Corporation, a Minnesota corporation.

2. The document entitled "Second Restated Articles of Incorporation of Otter Tail Corporation," marked Exhibit A attached hereto, contains the full text of amendments to the Restated Articles of Incorporation of Otter Tail Corporation.

3. The date of adoption of the amendment by the board of directors of such corporation was June 22, 2009.

4. The amendment merely restates the existing Restated Articles of Incorporation of the corporation as heretofore amended, including the resolutions heretofore adopted by the Board of Directors of the corporation and filed with the Secretary of State of Minnesota creating the corporation's four authorized series of Cumulative Preferred Shares, and the amendment correctly sets forth without change the corresponding provisions of the Restated Articles of Incorporation of the corporation as previously amended.

5. The amendment restates the Restated Articles of Incorporation in their entirety and has been adopted pursuant to Chapter 302A of the Minnesota Statutes.

IN WITNESS WHEREOF, the undersigned Corporate Secretary and General Counsel of Otter Tail Corporation, being duly authorized on behalf of the corporation, has executed this document this 23rd day of June, 2009.

George A. Koeck
Corporate Secretary and General Counsel

4828-5894-8611\2

Exhibit A

SECOND RESTATED
ARTICLES OF INCORPORATION
OF
OTTER TAIL CORPORATION
(restated as of June 22, 2009)

ARTICLE I.

The name of the corporation shall be Otter Tail Corporation.

ARTICLE II.

The purposes of the corporation shall be as follows:

(a) To generate, produce, buy or in any manner acquire, and to sell, dispose of, and distribute electricity for light, heat and power and other purposes, and to carry on the business of furnishing, supplying, manufacturing, and selling light, heat, power, gas, water, and steam, and any and all business incidental thereto; and to build, construct, develop, improve, buy, acquire by condemnation or otherwise, hold, own, lease, maintain and operate plants, facilities, systems, and works for the manufacture, generation, production, accumulation, transmission, and distribution of electricity, gas, water, and steam, and to exercise rights of condemnation and eminent domain in connection with the doing of any of its purposes as herein set forth so far as may be permissible by law.

(b) To produce, mine, buy, sell, store, market, deal in, and prospect for, coal, oil and minerals of all kinds and the products and by-products thereof.

(c) To manufacture, buy, sell, trade, and deal in goods, wares, merchandise, property, and commodities of any and every class and description.

(d) To purchase, acquire, and lease, and to sell, lease, and dispose of water, water rights, and power privileges for power, light, heat, mining, milling, irrigation, agricultural, domestic or any other use or purpose.

(e) To acquire, hold, mortgage, pledge, or dispose of the shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation.

(f) To endorse or guarantee the promissory notes, checks, drafts, evidences of indebtedness or obligations of whatsoever nature of any corporation, domestic or foreign, of which the corporation shall own or control, directly or indirectly a majority of the stock then entitled to elect directors, or a majority thereof.

(g) To do or perform any and all lawful business necessary, essential or expedient to the proper conduct of any of the purposes aforesaid.

ARTICLE III.

The period of duration of the corporation shall be perpetual.

ARTICLE IV.

The location and post-office address of the registered office of the corporation in Minnesota is 215 Cascade Street South, Fergus Falls, Minnesota 56537.

ARTICLE V.

The total authorized number of shares of the corporation is 52,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 50,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

ARTICLE VI.

The designations, relative rights, voting power, preferences and restrictions of the Cumulative Preferred Shares, the Cumulative Preference Shares and the Common Shares, respectively, shall be as set forth in Division I through Division VI, inclusive, of this Article VI.

The term "subordinate shares," when hereinafter in this Article VI used with reference to shares junior to the Cumulative Preferred Shares, means the Cumulative Preference Shares, the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preferred Shares with respect to the payment of dividends or the distribution of assets; and when hereinafter used with reference to shares junior to the Cumulative Preference Shares, means the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preference Shares with respect to the payment of dividends or the distribution of assets.

DIVISION I

Provisions Relating to Cumulative Preferred Shares

A. Issue in Series. The Cumulative Preferred Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preferred Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except

as to the dates from which dividends thereon shall be cumulative. Cumulative Preferred Shares shall be issued only as fully paid and nonassessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preferred Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

In the case of each series of Cumulative Preferred Shares created after April 1, 1977, the amount (in addition to accrued and unpaid dividends, if any) which the holders of shares of such series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Before any dividends on any subordinate shares shall be paid or declared and set apart for payment, the holders of the Cumulative Preferred Shares of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative, in the case of shares of each particular series:

(1) if issued prior to the record date for the first dividend on shares of such series, then from and including the date fixed for such purpose by the Board of Directors in the resolution or resolutions creating such series;

(2) if issued during the period commencing immediately after the record date for a dividend on shares of such series and terminating at the close of the payment date for such dividend, then from and including such last mentioned dividend payment date;

(3) otherwise from and including the quarterly dividend payment date next preceding the date of issue of such shares.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preferred Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preferred Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preferred Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding subordinate shares, and the holders of the Cumulative Preferred Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preferred Shares. Subject to the limitations stated in Subdivision D of this Division I, the Cumulative Preferred Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such shares become cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. To the extent that Cumulative Preferred Shares of any series are redeemed through the operation of a sinking or purchase fund provided for in the resolution or resolutions of the Board of Directors creating such series, such shares shall be redeemed by resolution of the Board of Directors at the time and at the applicable redemption price specified for redemption of shares of such series pursuant to such sinking or purchase fund by the resolution or resolutions creating such series. If less than all the outstanding Cumulative Preferred Shares of any series are to be redeemed, the shares to be redeemed shall be determined by lot in such manner as the Board of Directors may prescribe.

Notice of every redemption of Cumulative Preferred Shares shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the corporation, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption.

If notice of redemption shall have been duly given as aforesaid, and if, on or before the redemption date specified in the notice, all funds necessary for the redemption shall have been deposited in trust with a bank or trust company in good standing and doing business at any place within the United States, having capital, surplus and undivided profits aggregating at least $1,000,000 and designated in the notice of redemption, for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefor, then from and after the date of such deposit, notwithstanding that any certificate for Cumulative Preferred Shares so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the dividends thereon shall cease to accumulate from and after the date fixed for redemption, and all rights with respect to the Cumulative Preferred Shares so called for redemption shall forthwith on the date of such deposit cease and terminate, except only the right of the holders thereof to receive the redemption price of the shares so redeemed, including accrued dividends to the redemption date, but without interest. Any funds deposited by the corporation pursuant to this paragraph and unclaimed at the end of six (6) years after the date fixed for redemption shall be repaid to the corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders of the shares so called for redemption shall look only to the corporation for the payment thereof.

All Cumulative Preferred Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preferred Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preferred Shares undesignated as to series.

D. Limitations on Purchase and Redemption of Cumulative Preferred Shares. No Cumulative Preferred Shares of any series shall be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preferred Shares of any series, unless all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in the event all of the Cumulative Preferred Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any subordinate shares, the holders of the shares of each series of Cumulative Preferred Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the issue of such series, together with a sum, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such shares became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment. If such distribution or payment shall have been made to the holders of the Cumulative Preferred Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of subordinate shares, according to their respective rights and preferences and in each case according to their respective shares. If the

assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preferred Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preferred Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Create, authorize or issue any shares of any class ranking prior to, or any securities of any kind or class convertible into shares of any class ranking prior to, the Cumulative Preferred Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preferred Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preferred Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, of at least two-thirds (2/3) of aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preferred Shares, or create, authorize or issue any shares of any class ranking on a parity with the Cumulative Preferred Shares as to dividends or assets, or any securities of any

kind or class convertible into Cumulative Preferred Shares or shares of any class on a parity with the Cumulative Preferred Shares; or

(b) Issue any Cumulative Preferred Shares of any series if as a result thereof more than 60,000 Cumulative Preferred Shares of all series will then be outstanding, unless:

(i) The corporation's "Adjusted Income Available for Interest," as hereinafter defined, shall be at least equal to one-and-one-half (1-1/2) times the corporation's "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(ii) The corporation's "Adjusted Income Available for Preferred Dividends," as hereinafter defined, shall be at least equal to two-and-one-half (2-1/2) times the corporation's "Adjusted Preferred Charges," as hereinafter defined; and

(iii) The corporation's "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the corporation's "Total Capitalization," as hereinafter defined; or

(c) Declare, pay or set apart for payment any dividend on any subordinate shares, or purchase, redeem or otherwise acquire for value any subordinate shares, or pay or set aside or make available any moneys for a purchase fund or sinking fund for the purchase or redemption of any such subordinate shares, unless after giving effect to the payment of such dividend or such purchase, redemption or other acquisition of such payment or setting aside of moneys in a purchase fund or sinking fund,

(i) The "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the "Total Capitalization," as hereinafter defined; and

(ii) The earned surplus of the corporation shall be not less than $831,398.

(d) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger, unless, immediately after such consolidation or merger shall become effective:

(i) The Cumulative Preferred Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, there shall be no shares of the resulting corporation outstanding or authorized ranking prior

to or on a parity with the Cumulative Preferred Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger, and the indebtedness for borrowed money of the resulting corporation immediately after such consolidation or merger shall be no greater than the indebtedness for borrowed money of the corporation immediately preceding such consolidation or merger; or

(ii) (aa) The "Adjusted Income Available for Interest," as hereinafter defined, of the resulting corporation shall be at least equal to one-and-one-half (1-1/2) times its "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(bb) The "Adjusted Income Available for Preferred Dividends," as hereinafter defined, of the resulting corporation shall be at least equal to two-and-one-half (2-1/2) times its "Adjusted Preferred Charges," as hereinafter defined; and

(cc) The "Common Share Equity," as hereinafter defined, of the resulting corporation shall equal at least one-fourth (1/4) of its "Total Capitalization," as hereinafter defined.

(e) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preferred Shares of all series then outstanding and of all shares then outstanding of a class on parity with the Cumulative Preferred Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preferred Shares.

(3) For the purposes of the foregoing provisions of this Subdivision F:

(a) The term "Adjusted Income Available for Interest" shall mean the gross income of the corporation for a period of twelve (12) consecutive calendar months selected by the corporation out of the fifteen (15) calendar months immediately preceding the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger, determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice, available for the payment of interest, but after deduction of taxes of all kinds (including taxes based on income) including for a like period such gross income (similarly computed and with similar deductions and eliminating any duplication of income) of any property which was or will have been an operating unit or a part of an operating unit preceding its acquisition by the corporation and which has been acquired within the past twelve (12) months immediately preceding or is to be acquired by the corporation

substantially contemporaneously with the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger.

(b) The term "Adjusted Interest and Preferred Charges" is hereby defined as the sum of (i) the interest charges for one year upon all interest bearing indebtedness of the corporation outstanding at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, including that, if any, proposed to be issued or assumed substantially contemporaneously, or to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject (adjusted for all amortization of debt discount and expense, or of premium on debt, as the case may be), and (ii) the dividend requirements for one year on all outstanding Cumulative Preferred Shares, and on all other shares of a class ranking prior to or on a parity with the Cumulative Preferred Shares as to dividends or assets, outstanding at the time of issuance of such additional Cumulative Preferred Shares, or of such consolidation or merger, including all such shares proposed to be issued, or all such shares of the resulting corporation, as the case may be.

(c) The term "Adjusted Income Available for Preferred Dividends" is hereby defined as the "Adjusted Income Available for Interest" for the aforesaid twelve (12) months' period, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(d) The term "Adjusted Preferred Charges" is hereby defined as the "Adjusted Interest and Preferred Charges" for one year determined at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(e) The term "Common Share Equity" is hereby defined as the sum of (i) the stated capital of the corporation applicable to its Common Shares and to all other subordinate shares (including shares, if any, proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (ii) capital surplus to the extent of premium on Common Shares and on all other subordinate shares (including premium, if any, on shares proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (iii) contributions in aid of construction, and (iv) earned surplus, all determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice.

(f) The term "Total Capitalization" is hereby defined as the sum of (i) the Common Share Equity, (ii) the involuntary liquidation preference of all Cumulative Preferred Shares and all other shares prior to or on a parity with the

Cumulative Preferred Shares to be outstanding after the proposed event, and (iii) the principal amount of all interest bearing debt (including debt to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject) to be outstanding after the proposed event, excluding, however, all indebtedness maturing by its terms within one year from the time of creation thereof unless the corporation, without the consent of the lender, has the right to extend the maturity of such indebtedness for a period or periods which, with the original period of such indebtedness, aggregates one year or more.

DIVISION II

Provisions Relating to Cumulative Preference Shares

A. Issue in Series. The Cumulative Preference Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preference Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preference Shares shall be issued only as fully paid and nonassessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preference Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs, provided that the amount in the case of an involuntary dissolution, liquidation or winding up of such affairs shall be determined as provided in the following paragraph; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

The amount (in addition to accrued and unpaid dividends, if any) which the holders of Cumulative Preference Shares of each series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private

placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Subject to the preferential rights of the holders of Cumulative Preferred Shares with respect to payment of dividends as set forth in Subdivision B of Division I, the holders of the Cumulative Preference Shares of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative from and including the date or dates fixed for such purpose by the Board of Directors in the resolution or resolutions authorizing the creation of such series.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preference Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preference Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, other than a dividend or distribution payable solely in subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preference Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding subordinate shares, and the holders of the Cumulative Preference Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preference Shares. Subject to the limitations stated in Subdivision B of Division I and in Subdivision D of this Division II, the Cumulative Preference Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the

date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. Each such redemption shall be effected upon the same notice as provided in Subdivision C of Division I in respect of the redemption of Cumulative Preferred Shares, and all other provisions of said Subdivision C with respect to the method and effect of redemption of Cumulative Preferred Shares shall be applicable to the redemption of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

All Cumulative Preference Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preference Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preference Shares undesignated as to series.

D. Limitation on Purchase and Redemption of Cumulative Preference Shares. No Cumulative Preference Shares of any series shall be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preference Shares of any series, unless all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in event all of the Cumulative Preference Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any class of subordinate shares, the holders of the shares of each series of Cumulative Preference Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the creation of such series together with an amount, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the date fixed for such payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment; provided, however, that no such payment to the holders of Cumulative Preference Shares shall be made until payment in full shall have been made to the holders of Cumulative Preferred Shares, or moneys made available for such payment in full, in accordance with the provisions of Subdivision E of Division I. If such payment shall have been made to the holders of the Cumulative Preference Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of subordinate shares according to their respective rights and preferences and in each case according to their respective shares. If the assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preference Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing

for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preference Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Create or authorize any shares of any class (other than the Cumulative Preferred Shares, whether now or hereafter authorized) ranking prior to the Cumulative Preference Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preference Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preference Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preference Shares, or create or authorize any shares of any class ranking on a parity with the Cumulative Preference Shares as to dividends or assets; or

(b) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger unless, immediately after such consolidation or merger shall become effective, the Cumulative Preference Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain

outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, and there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preference Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger; or

(c) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preference Shares of all series then outstanding and of all shares then outstanding of a class on a parity with the Cumulative Preference Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preference Shares.

DIVISION III

Provisions Relating to Common Shares

A. Dividends. Subject to the preferential rights of the holders of the Cumulative Preferred Shares and the Cumulative Preference Shares with respect to the payment of dividends, as set forth in Subdivision B of Division I and Subdivision B of Division II, respectively, holders of the Common Shares shall be entitled to receive dividends, out of any funds legally available therefor, when and as declared by the Board of Directors.

B. Liquidation Preferences. In the event of any dissolution, liquidation or winding-up of the affairs of the corporation, whether voluntary or involuntary, holders of the Common Shares shall be entitled to receive ratably, in accordance with the numbers of shares held by them respectively, the assets of the corporation available for payment to shareholders remaining after payment in full shall have been made to holders of the Cumulative Preferred Shares and the Cumulative Preference Shares in accordance with the provisions of Subdivision E of Division I and Subdivision E of Division II, respectively.

DIVISION IV

Voting Rights and Other Provisions
Relating to Cumulative Preferred Shares,
Cumulative Preference Shares and Common Shares

A. Voting Rights of Common Shares. Except as otherwise expressly set forth in this Article VI and as provided by law, the holders of Common Shares shall have the sole voting rights of shareholders of the corporation and shall be entitled to one vote for each share held, and the holders of a majority of the Common Shares outstanding shall have power to authorize the sale, lease, exchange or other disposal of all, or substantially all, of the property and assets of the

corporation, including its good will, to adopt or reject an agreement of consolidation or merger and to amend the Articles of Incorporation.

B. Voting Rights of Cumulative Preferred Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect three members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(2) After an amount equivalent to twelve (12) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(3) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preferred Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preferred Shares shall thereupon be divested of any special rights with respect to the election of directors provided in paragraphs (1) and (2) of this Subdivision B, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preferred Shares in the case of a future like default or defaults in dividends thereon.

(4) Voting power vested in the holders of the Cumulative Preferred Shares as provided in paragraphs (1) and (2) of this Subdivision B may be exercised at any annual meeting of shareholders or at a special meeting of shareholders held for such purpose, which special meeting of shareholders shall be called by the proper officers of the corporation at any time when such voting power shall be so vested, within twenty (20) days after written request therefor signed by the holders of not less than five percent (5%) of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof.

(5) Notice of any annual or special meeting of shareholders for the election of directors held when voting powers as aforesaid shall be vested in the holders of Cumulative Preferred Shares shall be given to all holders of Cumulative Preferred Shares not less than fifteen (15) days prior to said meeting, and such notice shall describe with particularity the voting rights of the holders of each series of Cumulative Preferred Shares.

(6) At any such annual or special meeting the presence in person or by proxy of the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding shall be required to constitute a quorum of the holders of the Cumulative Preferred Shares for the election by them of the directors whom they are entitled to elect; provided, however, that the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares who are present in person or by proxy shall have power to adjourn such meeting for the election of directors by the holders of the Cumulative Preferred Shares from time to time, without notice other than announcement at the meeting.

C. Voting Rights of Cumulative Preference Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preference Shares of any series outstanding shall be in default, the holders of Cumulative Preference Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect two members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preferred Shares to elect directors as provided in Subdivision B of this Division IV, elect the remaining directors of the corporation.

(2) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preference Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preference Shares shall thereupon be divested of any special rights with respect to the election of directors provided for in paragraph (1) of this Subdivision C, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preference Shares in the case of a future like default or defaults in dividends thereon.

(3) All provisions of paragraphs (4), (5) and (6) of Subdivision B of this Division IV with respect to the method of exercising the special voting rights of the holders of Cumulative Preferred Shares shall be applicable to the special voting rights of the holders of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

D. Number of Votes Applicable to Each Cumulative Preferred Share and to Each Cumulative Preference Share. For the purpose of each vote or consent under the Articles of Incorporation or pursuant to applicable law, the number of votes to which each Cumulative Preferred Share and each Cumulative Preference Share shall be entitled shall be determined as follows:

(a) In voting by holders of Cumulative Preferred Shares, separately as a class, or by series, each Cumulative Preferred Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding-up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preferred Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount;

(b) In voting by holders of Cumulative Preference Shares, separately as a class, or by series, each Cumulative Preference Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preference Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount; and

(c) In voting by holders of Cumulative Preferred Shares and/or Cumulative Preference Shares and/or holders of Common Shares, together as a single class, each Common Share shall have one vote, each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive $100 (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote and each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive a different fixed amount (in addition to accrued and unpaid dividends, if any) in such event shall be entitled to such greater or lesser number of votes which is in the same proportion as such different amount shall be to $100.

E. Number and Term of Directors and Manner of Election.

(1) Except at such times as the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares shall have voting rights for the election of directors, (a) the Board of Directors shall consist of such number of persons, not less than seven (7) nor more than nine (9), as may be determined by the shareholders from time to time at annual meetings thereof (subject to the authority of the Board of Directors to increase or decrease the number of directors as permitted by law), (b) the term of office of each director other than directors elected to fill vacancies shall be for the period ending at the third annual meeting following his election and until his successor is elected and qualified, (c) vacancies in the Board of Directors occurring by reason of death, resignation, removal or disqualification shall be filled for the unexpired term of the

director with respect to whom the vacancy occurred by a majority of the remaining directors of the Board of Directors, although less than a quorum, and (d) vacancies in the Board of Directors occurring by reason of newly created directorships resulting from an increase in the authorized number of directors by action of the Board of Directors as permitted by these Articles of Incorporation and the Bylaws of the corporation shall be filled by a majority vote of the directors serving at the time of such increase, each director so elected to a newly created directorship to serve for the appropriate term so as to maintain, as near as may be, an equal division between the classes of directors. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with or repeal this paragraph (1) of Subdivision E of this Division IV unless the Board of Directors, if all such directors are Continuing Directors, as defined in this Article VI, shall unanimously recommend such amendment, alteration, adoption or repeal.

(2) If at any time the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall, under the provisions of paragraph (1) of Subdivision B of this Division IV or of paragraph (1) of Subdivision C of this Division IV, become entitled to elect any directors, then the terms of all incumbent directors shall expire at the time of the first annual meeting thereafter at which such holders of Cumulative Preferred Shares and/or Cumulative Preference Shares are so entitled to elect directors. If at any time the holders of Cumulative Preferred Shares of the corporation shall, under the provisions of paragraph (2) of Subdivision B of this Division IV, become entitled to elect a majority of the Board of Directors, the terms of all incumbent directors shall expire whenever such majority has been duly elected and qualified. During any period during which the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall have voting rights with respect to directors under the provisions of this Division IV, the Board of Directors shall consist of eleven (11) persons and the entire number of persons composing such Board shall be elected at each annual or special meeting of shareholders for the election of directors and shall serve until the next such annual or special meeting or until their successors have been elected and qualified, provided, however, that whenever the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares acquire voting rights under paragraph (1) of Subdivision B of this Division IV or under paragraph (1) of Subdivision C of this Division IV, and exercise such rights at a special meeting called therefor, the terms of office of directors theretofore elected by the holders of Common Shares will not expire until the next annual meeting. If a vacancy or vacancies in the Board of Directors shall exist with respect to a director or directors who shall have been elected by the holders of either Cumulative Preferred Shares or Cumulative Preference Shares, the remaining directors elected by the holders of Cumulative Preferred Shares or Cumulative Preference Shares, as the case may be, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise, if a vacancy or vacancies shall exist with respect to a director or directors who shall have been elected by the holders of Common Shares, the

remaining directors elected by the holders of Common Shares, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(3) Whenever the Cumulative Preferred Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (3) of Subdivision B of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preference Shares pursuant to Subdivision C of this Division IV, shall expire upon the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid the provisions of paragraph (1) of Subdivision E of this Division IV shall again control, unless at that time the holders of Cumulative Preference Shares have voting rights for the election of directors.

(4) Whenever the Cumulative Preference Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (2) of Subdivision C of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preferred Shares pursuant to Subdivision B of this Division IV, shall expire on the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid, the provisions of paragraph (1) of Subdivision E of this Division IV shall again control, unless at that time the holders of Cumulative Preferred Shares have voting rights for the election of directors.

F. Cumulative Voting. The holders of Common Shares of the corporation shall have no right to cumulate votes in the election of directors. If notice in writing is given by any holder of Cumulative Preferred Shares or Cumulative Preference Shares to any officer of the corporation before a meeting for the election of directors at which such shareholder is entitled to vote, or to the presiding officer at such meeting at any time before the election of directors takes place, that he intends to cumulate his votes in such election, each holder of shares of the class with respect to which such notice has been given shall have the right to multiply the number of votes to which he may be entitled by the number of directors to be elected by the holders of shares of such class, and he may cast all such votes for one candidate or distribute them among any two or more candidates. In such case, it shall be the duty of the presiding officer, before the election of directors at the meeting, to announce that all shareholders of the class with respect to which such notice has been given shall cumulate their votes.

G. Preemptive Rights. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive or preferential right whatsoever to purchase, subscribe for or otherwise acquire shares of any class of the corporation or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, other than such rights of subscription, if any, as the Board of Directors may from time to time determine.

DIVISION V

Voting Rights of Common Shares Relating To Certain Business Combinations

A. In addition to any other affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in Subdivision B of this Division V,

(1) any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) an Interested Shareholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate or Associate (as such terms are hereinafter defined) of an Interested Shareholder, or

(2) any sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition (in one transaction or a series of transactions), other than in the ordinary course of business, to or with (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition would be, an Affiliate or Associate of an Interested Shareholder, directly or indirectly, of all or any Substantial Part (as hereinafter defined) of the assets of the corporation (including, without limitation, any voting securities of a Subsidiary) or any Subsidiary, or both, or

(3) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities (except pursuant to stock dividends, stock splits or similar transactions which would not have the effect of increasing the proportionate voting power of an Interested Shareholder) of the corporation or any Subsidiary, or both, to (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such issuance or transfer would be, an Affiliate or Associate of an Interested Shareholder, or

(4) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of an Interested Shareholder, or

(5) any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any subsidiary directly or indirectly beneficially owned by (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such reclassification, recapitalization, merger or consolidation or other transaction would be, an Affiliate or Associate of an Interested Shareholder,

shall not be consummated unless such consummation shall have been approved by the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law, in these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of Subdivision A of this Division V shall not be applicable to any particular Business Combination (as hereinafter defined) and such Business Combination shall require only such affirmative vote as is required by law and any other provision of these Articles of Incorporation, if the Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined) or all of the following conditions shall have been met:

(1) The transaction constituting the Business Combination shall provide for a consideration to be received by all holders of Common Shares in exchange for all their Common Shares, and the aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Shares in such Business Combination shall be at least equal to the higher of the following:

(a) (if applicable) the highest per-share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any Common Shares beneficially owned by an Interested Shareholder (i) within the two-year period immediately prior to the Announcement Date (as hereinafter defined), (ii) within the two-year period immediately prior to the Determination Date (as hereinafter defined) or (iii) in the transaction in which it became an Interested Shareholder, whichever is highest; or

(b) the Fair Market Value per Common Share on the Announcement Date or on the Determination Date, whichever is higher.

(2) The consideration to be received by holders of Common Shares shall be in cash or in the same form as was previously paid in order to acquire the Common Shares that are beneficially owned by an Interested Shareholder and, if an Interested Shareholder beneficially owns Common Shares that were acquired with varying forms of consideration, the form of consideration for such Common Shares shall be either cash or

the form used to acquire the largest number beneficially owned by it. The price determined in accordance with paragraph 1 of this Subdivision B shall be subject to appropriate adjustment in the event of any recapitalization, stock dividend, stock split, combination of shares or similar event.

(3) After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination:

(a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor the full amount of any dividends (whether or not cumulative) payable on any outstanding Cumulative Preferred Shares or Cumulative Preference Shares;

(b) there shall have been (i) no reduction in the annual rate of dividends paid on the Common Shares (except as necessary to reflect any subdivision of the Common Shares) other than as approved by a majority of the Continuing Directors and (ii) an increase in such annual rate of dividends as necessary to prevent any such reduction in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding Common Shares, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and

(c) such Interested Shareholder shall not have become the beneficial owner of any additional Common Shares except as part of the transaction in which it became an Interested Shareholder.

(4) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise; and

(5) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to the shareholders of the corporation, no later than the earlier of (a) 30 days prior to any vote on the proposed Business Combination or (b) if no vote on such Business Combination is required, 60 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). Such proxy statement shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the Business Combination which the Continuing Directors, or any of them, may have furnished in writing and, if deemed advisable by a majority of the Continuing Directors, an opinion of a reputable investment banking firm as to the fairness (or lack of fairness) of the terms of

such Business Combination, from the point of view of the holders of the Common Shares other than an Interested Shareholder (such investment banking firm to be selected by a majority of the Continuing Directors, to be furnished with all information it reasonably requests and to be paid a reasonable fee for its services upon receipt by the corporation of such opinion).

C. For the purposes of this Division V:

(1) "Business Combination" shall mean any transaction that is referred to in any one or more of paragraphs 1 through 5 of Subdivision A of this Division V.

(2) "Person" shall mean any individual, firm, trust, partnership, association, corporation or other entity.

(3) "Interested Shareholder" shall mean any person (other than the corporation or any Subsidiary) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(b) is an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(c) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares which were, at any time within the two-year period immediately prior to the date in question, beneficially owned by an Interested Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction (as hereinafter defined) or any series of transactions involving a Public Transaction.

For the purpose of determining whether a person is an Interested Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(4) "Public Transaction" shall mean any (a) purchase of shares offered pursuant to an effective registration statement under the Securities Act of 1933 or (b) open-market purchase of shares on a national securities exchange or in the over-the-counter market if, in either such case, the price and other terms of sale are not negotiated by the purchaser and the seller of the beneficial interest in the shares.

(5) A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

(6) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986.

(7) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986) is owned, directly or indirectly, by the corporation; provided, however, that, for purposes of the definition of Interested Shareholder set forth in paragraph 3, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the corporation.

(8) "Continuing Director" shall mean any member of the Board of Directors of the corporation who (1) is not an Affiliate or Associate of, and not a nominee of, an Interested Shareholder having any interest, direct or indirect, in the proposed Business Combination and (2) was a member of the Board of Directors prior to the time that such Interested Shareholder became an Interested Shareholder, and any successor of a Continuing Director who is not an Affiliate or Associate of, and not a nominee of, such Interested Shareholder and is recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board of Directors.

(9) "Announcement Date" shall mean the date of the first public announcement of the proposed Business Combination.

(10) "Determination Date" shall mean the date on which an Interested Shareholder became an Interested Shareholder.

(11) "Fair Market Value" shall mean: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation or last reported sale price, whichever is applicable, with respect to a share of

such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Continuing Directors in good faith.

(12) "Substantial Part" shall mean more than 30% of the fair market value of the total assets of the corporation as of the end of its most recent fiscal year ending prior to the time the determination is being made.

D. A majority of the Continuing Directors shall have the power and duty to determine for the purposes of this Division V, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Division V, including, without limitation, (1) whether a person is an Interested Shareholder, (2) the number of Common Shares beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether the assets which are the subject of any Business Combination constitute a Substantial Part of the assets of the corporation or the Subsidiary, or both, (5) whether the requirements of Subdivision B of this Division V have been met, and (6) such other matters with respect to which a determination is required under this Division V. The good faith determination of a majority of the Continuing Directors on such matters shall be conclusive and binding for all purposes of this Division V.

E. Nothing contained in this Division V shall be construed to relieve an Interested Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares, shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division V unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

DIVISION VI

Provisions Relating to Purchases Of Common Shares Of The Corporation

A. Except as otherwise expressly provided in this Division VI, the corporation may not purchase any Common Shares at a per-share price in excess of the Fair Market Price (as hereinafter defined) as of the time of such purchase from a person known by the corporation to be a Substantial Shareholder (as hereinafter defined), unless such purchase has been approved by the affirmative vote of the holders of at least two-thirds (2/3) of the Common Shares voted thereon held by Disinterested Shareholders (as hereinafter defined). Such affirmative vote shall be required notwithstanding the fact that no vote may be required or that a lesser percentage may

be specified by law, in these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of this Division VI shall not apply to (1) any purchase pursuant to an offer to purchase which is made on the same terms and conditions to the holders of all of the outstanding Common Shares or (2) any open market purchase that constitutes a Public Transaction (as hereinafter defined).

C. For the purposes of this Division VI:

(1) The terms "Continuing Director," "Person," "Public Transaction," "Affiliate" and "Associate" shall have the meanings given to them in Division V of this Article VI.

(2) "Substantial Shareholder" shall mean any person (other than any employee benefit plan or trust of the corporation or any similar entity) who or which:

(a) is the beneficial owner of more than 10% of the voting power of the then outstanding Common Shares, the acquisition of any shares of which has occurred within the two-year period immediately prior to the date on which the corporation purchases any such shares; or

(b) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares beneficially owned by a Substantial Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction or any series of transactions involving a Public Transaction and, with respect to all Common Shares owned by such person, such person has been the beneficial owner of any such shares for a period of less than two years (including, for these purposes, the holding period of the Substantial Shareholder from whom such person acquired shares).

For the purposes of determining whether a person is a Substantial Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(3) "Disinterested Shareholders" shall mean those holders of Common Shares who are not Substantial Shareholders.

(4) "Fair Market Price" shall mean the highest closing sale price on the Composite Tape for New York Stock Exchange-Listed Stocks during the 30-day period immediately preceding the date in question of a Common Share or, if such Common Shares are not quoted on the Composite Tape, on the New York Stock Exchange or, if such Common Shares are not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Common Shares are listed, or, if such Common Shares are not listed on any such exchange, the highest closing bid quotation with respect to a Common Share during the

30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or, if no such quotations are available, the fair market value on the date in question of a Common Share, as determined by a majority of the Board of Directors in good faith.

(5) A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

D. A majority of the Board of Directors shall have the power and duty to determine for the purposes of this Division VI, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Division VI, including without limitation, (1) whether a person is a Substantial Shareholder, (2) the number of Common Shares beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether a price is in excess of the Fair Market Price, (5) whether a purchase constitutes a Public Transaction, and (6) such other matters with respect to which a determination is required under this Division VI. The good faith determination of a majority of the Board of Directors on such matters shall be conclusive and binding for all purposes of this Division VI.

E. Nothing contained in this Division VI shall be construed to relieve a Substantial Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division VI unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

ARTICLE VII.

The Board of Directors of the corporation shall have authority to accept or reject subscriptions for shares.

ARTICLE VIII.

Except as herein otherwise limited or qualified, the corporation reserves the right to amend, alter, change or repeal any of the terms or provisions of these Articles of Incorporation, all in the manner now or hereafter prescribed by the laws of the State of Minnesota, and all rights conferred herein upon officers, directors and shareholders of the corporation are granted subject to this reservation.

ARTICLE IX.

The Board of Directors shall have the power, to the extent permitted by law, to adopt, amend or repeal the Bylaws of the corporation, subject to the power of the shareholders to adopt, amend or repeal such Bylaws. Bylaws fixing the number of directors or their classifications, qualifications, or terms of office, or prescribing procedures for removing such directors may be adopted, amended or repealed only by (i) the Board of Directors, to the extent permitted by law, or (ii) the affirmative vote of the holders of 75% of the outstanding Common Shares of the corporation or such lesser percentage of the outstanding Common Shares as may from time to time be provided in such Bylaws.

Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with, or repeal this Article IX unless the Board of Directors, if all such directors are Continuing Directors, as defined in Article VI of the Articles of Incorporation, shall unanimously recommend such amendment, alteration, adoption or repeal.

ARTICLE X.

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Sections 302A.559 or 80A.23 of the Minnesota Statutes; (iv) for any transaction from which the director derived an improper personal benefit; or (v) for any act or omission occurring prior to the date when this Article X became effective.

Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

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RESOLUTIONS OF BOARD OF DIRECTORS
ESTABLISHING SERIES OF
CUMULATIVE PREFERRED SHARES

$3.60 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on August 12, 1946, which was filed with the Secretary of State of Minnesota on August 13, 1946:

Resolution

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of the Articles of Incorporation, as amended, BE IT RESOLVED that an initial series of Cumulative Preferred Shares be and it hereby is created as follows:

A. The designation of such series shall be "$3.60 Cumulative Preferred Shares," and the number of shares of such series shall be sixty thousand (60,000);

B. The rate of dividends payable on the $3.60 Cumulative Preferred Shares shall be Three & 60/100 Dollars – ($3.60) per annum, payable quarterly on the first days of March, June, September and December in each year and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including September 1, 1946;

C. The $3.60 Cumulative Preferred Shares shall be redeemable at One Hundred Two & 25/100 dollars – ($102.25) per share, together, as provided in said Articles of Incorporation, with accrued dividends to the redemption date;

D. The amount payable on $3.60 Cumulative Preferred Shares, in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary, shall be the sum of One Hundred Two & 25/100 Dollars ($102.25) per share, and the amount payable on $3.60 Cumulative Preferred Shares, in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary, shall be One Hundred Dollars ($100) per share, together in either event, as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $3.60 Cumulative Preferred Shares, from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

$4.40 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on March 6, 1950, which was filed with the Secretary of State of Minnesota on March 8, 1950:

Resolution

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a second series of Cumulative Preferred Shares be and it hereby is created as follows:

A. The designation of such series shall be "$4.40 Cumulative Preferred Shares," and the number of shares of such series shall be twenty-five thousand (25,000);

B. The rate of dividends payable on the $4.40 Cumulative Preferred Shares shall be $4.40 per share per annum, payable quarterly on the first days of March, June, September and December of each year and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including March 15, 1950;

C. The $4.40 Cumulative Preferred Shares shall be redeemable at $104 per share if redeemed on or before March 15, 1955; at $103 if redeemed thereafter and on or before March 15, 1960; and at $102 per share if redeemed thereafter, together, as provided in said Articles of Incorporation, in each instance with accrued dividends to the redemption date;

D. The amount payable on $4.40 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary, shall be the price at which said shares are at the time redeemable, and the amount payable on $4.40 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary, shall be One Hundred Dollars ($100.00) per share together in either event as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $4.40 Cumulative Preferred Shares from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have heretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

$4.65 Cumulative Preferred Shares

The Board of Directors of the corporation adopted the following resolution on March 24, 1964, which was filed with the Secretary of State of Minnesota on March 25, 1964:

Resolution

Pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by Article VI of its Articles of Incorporation, as amended, BE IT RESOLVED that a third series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "$4.65 Cumulative Preferred Shares," and the number of shares of such series shall be thirty thousand (30,000);

B. The rate of dividends payable on the $4.65 Cumulative Preferred Shares shall be $4.65 per share per annum, payable quarterly on the first days of March, June, September and December of each year, and such dividends shall be cumulative and accrue in the case of shares issued prior to the record date for the first dividend thereon from and including the date of issuance thereof;

C. The $4.65 Cumulative Preferred Shares shall be redeemable at $107.50 per share if redeemed on or before April 1, 1969; at $106.00 per share if redeemed thereafter and on or before April 1, 1974; at $104.50 per share if redeemed thereafter and on or before April 1, 1979; at $103.00 per share if redeemed thereafter and on or before April 1, 1984; and at $101.50 per share if redeemed thereafter together, as provided in said Articles of Incorporation, in each instance, with accrued dividends to the redemption date; and

D. The amount payable on $4.65 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be voluntary shall be the price at which said shares are at the time redeemable, and the amount payable on $4.65 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be One Hundred Dollars ($100.00) per share together in either event as provided in said Articles of Incorporation, with a sum, in the case of each share, computed at the annual dividend rate for the $4.65 Cumulative Preferred Shares from the date on which dividends on such share become cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have heretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment.

\$6.75 Cumulative Preferred Shares

A duly authorized committee of the Board of Directors of the corporation adopted the following resolution on October 11, 1993, which was filed with the Secretary of State of Minnesota on October 12, 1993:

RESOLUTION

BE IT RESOLVED That, pursuant to authority conferred on the Board of Directors of Otter Tail Power Company, a Minnesota corporation, by subdivision A of Division I of Article VI of its Articles of Incorporation, as amended, a twelfth series of Cumulative Preferred Shares be, and it hereby is, created as follows:

A. The designation of such series shall be "\$6.75 Cumulative Preferred Shares," and the number of shares of such series shall be forty thousand (40,000).

B. The rate of dividends payable on the \$6.75 Cumulative Preferred Shares shall be \$6.75 per share per annum, payable quarterly on the first day of March, June, September and December of each year, commencing December 1, 1993. Such dividends shall be cumulative and accrue in the case of each share from and including the date of original issuance thereof; and the amount of the dividend for any period of less than a full quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

C. The \$6.75 Cumulative Preferred Shares shall be redeemable at the option of the Company, in whole or in part, at \$103.375 per share if redeemed before December 1, 2004, and at the following redemption prices per share if redeemed thereafter:

If redeemed during the twelve months' period beginning:

December 1,	Redemption Price
2004	\$103.0375
2005	\$102.7000
2006	\$102.3625
2007	\$102.0250
2008	\$101.6875
2009	\$101.3500
2010	\$101.0125
2011	\$100.6750
2012	\$100.3375
2013 and thereafter	\$100.0000

together, as provided in subdivision C of said Division I, in each instance, with accrued dividends to the redemption date; provided, however, that the \$6.75 Cumulative Preferred Shares shall not be redeemable, in whole or in part, prior to December 1, 2003.

D. The amount payable on the \$6.75 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be voluntary

shall be $106.75 per share prior to December 1, 1994, and will decrease by $0.3375 per share on December 1, 1994 and on each December 1 thereafter to $100.00 per share on December 1, 2013, and the amount payable on the $6.75 Cumulative Preferred Shares in the event of any dissolution, liquidation or winding up of the affairs of the Company which shall be involuntary shall be $100.00 per share, together, as provided in subdivision E of said Division I, in either event, with a sum, in the case of each share, computed at the annual dividend rate for the $6.75 Cumulative Preferred Shares from the date on which dividends on such share became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which shall have theretofore been paid thereon or which shall have been declared thereon and for which moneys for payment shall have been set apart and remain available for payment.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JUN 23 2009

Mark Ritchie
Secretary of State

26525-AA

State of Minnesota

SECRETARY OF STATE

Certificate of Merger

I, Mark Ritchie, Secretary of State of Minnesota, certify that: the documents required to effectuate a merger between the entities listed below and designating the surviving entity have been filed in this office on the date noted on this certificate.

Merger Filed Pursuant to Minnesota Statutes, Chapter: 302A

State of Formation and Names of Merging Entities:

MN OTTER TAIL CORPORATION
MN: OTTER TAIL MERGER SUB INC.

State of Formation and Name of Surviving Entity:

MN OTTER TAIL CORPORATION

Effective Date of Merger: June 30, 2009

Name of Surviving Entity After Effective Date of Merger:

OTTER TAIL POWER COMPANY

This certificate has been issued on: July 1, 2009 12:00 a.m. CDT

Mark Ritchie
Secretary of State.

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ARTICLES OF MERGER
OF
OTTER TAIL CORPORATION
WITH
OTTER TAIL MERGER SUB INC.

The plan of merger attached as Exhibit A (the "Plan of Merger") provides for the merger of Otter Tail Corporation, a Minnesota corporation, with Otter Tail Merger Sub Inc., a Minnesota corporation and wholly owned indirect subsidiary of Otter Tail Corporation, under Section 302A.626 of the Minnesota Business Corporation Act.

The Plan of Merger has been adopted by Otter Tail Corporation, pursuant to Section 302A.626 the Minnesota Business Corporation Act.

The merger shall be effective July 1, 2009 at 12:00 a.m. Central Time.

These articles of merger have been signed on behalf of Otter Tail Corporation by a person authorized to do so.

Dated: June 30, 2009

OTTER TAIL CORPORATION

By: _____

George A. Koeck
Corporate Secretary and General Counsel

EXHIBIT A

PLAN OF MERGER

This PLAN OF MERGER, dated as of June 30, 2009 (the "Plan"), is entered into by and among Otter Tail Corporation, a Minnesota corporation ("Otter Tail" and after the Effective Time, the "Surviving Corporation"), Otter Tail Holding Company, a Minnesota corporation and the direct subsidiary of Otter Tail ("OT Holding"), and Otter Tail Merger Sub Inc., a Minnesota corporation and indirect subsidiary of Otter Tail and direct subsidiary of OT Holding ("Merger Sub").

WHEREAS, the authorized capital stock of Otter Tail consists of:

(a) 50,000,000 Common Shares of the par value of $5 per share ("Otter Tail Common Shares"), of which 35,493,054 shares were issued and outstanding as of June 1, 2009;

(b) 1,500,000 Cumulative Preferred Shares without par value ("Otter Tail Cumulative Preferred Shares"), of which (i) 60,000 have been designated as Otter Tail's $3.60 Cumulative Preferred Shares ("Otter Tail $3.60 Cumulative Preferred Shares), 60,000 of which were issued and outstanding as of June 1, 2009, (ii) 25,000 have been designated as Otter Tail's $4.40 Cumulative Preferred Shares ("Otter Tail $4.40 Cumulative Preferred Shares"), 25,000 of which were issued and outstanding as of June 1, 2009, (iii) 30,000 have been designated as Otter Tail's $4.65 Cumulative Preferred Shares ("Otter Tail $4.65 Cumulative Preferred Shares), 30,000 of which were issued and outstanding as of June 1, 2009, and (iv) 40,000 have been designated as Otter Tail's $6.75 Cumulative Preferred Shares (the "$6.75 Otter Tail Cumulative Preferred Shares"), 40,000 of which were issued and outstanding as of June 1, 2009; and

(c) 1,000,000 Cumulative Preference Shares without par value (the "Otter Tail Cumulative Preference Shares"), none of which are currently outstanding.

WHEREAS, OT Holding is and, at all times since its organization, has been a direct, wholly owned subsidiary of Otter Tail with authorized capital stock consisting of:

(a) 50,000,000 Common Shares of the par value of $5 per share ("OT Holding Common Shares"), of which 100 shares are currently issued and outstanding;

(b) 1,500,000 Cumulative Preferred Shares without par value ("OT Holding Cumulative Preferred Shares"), of which (i) 60,000 have been designated as OT Holding's $3.60 Cumulative Preferred Shares ("OT Holding $3.60 Cumulative Preferred Shares), (ii) 25,000 have been designated as OT Holding's $4.40 Cumulative Preferred Shares ("OT Holding $4.40 Cumulative Preferred Shares"), (iii) 30,000 have been designated as OT Holding's $4.65 Cumulative Preferred Shares ("OT Holding $4.65 Cumulative Preferred Shares), and (iv) 40,000 have been designated as OT Holding's

$6.75 Cumulative Preferred Shares (the "OT Holding $6.75 Cumulative Preferred Shares"); none of which were issued and outstanding as of June 1, 2009; and

(c) 1,000,000 Cumulative Preference Shares without par value (the "OT Holding Cumulative Preference Shares"), none of which are currently issued and outstanding.

WHEREAS, the designations, rights and preferences, and the qualifications, limitations and restrictions thereof, of the OT Holding Common Shares, the OT Holding Cumulative Preference Shares and each series of OT Holding Cumulative Preferred Shares, are the same as those of the Otter Tail Common Shares, the Otter Tail Cumulative Preference Shares, and the corresponding series of Otter Tail Cumulative Preffered Shares, respectively.

WHEREAS, the Articles of Incorporation and the Bylaws of OT Holding immediately after the Effective Time (as hereinafter defined) will contain provisions identical to the Articles of Incorporation and Bylaws of Otter Tail immediately before the Effective Time (other than, as allowed by Section 302A.626 (subd. 7) of the Minnesota Business Corporation Act, as amended (the "MBCA")).

WHEREAS, Merger Sub is a wholly owned subsidiary of OT Holding with authorized capital stock consisting of 1,000 shares of common stock, par value $5 per share ("Merger Sub Common Shares"), of which 100 shares are currently issued and outstanding.

WHEREAS, the Board of Directors of each of Otter Tail, OT Holding and Merger Sub has determined that it is desirable and in the best interests of Otter Tail, OT Holding and Merger Sub, respectively, that Otter Tail and Merger Sub should merge, Otter Tail shall be the surviving corporation, and OT Holding shall be a "holding company" of Otter Tail, as such term is defined in Section 302A.626 (subd. 1)(b) of the MBCA.

Terms

NOW, THEREFORE, the parties hereby prescribe the terms and conditions of the merger and the mode of carrying the same into effect as follows:

1. Merger of Otter Tail with Merger Sub. At the Effective Time, Otter Tail shall merge with Merger Sub (the "Merger") in accordance with Section 302A.626 (subd. 3) of the MBCA, and the separate existence of Merger Sub shall cease and Otter Tail shall be a direct, wholly owned subsidiary of OT Holding. Otter Tail shall be the surviving corporation and assume all of the rights, privileges, assets and liabilities of Merger Sub. Merger Sub and Otter Tail are the only constituent corporations to the Merger.

2. Name of Surviving Corporation. The name of the surviving corporation shall be "Otter Tail Power Company".

3. Effect of the Merger. The effect of the Merger shall be as provided in Section 302A.626 of the MBCA. As a result of the Merger, by operation of law and without further act or deed, at the Effective Time, all property, rights, interests and other assets of Merger Sub shall be transferred to and vested in the Surviving Corporation, and the Surviving Corporation shall assume all of the liabilities and obligations of Merger Sub.

4. Effect on Capital Stock. At the Effective Time:

(a) Each then issued and outstanding OT Holding Common Share held by Otter Tail will, by virtue of the Merger and without any action on the part of the holder thereof, be cancelled without conversion or issuance of any shares of stock of the Surviving Corporation with respect thereto.

(b) Each then issued and outstanding Otter Tail Common Share will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one OT Holding Common Share, which shall have the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as one Otter Tail Common Share immediately prior to the Effective Time.

(c) Each then issued and outstanding Otter Tail $3.60 Cumulative Preferred Share will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one OT Holding $3.60 Cumulative Preferred Share, which shall have the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as an Otter Tail $3.60 Cumulative Preferred Share immediately prior to the Effective Time.

(d) Each then issued and outstanding Otter Tail $4.40 Cumulative Preferred Share will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one OT Holding $4.40 Cumulative Preferred Share, which shall have the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as a Otter Tail $4.40 Cumulative Preferred Share immediately prior to the Effective Time.

(e) Each then issued and outstanding Otter Tail $4.65 Cumulative Preferred Share will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one OT Holding $4.65 Cumulative Preferred Share, which shall have the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as a Otter Tail $4.65 Cumulative Preferred Share immediately prior to the Effective Time.

(f) Each then issued and outstanding Otter Tail $6.75 Cumulative Preferred Share will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one OT Holding $6.75 Cumulative Preferred Share, which shall have the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as a Otter Tail $6.75 Cumulative Preferred Share immediately prior to the Effective Time.

(g) Each then issued and outstanding Merger Sub Common Share will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into a common share of the Surviving Corporation.

5. Certificates. At the Effective Time, each outstanding certificate that, immediately prior to the Effective Time, evidenced Otter Tail Common Shares or Otter Tail Cumulative Preferred Shares shall be deemed and treated for all corporate purposes to evidence the

ownership of the number of OT Holding Common Shares or Otter Tail Cumulative Preferred Shares, as the case may be, into which such Otter Tail Common Shares or Otter Tail Cumulative Preferred Shares were converted pursuant to Sections 4(b), 4(c), 4(d), 4(e) and 4(f), respectively, of this Plan.

6. Articles of Incorporation, Bylaws, Officers and Directors. Subject to Section 7 below, the Articles of Incorporation and Bylaws of Otter Tail, as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation and Bylaws of the Surviving Corporation. The officers and directors of Otter Tail immediately prior to the Effective Time shall be the officers and directors of OT Holding as of the Effective Time. The officers and directors of Merger Sub immediately prior to the Effective Time shall be the officers and directors of the Surviving Corporation as of the Effective Time.

7. Amendment to Articles of Incorporation.

(a) Automatically, as a result of filing the Articles of Merger and this Plan in accordance with the MBCA, the Articles of Incorporation of the Surviving Corporation shall be amended as of the Effective Time as follows:

(i) Article I of the Articles of Incorporation is amended in its entirety to read as follows:

ARTICLE I.

The name of the corporation shall be Otter Tail Power Company.

(ii) A new Article XI of the Articles of Incorporation is added to read in its entirety as follows:

ARTICLE XI.

Any action or transaction by or involving the corporation, other than the election or removal of directors of the corporation, that requires for its adoption under the Minnesota Business Corporation Act or these Articles of Incorporation, the approval of the shareholders of the corporation shall, pursuant to Section 302A.626 (subd. 3(8)(i)) of the Minnesota Business Corporation Act, require, in addition to the approval of the shareholders of the corporation, the approval of the shareholders of Otter Tail Corporation, a Minnesota corporation (or any successor by merger), so long as such corporation or its successor is the ultimate parent, directly or indirectly, of the corporation, by the same vote that is required by the Minnesota Business Corporation Act and/or by these Articles of Incorporation. For the purposes of this Article XI, the term "parent" shall mean a corporation that owns, directly

or indirectly, any outstanding capital stock of the corporation entitled to vote in the election of directors of the corporation.

(b) In connection with the Merger, the Articles of Incorporation of Otter Tail Holding Company shall be amended to provide that the name of Otter Tail Holding Company shall be "Otter Tail Corporation".

8. Assumption of Certain Agreements and Plans Relating to Securities of Otter Tail. OT Holding and Otter Tail hereby agree that, immediately prior to the Effective Time, OT Holding will assume the following plans and agreements relating to securities of Otter Tail and all of the rights, duties and obligations under such plans and agreements from and after the Effective Time:

(a) 1999 Employee Stock Purchase Plan, As Amended (2006);

(b) 1999 Stock Incentive Plan, As Amended (2006), and all award agreements outstanding thereunder;

(c) Otter Tail Corporation Employee Stock Ownership Plan;

(d) Otter Tail Corporation Automatic Dividend Reinvestment and Share Purchase Plan;

(e) Indenture, dated as of November 1, 1997, between Otter Tail Corporation and U.S. Bank National Association (formerly known as First Trust National Association), as trustee; and

(f) Note Purchase Agreement dated as of February 23, 2007 between Otter Tail Corporation and Cascade Investment, L.L.C. ("Cascade"), as amended, and related Note issued to Cascade.

9. Plan of Reorganization. This Plan shall constitute a plan of reorganization of Otter Tail and Merger Sub.

10. Tax Treatment. The Merger shall constitute a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

11. Filing and Effective Time. If this Plan has not been terminated pursuant to Section 12 hereof, after this Plan has been duly approved in the manner required by law, appropriate Articles of Merger and this Plan shall be filed by Otter Tail and Merger Sub pursuant to and in accordance with the MBCA. The Merger shall be effective (the "Effective Time") at 12:00 a.m. Central Time on July 1, 2009.

12. Termination. This Plan may be terminated and the Merger abandoned by the Board of Directors of Otter Tail at any time prior to the Effective Time.

13. Adoption and Approval. The Plan was adopted and approved by the Board of Directors of Otter Tail and OT Holding on June 30, 2009 and by the Board of Directors of

Merger Sub on June 25, 2009. Pursuant to Section 302A.626 (subd. 2) of the MBCA, the Plan was not approved by the shareholders of Otter Tail or Merger Sub.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JUN 30 2009

Mark Ritchie
Secretary of State

26525-AA DC-AM

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OTTER TAIL POWER COMPANY

Statement of Cancellation of Statements
Establishing
Rights and Preferences of Cumulative Preferred Shares

1. This statement of cancellation is being filed by Otter Tail Power Company (the "Company"), pursuant to Minn. Stat., Section 302A.133.

2. This statement of cancellation pertains to each series of the Company's shares listed below (each, a "Series"). The rights and preferences of each Series were established by statements establishing rights and preferences that the Company filed with the Minnesota Secretary of State pursuant to Minn. Stat., Section 302A.401, Subd. 3, on the dates set forth opposite each Series (each, a "Statement of Rights"):

Series	Date of Filing
$3.60 Cumulative Preferred Shares	August 13, 1946
$4.40 Cumulative Preferred Shares	March 8, 1950
$4.65 Cumulative Preferred Shares	March 25, 1964
$6.75 Cumulative Preferred Shares	October 12, 1993

3. No shares of any Series listed above remain outstanding. The Board of Directors of the Company has approved the filing of this statement of cancellation pursuant to Minn. Stat., Section 302A.133 in order to remove each Statements of Rights from the Company's articles of incorporation.

4. Pursuant to the foregoing, the Company's articles of incorporation are hereby amended to remove each Statement of Rights therefrom.

Date: July 1, 2009

OTTER TAIL POWER COMPANY

By: _____
George Koeck
Corporate Secretary and General Counsel

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUL 01 2009
Mark Ritchie
Secretary of State

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ARTICLES OF AMENDMENT
OF
SECOND RESTATED ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

1. The name of the corporation is Otter Tail Power Company, a Minnesota corporation.

2. The following is the full text of the amendment to Subdivision E(1) of Article VI, Division IV of the Second Restated Articles of Incorporation of Otter Tail Power Company:

NOW, THEREFORE, BE IT RESOLVED, That Subdivision E(1) of Article VI, Division IV of the Second Restated Articles of Incorporation of Otter Tail Power Company, a Minnesota corporation, shall be amended in its entirety to read as follows:

(1) Except at such times as the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares shall have voting rights for the election of directors, (a) the Board of Directors shall consist of such number of persons as may be determined from time to time by the Board of Directors, (b) each director shall hold office until the regular meeting of shareholders next held after such director's election and until such director's successor shall have been elected and shall qualify, or until the earlier death, resignation, removal or disqualification of such director.

3. The following is the full text of the amendment to Article IX of the Second Restated Articles of Incorporation of Otter Tail Power Company:

ARTICLE IX.

The Board of Directors shall have the power, to the extent permitted by law, to adopt, amend or repeal the Bylaws of the corporation, subject to the power of the shareholders to adopt, amend or repeal such Bylaws.

Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with, or repeal this Article IX unless the Board of Directors, if all such directors are Continuing Directors, as defined in Article VI of the Articles of Incorporation, shall unanimously recommend such amendment, alteration, adoption or repeal.

4. The amendments have been adopted pursuant to Chapter 302A of the Minnesota Business Corporation Act.

IN WITNESS WHEREOF, the undersigned, the Corporate Secretary and General Counsel of Otter Tail Power Company, being duly authorized on behalf of Otter Tail Power Company, has executed this document this 1st day of July, 2009.

George A. Koeck
Corporate Secretary and General Counsel

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUL 01 2009
Mark Ritchie
Secretary of State

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ARTICLES OF AMENDMENT
RESTATING
SECOND RESTATED ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY

1. The name of the corporation is Otter Tail Power Company, a Minnesota corporation.

2. The document entitled "Third Restated Articles of Incorporation of Otter Tail Power Company," marked Exhibit A attached hereto, contains the full text of amendments to the articles of incorporation of Otter Tail Power Company.

3. The date of adoption of the amendment by the board of directors of such corporation was July 1, 2009.

4. The amendment merely restates the existing Second Restated Articles of Incorporation of the corporation as heretofore amended, and the amendment correctly sets forth without change the corresponding provisions of the Second Restated Articles of Incorporation of the corporation as previously amended.

5. The amendment restates the Second Restated Articles of Incorporation in their entirety and has been adopted pursuant to Chapter 302A of the Minnesota Statutes.

IN WITNESS WHEREOF, the undersigned Corporate Secretary and General Counsel of Otter Tail Power Company, being duly authorized on behalf of the corporation, has executed this document this 1st day of July, 2009.

George A. Koeck
Corporate Secretary and General Counsel

Exhibit A

THIRD RESTATED ARTICLES OF INCORPORATION
OF
OTTER TAIL POWER COMPANY
(restated as of July 1, 2009)

ARTICLE I.

The name of the corporation shall be Otter Tail Power Company.

ARTICLE II.

The purposes of the corporation shall be as follows:

(a) To generate, produce, buy or in any manner acquire, and to sell, dispose of, and distribute electricity for light, heat and power and other purposes, and to carry on the business of furnishing, supplying, manufacturing, and selling light, heat, power, gas, water, and steam, and any and all business incidental thereto; and to build, construct, develop, improve, buy, acquire by condemnation or otherwise, hold, own, lease, maintain and operate plants, facilities, systems, and works for the manufacture, generation, production, accumulation, transmission, and distribution of electricity, gas, water, and steam, and to exercise rights of condemnation and eminent domain in connection with the doing of any of its purposes as herein set forth so far as may be permissible by law.

(b) To produce, mine, buy, sell, store, market, deal in, and prospect for, coal, oil and minerals of all kinds and the products and by-products thereof.

(c) To manufacture, buy, sell, trade, and deal in goods, wares, merchandise, property, and commodities of any and every class and description.

(d) To purchase, acquire, and lease, and to sell, lease, and dispose of water, water rights, and power privileges for power, light, heat, mining, milling, irrigation, agricultural, domestic or any other use or purpose.

(e) To acquire, hold, mortgage, pledge, or dispose of the shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation.

(f) To endorse or guarantee the promissory notes, checks, drafts, evidences of indebtedness or obligations of whatsoever nature of any corporation, domestic or foreign, of which the corporation shall own or control, directly or indirectly a majority of the stock then entitled to elect directors, or a majority thereof.

(g) To do or perform any and all lawful business necessary, essential or expedient to the proper conduct of any of the purposes aforesaid.

ARTICLE III.

The period of duration of the corporation shall be perpetual.

ARTICLE IV.

The location and post-office address of the registered office of the corporation in Minnesota is 215 Cascade Street South, Fergus Falls, Minnesota 56537.

ARTICLE V.

The total authorized number of shares of the corporation is 52,500,000, divided into three classes; namely, 1,500,000 Cumulative Preferred Shares without par value (the "Cumulative Preferred Shares"); 1,000,000 Cumulative Preference Shares without par value (the "Cumulative Preference Shares"); and 50,000,000 Common Shares of the par value of $5 per share (the "Common Shares"). No fractional shares of any class or series shall be issued by the corporation.

ARTICLE VI.

The designations, relative rights, voting power, preferences and restrictions of the Cumulative Preferred Shares, the Cumulative Preference Shares and the Common Shares, respectively, shall be as set forth in Division I through Division VI, inclusive, of this Article VI.

The term "subordinate shares," when hereinafter in this Article VI used with reference to shares junior to the Cumulative Preferred Shares, means the Cumulative Preference Shares, the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preferred Shares with respect to the payment of dividends or the distribution of assets; and when hereinafter used with reference to shares junior to the Cumulative Preference Shares, means the Common Shares and shares of any other class, which may hereafter be authorized, ranking junior to the Cumulative Preference Shares with respect to the payment of dividends or the distribution of assets.

DIVISION I

Provisions Relating to Cumulative Preferred Shares

A. Issue in Series. The Cumulative Preferred Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preferred Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except

as to the dates from which dividends thereon shall be cumulative. Cumulative Preferred Shares shall be issued only as fully paid and nonassessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preferred Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

In the case of each series of Cumulative Preferred Shares created after April 1, 1977, the amount (in addition to accrued and unpaid dividends, if any) which the holders of shares of such series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Before any dividends on any subordinate shares shall be paid or declared and set apart for payment, the holders of the Cumulative Preferred Shares of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative, in the case of shares of each particular series:

(1) if issued prior to the record date for the first dividend on shares of such series, then from and including the date fixed for such purpose by the Board of Directors in the resolution or resolutions creating such series;

(2) if issued during the period commencing immediately after the record date for a dividend on shares of such series and terminating at the close of the payment date for such dividend, then from and including such last mentioned dividend payment date;

(3) otherwise from and including the quarterly dividend payment date next preceding the date of issue of such shares.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preferred Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preferred Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preferred Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding subordinate shares, and the holders of the Cumulative Preferred Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preferred Shares. Subject to the limitations stated in Subdivision D of this Division I, the Cumulative Preferred Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such shares become cumulative to and including the date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. To the extent that Cumulative Preferred Shares of any series are redeemed through the operation of a sinking or purchase fund provided for in the resolution or resolutions of the Board of Directors creating such series, such shares shall be redeemed by resolution of the Board of Directors at the time and at the applicable redemption price specified for redemption of shares of such series pursuant to such sinking or purchase fund by the resolution or resolutions creating such series. If less than all the outstanding Cumulative Preferred Shares of any series are to be redeemed, the shares to be redeemed shall be determined by lot in such manner as the Board of Directors may prescribe.

Notice of every redemption of Cumulative Preferred Shares shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the corporation, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption.

If notice of redemption shall have been duly given as aforesaid, and if, on or before the redemption date specified in the notice, all funds necessary for the redemption shall have been deposited in trust with a bank or trust company in good standing and doing business at any place within the United States, having capital, surplus and undivided profits aggregating at least $1,000,000 and designated in the notice of redemption, for the pro rata benefit of the holders of the shares so called for redemption, so as to be and continue to be available therefor, then from and after the date of such deposit, notwithstanding that any certificate for Cumulative Preferred Shares so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the dividends thereon shall cease to accumulate from and after the date fixed for redemption, and all rights with respect to the Cumulative Preferred Shares so called for redemption shall forthwith on the date of such deposit cease and terminate, except only the right of the holders thereof to receive the redemption price of the shares so redeemed, including accrued dividends to the redemption date, but without interest. Any funds deposited by the corporation pursuant to this paragraph and unclaimed at the end of six (6) years after the date fixed for redemption shall be repaid to the corporation upon its request expressed in a resolution of its Board of Directors, after which repayment the holders of the shares so called for redemption shall look only to the corporation for the payment thereof.

All Cumulative Preferred Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preferred Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preferred Shares undesignated as to series.

D. Limitations on Purchase and Redemption of Cumulative Preferred Shares. No Cumulative Preferred Shares of any series shall be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preferred Shares of any series, unless all dividends on the Cumulative Preferred Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in the event all of the Cumulative Preferred Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any subordinate shares, the holders of the shares of each series of Cumulative Preferred Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the issue of such series, together with a sum, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such shares became cumulative to and including the date fixed for such distribution or payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment. If such distribution or payment shall have been made to the holders of the Cumulative Preferred Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of subordinate shares, according to their respective rights and preferences and in each case according to their respective shares. If the

assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preferred Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preferred Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Create, authorize or issue any shares of any class ranking prior to, or any securities of any kind or class convertible into shares of any class ranking prior to, the Cumulative Preferred Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preferred Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preferred Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preferred Shares of any series are outstanding, the corporation shall not without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, of at least two-thirds (2/3) of aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preferred Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preferred Shares, or create, authorize or issue any shares of any class ranking on a parity with the Cumulative Preferred Shares as to dividends or assets, or any securities of any

kind or class convertible into Cumulative Preferred Shares or shares of any class on a parity with the Cumulative Preferred Shares; or

(b) Issue any Cumulative Preferred Shares of any series if as a result thereof more than 60,000 Cumulative Preferred Shares of all series will then be outstanding, unless:

(i) The corporation's "Adjusted Income Available for Interest," as hereinafter defined, shall be at least equal to one-and-one-half (1-1/2) times the corporation's "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(ii) The corporation's "Adjusted Income Available for Preferred Dividends," as hereinafter defined, shall be at least equal to two-and-one- half (2-1/2) times the corporation's "Adjusted Preferred Charges," as hereinafter defined; and

(iii) The corporation's "Common Share Equity," as hereinafter defined, shall equal at least one-fourth (1/4) of the corporation's "Total Capitalization," as hereinafter defined; or

(c) Declare, pay or set apart for payment any dividend on any subordinate shares, or purchase, redeem or otherwise acquire for value any subordinate shares, or pay or set aside or make available any moneys for a purchase fund or sinking fund for the purchase or redemption of any such subordinate shares, unless after giving effect to the payment of such dividend or such purchase, redemption or other acquisition of such payment or setting aside of moneys in a purchase fund or sinking fund,

(i) The "Common Share Equity," as hereinafter defined, shall equal at least one- fourth (1/4) of the "Total Capitalization," as hereinafter defined; and

(ii) The earned surplus of the corporation shall be not less than $831,398.

(d) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger, unless, immediately after such consolidation or merger shall become effective:

(i) The Cumulative Preferred Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, there shall be no shares of the resulting corporation outstanding or authorized ranking prior

to or on a parity with the Cumulative Preferred Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger, and the indebtedness for borrowed money of the resulting corporation immediately after such consolidation or merger shall be no greater than the indebtedness for borrowed money of the corporation immediately preceding such consolidation or merger; or

(ii) (aa) The "Adjusted Income Available for Interest," as hereinafter defined, of the resulting corporation shall be at least equal to one-and-one-half (1-1/2) times its "Adjusted Interest and Preferred Charges," as hereinafter defined; and

(bb) The "Adjusted Income Available for Preferred Dividends," as hereinafter defined, of the resulting corporation shall be at least equal to two-and-one-half (2-1/2) times its "Adjusted Preferred Charges," as hereinafter defined; and

(cc) The "Common Share Equity," as hereinafter defined, of the resulting corporation shall equal at least one-fourth (1/4) of its "Total Capitalization," as hereinafter defined.

(e) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preferred Shares of all series then outstanding and of all shares then outstanding of a class on parity with the Cumulative Preferred Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preferred Shares.

(3) For the purposes of the foregoing provisions of this Subdivision F:

(a) The term "Adjusted Income Available for Interest" shall mean the gross income of the corporation for a period of twelve (12) consecutive calendar months selected by the corporation out of the fifteen (15) calendar months immediately preceding the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger, determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice, available for the payment of interest, but after deduction of taxes of all kinds (including taxes based on income) including for a like period such gross income (similarly computed and with similar deductions and eliminating any duplication of income) of any property which was or will have been an operating unit or a part of an operating unit preceding its acquisition by the corporation and which has been acquired within the past twelve (12) months immediately preceding or is to be acquired by the corporation

substantially contemporaneously with the proposed issuance of additional Cumulative Preferred Shares, or the proposed consolidation or merger.

(b) The term "Adjusted Interest and Preferred Charges" is hereby defined as the sum of (i) the interest charges for one year upon all interest bearing indebtedness of the corporation outstanding at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, including that, if any, proposed to be issued or assumed substantially contemporaneously, or to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject (adjusted for all amortization of debt discount and expense, or of premium on debt, as the case may be), and (ii) the dividend requirements for one year on all outstanding Cumulative Preferred Shares, and on all other shares of a class ranking prior to or on a parity with the Cumulative Preferred Shares as to dividends or assets, outstanding at the time of issuance of such additional Cumulative Preferred Shares, or of such consolidation or merger, including all such shares proposed to be issued, or all such shares of the resulting corporation, as the case may be.

(c) The term "Adjusted Income Available for Preferred Dividends" is hereby defined as the "Adjusted Income Available for Interest" for the aforesaid twelve (12) months' period, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(d) The term "Adjusted Preferred Charges" is hereby defined as the "Adjusted Interest and Preferred Charges" for one year determined at the time of issuance of such Cumulative Preferred Shares or of the proposed consolidation or merger, less the interest charges for one year and the dividend requirements for one year on any shares ranking prior to the Cumulative Preferred Shares, included in determining the "Adjusted Interest and Preferred Charges."

(e) The term "Common Share Equity" is hereby defined as the sum of (i) the stated capital of the corporation applicable to its Common Shares and to all other subordinate shares (including shares, if any, proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (ii) capital surplus to the extent of premium on Common Shares and on all other subordinate shares (including premium, if any, on shares proposed to be issued substantially contemporaneously or any additional such shares of the resulting corporation, as the case may be), (iii) contributions in aid of construction, and (iv) earned surplus, all determined in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction in the premises or, in the absence thereof, in accordance with generally accepted accounting practice.

(f) The term "Total Capitalization" is hereby defined as the sum of (i) the Common Share Equity, (ii) the involuntary liquidation preference of all Cumulative Preferred Shares and all other shares prior to or on a parity with the

Cumulative Preferred Shares to be outstanding after the proposed event, and (iii) the principal amount of all interest bearing debt (including debt to which property theretofore acquired or to be acquired substantially contemporaneously is or will be subject) to be outstanding after the proposed event, excluding, however, all indebtedness maturing by its terms within one year from the time of creation thereof unless the corporation, without the consent of the lender, has the right to extend the maturity of such indebtedness for a period or periods which, with the original period of such indebtedness, aggregates one year or more.

DIVISION II

Provisions Relating to Cumulative Preference Shares

A. Issue in Series. The Cumulative Preference Shares may be issued from time to time in one or more series, each of which series shall have such designation and such relative rights, voting power, preferences and restrictions as are hereinafter provided and, to the extent hereinafter permitted, as are determined and stated by the Board of Directors in the resolution or resolutions authorizing the creation of shares of such series.

All Cumulative Preference Shares shall be of equal rank and shall be identical, except in respect of their relative voting power (determined as hereinafter provided in Division IV) and the particulars that may be determined by the Board of Directors as hereinafter provided; and each share of each series shall be identical in all respects with the other shares of such series, except as to the dates from which dividends thereon shall be cumulative. Cumulative Preference Shares shall be issued only as fully paid and nonassessable shares.

Subject to the provisions of the last paragraph of this Subdivision A, authority is hereby expressly granted to the Board of Directors to authorize the issuance of Cumulative Preference Shares in one or more series, and to determine and state, by the resolution or resolutions authorizing the creation of each series: (i) the designation of the series and the number of shares which shall constitute such series, which number may be altered from time to time by like action of the Board of Directors in respect of shares then unallotted; (ii) the annual rate of dividends payable on shares of such series; (iii) the price or prices per share at which the shares of such series shall be redeemable; (iv) the amount payable on shares of such series in the event of any dissolution, liquidation or winding up of the affairs of the corporation, which amount may differ in the case of a voluntary or involuntary dissolution, liquidation or winding up of such affairs, provided that the amount in the case of an involuntary dissolution, liquidation or winding up of such affairs shall be determined as provided in the following paragraph; (v) the conversion rights, if any, with respect to the conversion of shares of such series into Common Shares of the corporation; and (vi) the sinking or purchase fund provisions, if any, for the mandatory redemption or purchase of shares of such series.

The amount (in addition to accrued and unpaid dividends, if any) which the holders of Cumulative Preference Shares of each series shall be entitled to receive in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall be equal to the gross consideration received by the corporation upon the issuance thereof (without regard to any premium received or any underwriting discount or commission, private

placement fee or other expense incurred by the corporation in connection with the issuance thereof).

B. Dividends. Subject to the preferential rights of the holders of Cumulative Preferred Shares with respect to payment of dividends as set forth in Subdivision B of Division I, the holders of the Cumulative Preference Shares of each series shall be entitled to receive, when and as declared by the Board of Directors, out of any funds legally available for such purpose, cash dividends at the annual rate for such series theretofore fixed by the Board of Directors as hereinbefore provided, and no more, payable quarterly on such dates as may be fixed in the resolution or resolutions adopted by the Board of Directors authorizing the creation of such series. Such dividends shall be paid to shareholders of record on the respective dates, not exceeding twenty (20) days prior to such payment dates, fixed by the Board of Directors for such purpose. Such dividends shall be cumulative from and including the date or dates fixed for such purpose by the Board of Directors in the resolution or resolutions authorizing the creation of such series.

No dividend shall be paid, or declared and set apart for payment, upon any Cumulative Preference Shares of any series for any quarterly dividend period unless at the same time a like proportionate dividend for the same or comparable quarterly period, ratable in proportion to the respective annual dividend rates fixed therefor, shall be paid, or declared and set apart for payment, upon all Cumulative Preference Shares of all series then issued and outstanding.

In no event shall any dividend be paid or declared, nor shall any distribution be made, on any subordinate shares, other than a dividend or distribution payable solely in subordinate shares, nor shall any subordinate shares be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of any subordinate shares, unless (i) all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the then current quarterly dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment; and (ii) the corporation shall not be in default or deficient under any requirement of a sinking or purchase fund established with respect to outstanding Cumulative Preference Shares of any series for any period then elapsed.

Subject to the provisions of this Article VI, and not otherwise, dividends may be declared by the Board of Directors and paid from time to time, out of any funds legally available therefor, upon the then outstanding subordinate shares, and the holders of the Cumulative Preference Shares shall not be entitled to participate in any such dividends.

C. Redemption of Cumulative Preference Shares. Subject to the limitations stated in Subdivision B of Division I and in Subdivision D of this Division II, the Cumulative Preference Shares of any or all series may be redeemed, as a whole at any time or in part from time to time, at the option of the corporation by resolution of the Board of Directors, at the applicable redemption price for the shares of such series as determined by the Board of Directors in the resolution or resolutions authorizing the creation of such series, together with an amount (hereinafter referred to as "accrued dividends to the redemption date") in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the

date of redemption, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys for payment have been set apart and remain available for payment. Each such redemption shall be effected upon the same notice as provided in Subdivision C of Division I in respect of the redemption of Cumulative Preferred Shares, and all other provisions of said Subdivision C with respect to the method and effect of redemption of Cumulative Preferred Shares shall be applicable to the redemption of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

All Cumulative Preference Shares converted, redeemed or purchased voluntarily or pursuant to any sinking fund or purchase fund for the mandatory redemption or purchase of shares shall be retired and cancelled and shall have the status of authorized but unissued Cumulative Preference Shares of the corporation and may be reissued in the same manner as authorized but unissued Cumulative Preference Shares undesignated as to series.

D. Limitation on Purchase and Redemption of Cumulative Preference Shares. No Cumulative Preference Shares of any series shall be purchased, redeemed or otherwise acquired by the corporation for value, nor shall any moneys be paid to or set aside or made available for a purchase fund or sinking fund for the purchase or redemption of Cumulative Preference Shares of any series, unless all dividends on the Cumulative Preference Shares of all series for all past quarterly dividend periods and for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set apart for payment, except in event all of the Cumulative Preference Shares shall be called for redemption.

E. Liquidation Preferences. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, before any distribution or payment shall be made to the holders of any class of subordinate shares, the holders of the shares of each series of Cumulative Preference Shares shall be entitled to be paid in full the respective amounts fixed by the Board of Directors in the resolution or resolutions authorizing the creation of such series together with an amount, in the case of each share, computed at the annual dividend rate for the series of which the particular share is a part, from and including the date on which dividends on such share became cumulative to and including the date fixed for such payment, less the aggregate amount of all dividends which have theretofore been paid thereon or which have been declared thereon and for which moneys have been set apart and remain available for payment; provided, however, that no such payment to the holders of Cumulative Preference Shares shall be made until payment in full shall have been made to the holders of Cumulative Preferred Shares, or moneys made available for such payment in full, in accordance with the provisions of Subdivision E of Division I. If such payment shall have been made to the holders of the Cumulative Preference Shares, or moneys made available for such payment in full, the remaining assets and funds of the corporation shall be distributed among the holders of the classes of subordinate shares according to their respective rights and preferences and in each case according to their respective shares. If the assets available are not sufficient to pay in full the amounts so payable to the holders of all outstanding Cumulative Preference Shares, the holders of all series of such shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. The consolidation or merger of the corporation into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing

for consolidation or merger shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of any of the provisions of this Subdivision E.

F. Voting and Restrictions on Certain Corporate Action. The holders of the Cumulative Preference Shares shall not be entitled to vote at any meetings of the shareholders of the corporation, except as required by law or as hereinafter otherwise provided in this Subdivision F and in Division IV:

(1) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Create or authorize any shares of any class (other than the Cumulative Preferred Shares, whether now or hereafter authorized) ranking prior to the Cumulative Preference Shares as to dividends or assets; or

(b) Amend the Articles of Incorporation so as to affect adversely any of the preferences or other rights of the holders of the Cumulative Preference Shares, provided, however, that if any such amendment would affect adversely the holders of one or more, but not all, of the series of Cumulative Preference Shares at the time outstanding, consent only of the holders of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the shares of each series so adversely affected shall be required.

(2) So long as any Cumulative Preference Shares of any series are outstanding, the corporation shall not, without the consent (given by vote at a special meeting of shareholders called for the purpose) of the holders (i) of at least a majority of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, or (ii) in case of the negative vote at such meeting of the holders of more than one-fourth (1/4) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding, of at least two-thirds (2/3) of the aggregate voting power (determined as hereinafter provided in Division IV) vested in the Cumulative Preference Shares of all series then outstanding:

(a) Increase the authorized number of Cumulative Preference Shares, or create or authorize any shares of any class ranking on a parity with the Cumulative Preference Shares as to dividends or assets; or

(b) Consolidate or merge into or with any other corporation or corporations pursuant to the statutes of the State of Minnesota providing for consolidation or merger unless, immediately after such consolidation or merger shall become effective, the Cumulative Preference Shares of the corporation outstanding immediately prior to such consolidation or merger shall remain

outstanding or be constituted as shares of the corporation resulting from such consolidation or merger in the same number and with the same relative rights, voting power, preferences and restrictions as theretofore, the authorized number thereof shall not be increased, and there shall be no shares of the resulting corporation outstanding or authorized ranking prior to or on a parity with the Cumulative Preference Shares, except shares of the corporation outstanding or authorized immediately prior to such consolidation or merger; or

(c) Sell, lease or exchange all or substantially all of its property and assets, unless, after the completion of such transaction, the fair value of the assets of the corporation shall at least equal the preference on voluntary liquidation of all Cumulative Preference Shares of all series then outstanding and of all shares then outstanding of a class on a parity with the Cumulative Preference Shares, after first deducting an amount equal to all then existing indebtedness of the corporation and an amount equal to the preference on voluntary liquidation of all shares ranking prior to the Cumulative Preference Shares.

DIVISION III

Provisions Relating to Common Shares

A. Dividends. Subject to the preferential rights of the holders of the Cumulative Preferred Shares and the Cumulative Preference Shares with respect to the payment of dividends, as set forth in Subdivision B of Division I and Subdivision B of Division II, respectively, holders of the Common Shares shall be entitled to receive dividends, out of any funds legally available therefor, when and as declared by the Board of Directors.

B. Liquidation Preferences. In the event of any dissolution, liquidation or winding-up of the affairs of the corporation, whether voluntary or involuntary, holders of the Common Shares shall be entitled to receive ratably, in accordance with the numbers of shares held by them respectively, the assets of the corporation available for payment to shareholders remaining after payment in full shall have been made to holders of the Cumulative Preferred Shares and the Cumulative Preference Shares in accordance with the provisions of Subdivision E of Division I and Subdivision E of Division II, respectively.

DIVISION IV

Voting Rights and Other Provisions
Relating to Cumulative Preferred Shares,
Cumulative Preference Shares and Common Shares

A. Voting Rights of Common Shares. Except as otherwise expressly set forth in this Article VI and as provided by law, the holders of Common Shares shall have the sole voting rights of shareholders of the corporation and shall be entitled to one vote for each share held, and the holders of a majority of the Common Shares outstanding shall have power to authorize the sale, lease, exchange or other disposal of all, or substantially all, of the property and assets of the

corporation, including its good will, to adopt or reject an agreement of consolidation or merger and to amend the Articles of Incorporation.

B. Voting Rights of Cumulative Preferred Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect three members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(2) After an amount equivalent to twelve (12) full quarterly dividend installments on the Cumulative Preferred Shares of any series outstanding shall be in default, the holders of Cumulative Preferred Shares of all series at the time outstanding, voting separately as a class, shall at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preference Shares to elect directors as provided in Subdivision C of this Division IV, elect the remaining directors of the corporation.

(3) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preferred Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preferred Shares shall thereupon be divested of any special rights with respect to the election of directors provided in paragraphs (1) and (2) of this Subdivision B, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preferred Shares in the case of a future like default or defaults in dividends thereon.

(4) Voting power vested in the holders of the Cumulative Preferred Shares as provided in paragraphs (1) and (2) of this Subdivision B may be exercised at any annual meeting of shareholders or at a special meeting of shareholders held for such purpose, which special meeting of shareholders shall be called by the proper officers of the corporation at any time when such voting power shall be so vested, within twenty (20) days after written request therefor signed by the holders of not less than five percent (5%) of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof.

(5) Notice of any annual or special meeting of shareholders for the election of directors held when voting powers as aforesaid shall be vested in the holders of Cumulative Preferred Shares shall be given to all holders of Cumulative Preferred Shares not less than fifteen (15) days prior to said meeting, and such notice shall describe with particularity the voting rights of the holders of each series of Cumulative Preferred Shares.

(6) At any such annual or special meeting the presence in person or by proxy of the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares of all series then outstanding shall be required to constitute a quorum of the holders of the Cumulative Preferred Shares for the election by them of the directors whom they are entitled to elect; provided, however, that the holders of a majority of the aggregate voting power (determined as hereinafter provided in Subdivision D of this Division IV) vested in the Cumulative Preferred Shares who are present in person or by proxy shall have power to adjourn such meeting for the election of directors by the holders of the Cumulative Preferred Shares from time to time, without notice other than announcement at the meeting.

C. Voting Rights of Cumulative Preference Shares.

(1) After an amount equivalent to four (4) full quarterly dividend installments on the Cumulative Preference Shares of any series outstanding shall be in default, the holders of Cumulative Preference Shares of all series at the time outstanding, voting separately as a class, shall, at any annual meeting of the shareholders or any special meeting of the shareholders called as herein provided occurring during such period, elect two members of the Board of Directors, and the holders of the Common Shares, voting separately as a class, shall, subject to any rights of the holders of Cumulative Preferred Shares to elect directors as provided in Subdivision B of this Division IV, elect the remaining directors of the corporation.

(2) At any annual meeting or special meeting of the shareholders for the election of directors occurring after all dividends then in default on the Cumulative Preference Shares then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practical), the Cumulative Preference Shares shall thereupon be divested of any special rights with respect to the election of directors provided for in paragraph (1) of this Subdivision C, but always subject to the same provisions for the vesting of such voting power in the holders of the Cumulative Preference Shares in the case of a future like default or defaults in dividends thereon.

(3) All provisions of paragraphs (4), (5) and (6) of Subdivision B of this Division IV with respect to the method of exercising the special voting rights of the holders of Cumulative Preferred Shares shall be applicable to the special voting rights of the holders of Cumulative Preference Shares in the same manner and with the same force and effect as though such provisions were set forth in full in this Subdivision C.

D. Number of Votes Applicable to Each Cumulative Preferred Share and to Each Cumulative Preference Share. For the purpose of each vote or consent under the Articles of Incorporation or pursuant to applicable law, the number of votes to which each Cumulative Preferred Share and each Cumulative Preference Share shall be entitled shall be determined as follows:

(a) In voting by holders of Cumulative Preferred Shares, separately as a class, or by series, each Cumulative Preferred Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding-up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preferred Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount;

(b) In voting by holders of Cumulative Preference Shares, separately as a class, or by series, each Cumulative Preference Share entitled to receive the smallest fixed amount (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote, and each Cumulative Preference Share entitled to receive a greater fixed amount (in addition to accrued and unpaid dividends, if any) in any such event shall have the number of votes which is in the same proportion as such greater amount shall be to such smallest amount; and

(c) In voting by holders of Cumulative Preferred Shares and/or Cumulative Preference Shares and/or holders of Common Shares, together as a single class, each Common Share shall have one vote, each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive $100 (in addition to accrued and unpaid dividends, if any) in the event of any dissolution, liquidation or winding up of the affairs of the corporation which shall be involuntary shall have one vote and each Cumulative Preferred Share and each Cumulative Preference Share entitled to receive a different fixed amount (in addition to accrued and unpaid dividends, if any) in such event shall be entitled to such greater or lesser number of votes which is in the same proportion as such different amount shall be to $100.

E. Number and Term of Directors and Manner of Election.

(1) Except at such times as the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares shall have voting rights for the election of directors, (a) the Board of Directors shall consist of such number of persons as may be determined from time to time by the Board of Directors, (b) each director shall hold office until the regular meeting of shareholders next held after such director's election and until such director's successor shall have bee elected and shall qualify, or until the earlier death, resignation, removal or disqualification of such director.

(2) If at any time the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall, under the provisions of paragraph (1) of Subdivision B of this Division IV or of paragraph (1) of Subdivision C of this Division IV, become entitled to elect any directors, then the terms of all incumbent directors shall expire at the time of the first annual meeting thereafter at which such holders of Cumulative Preferred Shares and/or Cumulative Preference Shares are so entitled to elect directors. If at any time the holders of Cumulative Preferred Shares of the corporation shall, under the provisions of paragraph (2) of Subdivision B of this Division IV, become entitled to elect a majority of the Board of Directors, the terms of all incumbent directors shall expire whenever such majority has been duly elected and qualified. During any period during which the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares of the corporation shall have voting rights with respect to directors under the provisions of this Division IV, the Board of Directors shall consist of eleven (11) persons and the entire number of persons composing such Board shall be elected at each annual or special meeting of shareholders for the election of directors and shall serve until the next such annual or special meeting or until their successors have been elected and qualified, provided, however, that whenever the holders of Cumulative Preferred Shares and/or Cumulative Preference Shares acquire voting rights under paragraph (1) of Subdivision B of this Division IV or under paragraph (1) of Subdivision C of this Division IV, and exercise such rights at a special meeting called therefor, the terms of office of directors theretofore elected by the holders of Common Shares will not expire until the next annual meeting. If a vacancy or vacancies in the Board of Directors shall exist with respect to a director or directors who shall have been elected by the holders of either Cumulative Preferred Shares or Cumulative Preference Shares, the remaining directors elected by the holders of Cumulative Preferred Shares or Cumulative Preference Shares, as the case may be, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise, if a vacancy or vacancies shall exist with respect to a director or directors who shall have been elected by the holders of Common Shares, the remaining directors elected by the holders of Common Shares, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(3) Whenever the Cumulative Preferred Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (3) of Subdivision B of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preference Shares pursuant to Subdivision C of this Division IV, shall expire upon the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid the provisions of paragraph (1) of Subdivision E of this Division IV shall again control,

unless at that time the holders of Cumulative Preference Shares have voting rights for the election of directors.

(4) Whenever the Cumulative Preference Shares shall be divested of voting powers with respect to the election of directors as provided in paragraph (2) of Subdivision C of this Division IV, the terms of all incumbent directors, other than directors elected by the holders of Cumulative Preferred Shares pursuant to Subdivision B of this Division IV, shall expire on the election of their successors by the holders of the Common Shares at the next annual or special meeting of shareholders for the election of directors. A special meeting shall be called for such purpose within twenty (20) days after the written request therefor signed by the holders of not less than five percent (5%) of the Common Shares outstanding, the date of such special meeting to be not more than forty (40) days from the date of giving of notice thereof. Upon the election and qualification of directors by the holders of Common Shares as aforesaid, the provisions of paragraph (1) of Subdivision E of this Division IV shall again control, unless at that time the holders of Cumulative Preferred Shares have voting rights for the election of directors.

F. Cumulative Voting. The holders of Common Shares of the corporation shall have no right to cumulate votes in the election of directors. If notice in writing is given by any holder of Cumulative Preferred Shares or Cumulative Preference Shares to any officer of the corporation before a meeting for the election of directors at which such shareholder is entitled to vote, or to the presiding officer at such meeting at any time before the election of directors takes place, that he intends to cumulate his votes in such election, each holder of shares of the class with respect to which such notice has been given shall have the right to multiply the number of votes to which he may be entitled by the number of directors to be elected by the holders of shares of such class, and he may cast all such votes for one candidate or distribute them among any two or more candidates. In such case, it shall be the duty of the presiding officer, before the election of directors at the meeting, to announce that all shareholders of the class with respect to which such notice has been given shall cumulate their votes.

G. Preemptive Rights. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive or preferential right whatsoever to purchase, subscribe for or otherwise acquire shares of any class of the corporation or of any security or obligation convertible into, or of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, other than such rights of subscription, if any, as the Board of Directors may from time to time determine.

DIVISION V

Voting Rights of Common Shares
Relating To Certain Business Combinations

A. In addition to any other affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in Subdivision B of this Division V,

(1) any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) an Interested Shareholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate or Associate (as such terms are hereinafter defined) of an Interested Shareholder, or

(2) any sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition (in one transaction or a series of transactions), other than in the ordinary course of business, to or with (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such sale, lease, exchange, mortgage, pledge, grant of a security interest, transfer or other disposition would be, an Affiliate or Associate of an Interested Shareholder, directly or indirectly, of all or any Substantial Part (as hereinafter defined) of the assets of the corporation (including, without limitation, any voting securities of a Subsidiary) or any Subsidiary, or both, or

(3) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities (except pursuant to stock dividends, stock splits or similar transactions which would not have the effect of increasing the proportionate voting power of an Interested Shareholder) of the corporation or any Subsidiary, or both, to (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such issuance or transfer would be, an Affiliate or Associate of an Interested Shareholder, or

(4) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of an Interested Shareholder, or

(5) any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any subsidiary directly or indirectly beneficially owned by (a) an Interested Shareholder or (b) any other person (whether or not itself an Interested Shareholder) which is, or after such reclassification, recapitalization, merger or consolidation or other transaction would be, an Affiliate or Associate of an Interested Shareholder,

shall not be consummated unless such consummation shall have been approved by the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law, in these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of Subdivision A of this Division V shall not be applicable to any particular Business Combination (as hereinafter defined) and such Business Combination shall require only such affirmative vote as is required by law and any other provision of these Articles of Incorporation, if the Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined) or all of the following conditions shall have been met:

(1) The transaction constituting the Business Combination shall provide for a consideration to be received by all holders of Common Shares in exchange for all their Common Shares, and the aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Shares in such Business Combination shall be at least equal to the higher of the following:

(a) (if applicable) the highest per-share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any Common Shares beneficially owned by an Interested Shareholder (i) within the two-year period immediately prior to the Announcement Date (as hereinafter defined), (ii) within the two-year period immediately prior to the Determination Date (as hereinafter defined) or (iii) in the transaction in which it became an Interested Shareholder; whichever is highest; or

(b) the Fair Market Value per Common Share on the Announcement Date or on the Determination Date, whichever is higher.

(2) The consideration to be received by holders of Common Shares shall be in cash or in the same form as was previously paid in order to acquire the Common Shares that are beneficially owned by an Interested Shareholder and, if an Interested Shareholder beneficially owns Common Shares that were acquired with varying forms of consideration, the form of consideration for such Common Shares shall be either cash or the form used to acquire the largest number beneficially owned by it. The price determined in accordance with paragraph 1 of this Subdivision B shall be subject to appropriate adjustment in the event of any recapitalization, stock dividend, stock split, combination of shares or similar event.

(3) After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination:

(a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor the

full amount of any dividends (whether or not cumulative) payable on any outstanding Cumulative Preferred Shares or Cumulative Preference Shares;

(b) there shall have been (i) no reduction in the annual rate of dividends paid on the Common Shares (except as necessary to reflect any subdivision of the Common Shares) other than as approved by a majority of the Continuing Directors and (ii) an increase in such annual rate of dividends as necessary to prevent any such reduction in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding Common Shares, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and

(c) such Interested Shareholder shall not have become the beneficial owner of any additional Common Shares except as part of the transaction in which it became an Interested Shareholder.

(4) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise; and

(5) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to the shareholders of the corporation, no later than the earlier of (a) 30 days prior to any vote on the proposed Business Combination or (b) if no vote on such Business Combination is required, 60 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). Such proxy statement shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the Business Combination which the Continuing Directors, or any of them, may have furnished in writing and, if deemed advisable by a majority of the Continuing Directors, an opinion of a reputable investment banking firm as to the fairness (or lack of fairness) of the terms of such Business Combination, from the point of view of the holders of the Common Shares other than an Interested Shareholder (such investment banking firm to be selected by a majority of the Continuing Directors, to be furnished with all information it reasonably requests and to be paid a reasonable fee for its services upon receipt by the corporation of such opinion).

C. For the purposes of this Division V:

(1) "Business Combination" shall mean any transaction that is referred to in any one or more of paragraphs 1 through 5 of Subdivision A of this Division V.

(2) "Person" shall mean any individual, firm, trust, partnership, association, corporation or other entity.

(3) "Interested Shareholder" shall mean any person (other than the corporation or any Subsidiary) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(b) is an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Common Shares; or

(c) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares which were, at any time within the two-year period immediately prior to the date in question, beneficially owned by an Interested Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction (as hereinafter defined) or any series of transactions involving a Public Transaction.

For the purpose of determining whether a person is an Interested Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(4) "Public Transaction" shall mean any (a) purchase of shares offered pursuant to an effective registration statement under the Securities Act of 1933 or (b) open-market purchase of shares on a national securities exchange or in the over-the-counter market if, in either such case, the price and other terms of sale are not negotiated by the purchaser and the seller of the beneficial interest in the shares.

(5) A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any

agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

(6) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986.

(7) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1986) is owned, directly or indirectly, by the corporation; provided, however, that, for purposes of the definition of Interested Shareholder set forth in paragraph 3, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the corporation.

(8) "Continuing Director" shall mean any member of the Board of Directors of the corporation who (1) is not an Affiliate or Associate of, and not a nominee of, an Interested Shareholder having any interest, direct or indirect, in the proposed Business Combination and (2) was a member of the Board of Directors prior to the time that such Interested Shareholder became an Interested Shareholder, and any successor of a Continuing Director who is not an Affiliate or Associate of, and not a nominee of, such Interested Shareholder and is recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board of Directors.

(9) "Announcement Date" shall mean the date of the first public announcement of the proposed Business Combination.

(10) "Determination Date" shall mean the date on which an Interested Shareholder became an Interested Shareholder.

(11) "Fair Market Value" shall mean: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape; on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation or last reported sale price, whichever is applicable, with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Continuing Directors in good faith.

(12) "Substantial Part" shall mean more than 30% of the fair market value of the total assets of the corporation as of the end of its most recent fiscal year ending prior to the time the determination is being made.

D. A majority of the Continuing Directors shall have the power and duty to determine for the purposes of this Division V, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Division V, including, without limitation, (1) whether a person is an Interested Shareholder, (2) the number of Common Shares beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether the assets which are the subject of any Business Combination constitute a Substantial Part of the assets of the corporation or the Subsidiary, or both, (5) whether the requirements of Subdivision B of this Division V have been met, and (6) such other matters with respect to which a determination is required under this Division V. The good faith determination of a majority of the Continuing Directors on such matters shall be conclusive and binding for all purposes of this Division V.

E. Nothing contained in this Division V shall be construed to relieve an Interested Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares, shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division V unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

DIVISION VI

Provisions Relating to Purchases Of Common Shares Of The Corporation

A. Except as otherwise expressly provided in this Division VI, the corporation may not purchase any Common Shares at a per-share price in excess of the Fair Market Price (as hereinafter defined) as of the time of such purchase from a person known by the corporation to be a Substantial Shareholder (as hereinafter defined), unless such purchase has been approved by the affirmative vote of the holders of at least two-thirds (2/3) of the Common Shares voted thereon held by Disinterested Shareholders (as hereinafter defined). Such affirmative vote shall be required notwithstanding the fact that no vote may be required or that a lesser percentage may be specified by law, in these Articles of Incorporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of this Division VI shall not apply to (1) any purchase pursuant to an offer to purchase which is made on the same terms and conditions to the holders of all of the outstanding Common Shares or (2) any open market purchase that constitutes a Public Transaction (as hereinafter defined).

C. For the purposes of this Division VI:

(1) The terms "Continuing Director," "Person," "Public Transaction," "Affiliate" and "Associate" shall have the meanings given to them in Division V of this Article VI.

(2) "Substantial Shareholder" shall mean any person (other than any employee benefit plan or trust of the corporation or any similar entity) who or which:

(a) is the beneficial owner of more than 10% of the voting power of the then outstanding Common Shares, the acquisition of any shares of which has occurred within the two-year period immediately prior to the date on which the corporation purchases any such shares; or

(b) is an assignee of or has otherwise succeeded to the beneficial ownership of any Common Shares beneficially owned by a Substantial Shareholder, unless such assignment or succession shall have occurred pursuant to a Public Transaction or any series of transactions involving a Public Transaction and, with respect to all Common Shares owned by such person, such person has been the beneficial owner of any such shares for a period of less than two years (including, for these purposes, the holding period of the Substantial Shareholder from whom such person acquired shares).

For the purposes of determining whether a person is a Substantial Shareholder, the number of Common Shares deemed to be outstanding shall include shares deemed owned through application of paragraph 5 below, but shall not include any other Common Shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(3) "Disinterested Shareholders" shall mean those holders of Common Shares who are not Substantial Shareholders.

(4) "Fair Market Price" shall mean the highest closing sale price on the Composite Tape for New York Stock Exchange-Listed Stocks during the 30-day period immediately preceding the date in question of a Common Share or, if such Common Shares are not quoted on the Composite Tape, on the New York Stock Exchange or, if such Common Shares are not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Common Shares are listed, or, if such Common Shares are not listed on any such exchange, the highest closing bid quotation with respect to a Common Share during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or, if no such quotations are available, the fair market value on the date in question of a Common Share, as determined by a majority of the Board of Directors in good faith.

(5) A person shall be a "beneficial owner" of any Common Shares:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or to direct the voting thereof pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Common Shares.

D. A majority of the Board of Directors shall have the power and duty to determine for the purposes of this Division VI, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Division VI, including without limitation, (1) whether a person is a Substantial Shareholder, (2) the number of Common Shares beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether a price is in excess of the Fair Market Price, (5) whether a purchase constitutes a Public Transaction, and (6) such other matters with respect to which a determination is required under this Division VI. The good faith determination of a majority of the Board of Directors on such matters shall be conclusive and binding for all purposes of this Division VI.

E. Nothing contained in this Division VI shall be construed to relieve a Substantial Shareholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with or repeal this Division VI unless the Board of Directors, if all such directors are Continuing Directors, shall unanimously recommend such amendment, alteration, adoption or repeal.

ARTICLE VII.

The Board of Directors of the corporation shall have authority to accept or reject subscriptions for shares.

ARTICLE VIII.

Except as herein otherwise limited or qualified, the corporation reserves the right to amend, alter, change or repeal any of the terms or provisions of these Articles of Incorporation, all in the manner now or hereafter prescribed by the laws of the State of Minnesota, and all rights conferred herein upon officers, directors and shareholders of the corporation are granted subject to this reservation.

ARTICLE IX.

The Board of Directors shall have the power, to the extent permitted by law, to adopt, amend or repeal the Bylaws of the corporation, subject to the power of the shareholders to adopt, amend or repeal such Bylaws.

Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation or the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation, the affirmative vote of the holders of at least 75% of the voting power of the then outstanding Common Shares shall be required to amend, alter, adopt any provision inconsistent with, or repeal this Article IX unless the Board of Directors, if all such directors are Continuing Directors, as defined in Article VI of the Articles of Incorporation, shall unanimously recommend such amendment, alteration, adoption or repeal.

ARTICLE X.

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Sections 302A.559 or 80A.23 of the Minnesota Statutes; (iv) for any transaction from which the director derived an improper personal benefit; or (v) for any act or omission occurring prior to the date when this Article X became effective.

Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

ARTICLE XI.

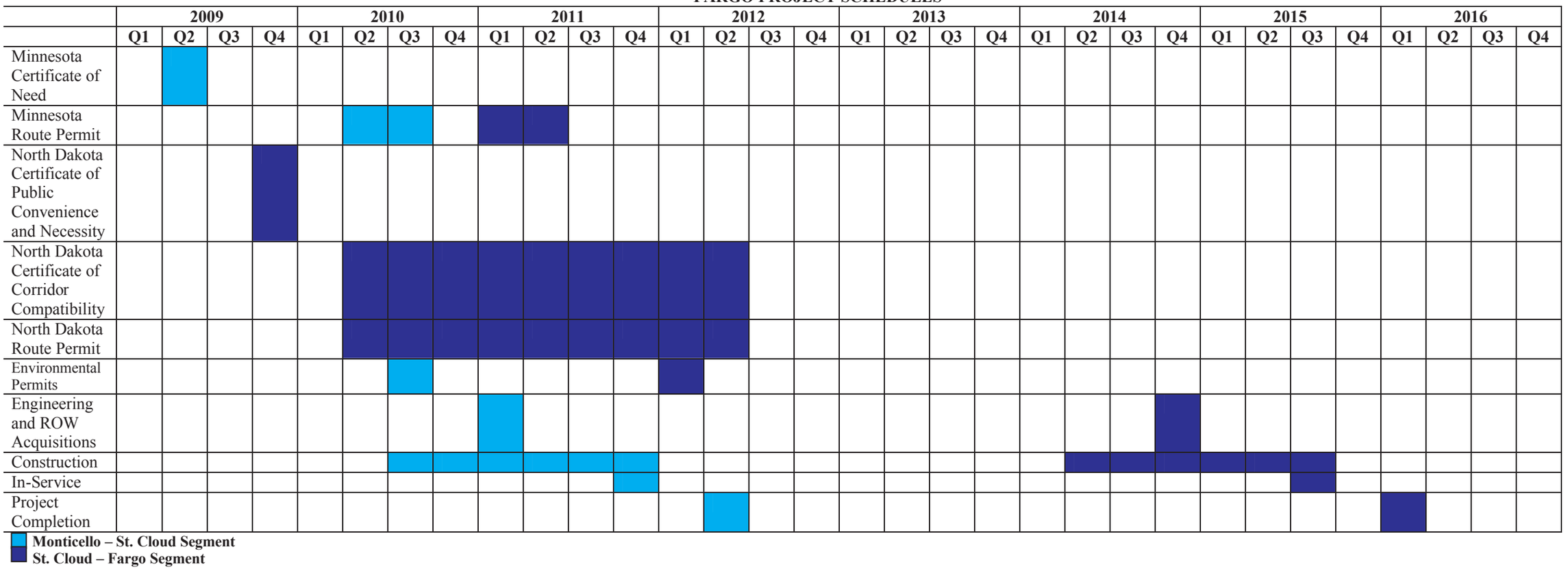
Any action or transaction by or involving the corporation, other than the election or removal of directors of the corporation, that requires for its adoption under the Minnesota Business Corporation Act or these Articles of Incorporation, the approval of the shareholders of the corporation shall, pursuant to Section 302A.626 (subd. 3(8)(i)) of the Minnesota Business Corporation Act, require, in addition to the approval of the shareholders of the corporation, the approval of the shareholders of Otter Tail Corporation, a Minnesota corporation (or any successor by merger), so long as such corporation or its successor is the ultimate parent, directly or indirectly, of the corporation, by the same vote that is required by the Minnesota Business Corporation Act and/or by these Articles of Incorporation. For the purposes of this Article XI, the term "parent" shall mean a corporation that owns, directly or indirectly, any outstanding capital stock of the corporation entitled to vote in the election of directors of the corporation.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUL 01 2009
Mark Ritchie
Secretary of State

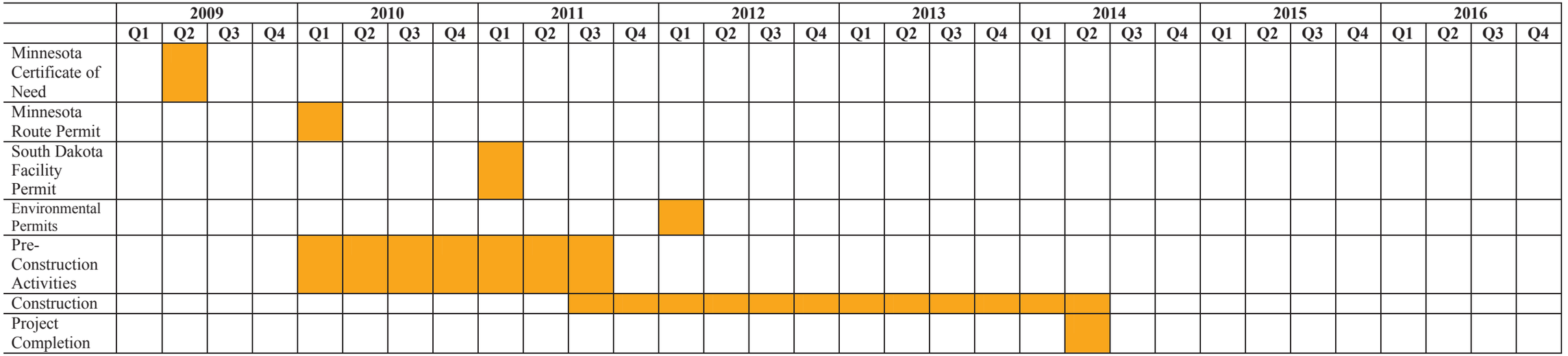
JOINT APPENDIX B

Project Construction Schedules

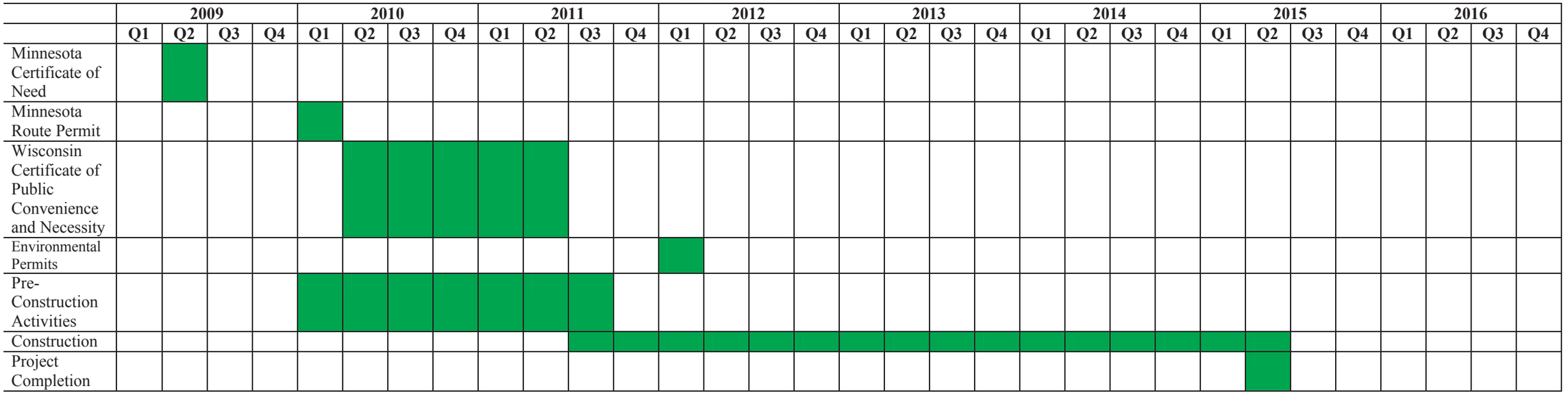
FARGO PROJECT SCHEDULES



BROOKINGS PROJECT SCHEDULES



LA CROSSE PROJECT SCHEDULES



BEMIDJI PROJECT SCHEDULES

	2009				2010				2011				2012				2013				2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Minnesota Certificate of Need																																
DEIS																																
FEIS																																
Minnesota Route Permit																																
Other Federal/State Permits																																
Project Construction																																
Project In-Service																																

Joint Appendix C

CapX2020 Group 1 Projects

MISO Cost Allocation Methodology

Summary

This Appendix is provided in connection with Applicants' Application for an Advanced Determination of Prudence and addresses issues concerning ratepayer impact arising out of the CapX2020 Group 1 Projects (hereinafter referred to collectively as either "CapX2020 Group 1 Projects" or "Group 1 Projects" and each individually as Project).

In an effort to provide the North Dakota Public Service Commission ("Commission") with meaningful information regarding potential cost-allocation scenarios, Applicants have attempted to work through the Midwest Independent Transmission System Operator, Inc. ("MISO") cost allocation process pursuant to Attachment FF[1] of the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff"). As will be discussed in this Appendix, there are various approaches to the allocation of transmission costs within the MISO Transmission System. Allocation of costs for those CapX2020 Group 1 Projects that are designated by MISO as "Baseline Reliability Projects" (the Fargo – Twin Cities 345 kV Project ("Fargo Project") and the Bemidji – Grand Rapids 230 kV Project ("Bemidji Project") and portions of La Crosse – Twin Cities 345 kV Project ("La Crosse Project")) is fairly straight forward. Cost allocation for the Brookings County – Twin Cities 345 kV Project ("Brookings Project") is likely to be more complex and will likely evolve over time.

In spite of these challenges and uncertainties, Applicants have attempted to estimate how costs of the CapX2020 Group 1 Projects will be allocated to the users of the MISO Transmission System, and in particular to Applicants. While the evolving rules and protocols make precise calculations difficult, some summary conclusions can be drawn. In the event that MISO develops cost allocation mechanisms that treat all four of the Group 1 Projects in a substantially similar fashion, the estimated cost to their respective North Dakota jurisdictional customers

[1] Attachment FF is sometimes referred to as "RECB," which stands for Regional Expansion and Criteria Benefits and was the name of the Midwest ISO stakeholder task force that developed the cost inclusion and allocation criteria.

for each Applicant will be the MISO charges on approximately $40-60 million of investment for Xcel Energy and $35-40 million of investment for Otter Tail.[2]

The following chart breaks this estimate down by Project:

	Xcel Energy	Otter Tail
Fargo Project*	$13-16 million*	$20-22 million*
Bemidji Project %	$1-2 million%	$5-7 million%
La Crosse Project+	$9-11 million+	$75,000+
Brookings Project^	$22-27 million^	$11-13 million^
Total investment attributable to ND	$40-60 million	$35-40 million
Approximate levelized revenue requirement per year in ND	$9-10 million	$7-7.5 million

*Assumes MISO cost allocation applicable to Baseline Reliability Projects applies.

% Assumes a combination of the MISO formula applicable to Baseline Reliability Projects and portion of Project designated non-MISO not subject to recovery of revenue requirements under the MISO Tariff.

+Assumes a combination of the MISO formula applicable to Baseline Reliability Projects and MISO Attachment O allocation for aspects of projects not eligible for cost sharing.

[2] As with any project that is still in the permitting stages, the final costs of the CapX2020 Group 1 Projects will not be known until they are completed. Applicants' submittal of costs estimated for this Application, pursuant to N.D.C.C. §49-05-16, and discussed herein are, therefore, estimates. These approximate totals are based on the estimated project costs in 2007 dollars and are subject to adjustment based on final route selection, timing of construction and the potential for unforeseen circumstances. Applicants will provide the Commission with updates on the costs and will advise the Commission of material changes in costs or material changes in MISO's treatment of the costs.

^Assumes MISO cost allocation applicable to Generator Interconnection Project applies. This assumption creates a high-cost "conservative" scenario for use in this proceeding. However, it is likely the Brookings Project's costs will be allocated by some different (yet to be developed) methodology. As discussed below, MISO, Applicants and stakeholders are actively working to develop different allocation mechanisms for the Brookings Project.

Cost Recovery and Allocations

A. Recovery of Capital Costs

As members of MISO, Applicants will recover their respective capital costs of each of the Group 1 Projects pursuant to the MISO Tariff (i.e., the segments of each Project that are eligible, under MISO Attachment FF, to receive cost-sharing, as discussed below). Those final eligible costs of ownership, pursuant to the final Ownership Agreements negotiated amongst the utilities participating in the CapX2020 Initiative (the "CapX2020 Utilities"), will be submitted by Applicants pursuant to MISO Attachment GG, the revenue requirements formula. For those segments of the Group 1 Projects without an eligible cost-sharing RECB designation, MISO will compute each MISO transmission owner's MISO revenue requirements and transmission charges pursuant to Attachment O of the MISO Tariff. The non-MISO transmission owners will determine their own requirements and charges under their respective open access transmission tariffs.

It is expected that 100% of the Fargo and Brookings Projects will be part of the MISO Transmission System[3] and subject to the cost allocation and cost recovery provisions of the MISO Tariff given that it is anticipated that all owners will be MISO

[3] For purposes of this Appendix C, Transmission System is defined pursuant to the MISO Tariff as: "The transmission facilities owned or controlled by entities that have conveyed operational control to the Transmission Provider that are used to provide Transmission Service under Module B of this Tariff. The Transmission System includes facilities, the operational control of which has been transferred to the Transmission Provider subject to Commission approval under Section 203 of the Federal Power Act. In addition, the Transmission System includes other facilities booked to transmission accounts that are not controlled or operated by the Transmission Provider but are facilities that the Transmission Owners, by way of the Agency Agreement, have allowed the Transmission Provider to use in providing service under this Tariff. While not part of the Transmission System, service over Distribution Facilities is available through the execution of a Service Agreement pursuant to Schedule 11 of this Tariff. The term Transmission System shall include the Transmission System (Michigan)."

transmission-owning members. Approximately 80% of the La Crosse Project and 68.5% of the Bemidji Project will be part of the MISO Transmission System. Companies that are not transmission-owning members of MISO will own the remainder of these Projects and obtain cost recovery from their ratepayers. CapX2020 Utilities that are transmission-owning members of MISO will recover their respective share of each Group 1 Project from charges MISO imposes on the users of the MISO Transmission System, including Applicants.

Table 1, below, shows the expected ownership share of each of the Group 1 Projects. These values represent the ownership percentages if all participants were to elect to invest at maximum specified levels. Because final ownership proportions have not yet been agreed on, these allocations are subject to change.

Table 1

Expected Ownership Shares of CapX2020 Projects (%)

Transmission Owner	Twin Cities - Fargo 345 kV Project	Twin Cities - Brookings County 345 kV Project	Twin Cities - La Crosse 345 kV Project	Bemidji - Grand Rapids 230 kV Project
Central Minnesota Municipal Power Agency (“CMMPA”)		2.2%		
Dairyland Power Cooperative (“DPC”)			11.0%	
Great River Energy (“GRE”)	25.0%	16.5%		13.0%
Minnesota Power (“MP”)	14.7%			9.3%
Minkota Power Cooperative (“MPC”)				31.5%
Missouri River Energy Services (“MRES”)	11.0%	5.1%		
Otter Tail Power Company (“OTP”)	13.2%	4.1%		20.0%
Rochester Public Utilities (“RPU”)			9.0%	
Southern Minnesota Municipal Power Agency (“SMMPA”)			13.0%	
WPPI Energy (“WPPI”)			3.0%	
Xcel Energy	36.1%	72.1%	64.0%	26.2%
Total	100.0%	100.0%	100.0%	100.0%

B. MISO Cost Allocation

Most of the CapX2020 Utilities are transmission-owning members of MISO. As a general matter, MISO calculates a revenue requirement for the recovery of costs for the owners of the transmission facilities under the MISO Tariff and charges *users* of the MISO Transmission System in order to collect and remit to the MISO transmission *owners* their cost recovery on their transmission assets. Therefore, CapX2020 Utilities that are members of MISO will, in general, recover their capital costs for their ownership of the Group 1 Projects from MISO.

As noted above, in order to pay the *owners* of the transmission in the MISO footprint, MISO charges the *users* of the transmission facilities in the MISO footprint for their use of those transmission facilities. Thus, MISO CapX2020 Utilities, as users of transmission facilities in the MISO footprint, will pay a portion of those charges. It is these charges to use the transmission in the MISO footprint, including the CapX2020 Group 1 Projects, for which CapX2020 Utilities will incur costs and which will be recovered from the ultimate benefactors of this use, the CapX2020 Utilities' ratepayers.

1. MTEP Analysis

Each year, MISO reviews all of the transmission expansion plans proposed by the MISO transmission owners and independently determines those projects that are to be included in what is know as "Appendix A" of the Midwest Transmission Expansion Plan ("MTEP"). Appendix A projects are projects that have satisfied MISO's factors to be the preferred solution to an identified reliability, policy or other need, or to achieve an identified cost savings or other benefit and that have been approved by the MISO Board of Directors. The project justification process includes consideration of a variety of factors including urgency of need and comparison from amongst alternatives of operating performance, initial investment costs, robustness of the solution, longevity of the solution provided, and performance against other economic metrics. Projects in Appendix A may be generated from the Baseline Planning process, or from the Generator Interconnection or Transmission Service Request study processes. Projects in Appendix A may be eligible for regional cost sharing per provisions in Attachment FF of the Tariff.

MISO's cost allocation process is outlined in Attachment FF, Section III of its Tariff. At the present time, MISO assigns costs based on four different categories.

Baseline Reliability Projects ("BRP")

Generation Interconnection Projects ("GIP")

Transmission Delivery Service Projects

Regionally Beneficial Projects ("RBP")

The CapX2020 Group 1 Projects have been designated either as a BRP or GIP. Therefore, this discussion focuses on those two categories.

Baseline Reliability Projects are defined as projects that serve a documented need for baseline reliability, and are eligible for MTEP cost sharing if they: 1) have a total cost of $5M or more; or 2) have a project cost below $5M, but a total cost that is 5% or more of the transmission owners net plant as established according to Attachment O.

All costs for BRPs with a rated voltage of 100 kV through 344 kV are allocated to Transmission Customers in designated sub-regional pricing zones. The subregions and pricing zones are determined on a case-by-case basis using the Line Outage Distribution Factor methodology (LODF).[4] MISO then models the LODF for each pricing zone for each new transmission facility. LODF is used because it is considered by MISO planners as a way to determine the added benefit of a new transmission facility to each of the pricing zones. Generally, pricing zones in close proximity to the proposed transmission facility have the greatest LODF cost allocation and those furthest away have little to no cost allocation from the LODF method thus this benefit assignment approach is defined as being sub-regional.

For BRPs of 345 kV or higher, the RECB criteria defines some of the benefit of the proposed transmission facility as being for system-wide reliability. Therefore a portion of the costs of the proposed facility (20%) is assigned to all pricing zones in MISO on what is known as a "postage stamp" basis. Postage stamp cost allocation spreads cost responsibility proportionally to the load in the pricing zones of MISO

[4] LODF is an engineering calculation of the change of flows on the Transmission System created by the addition of a new transmission facility. MISO uses computer software to measure and model the LODF of all facilities within the MISO Transmission System for each new facility added to the system.

thus this benefit assignment approach is defined as being regional. The remaining 80% of the project costs are allocated sub-regionally to all Transmission Customers within designated pricing zones. As before, the sub-regions and pricing zones are determined on a case-by-case basis using the LODF process as previously described.

Under the current MISO Tariff, all upfront costs for GIPs are paid by the Interconnection Customer. For generation resources that are qualified as designated Network Resources of have a purchase power agreement of one year or more with a MISO Load, the Interconnection Customer may be repaid up to 50% of the costs of the GIP which is allocated among the pricing zones using the same methodology applicable to BRPs. The remaining 50% is directly assigned to the Interconnection Customer. The only exception is that all facilities classified as Transmission are considered for allocation purposes (i.e., cost allocation is not cut off at 100 kV).

If the initial screening criteria of RECB determines that the benefits of a proposed transmission facility is local in nature, then the assignment of costs for that facility is left to the local pricing zone of the owner of the facility. For example, a proposed transmission facility that serves a single customer on a radial line would be directly assigned for the benefit of that customer. Similarly, a proposed transmission facility that primarily benefits a local load center or even a load center that is not part of the MISO system would be assigned for the benefit of that local load center.

2. Revenue Requirement and Cost Allocation

For the costs for existing transmission or new transmission that is not eligible for cost sharing, the affected transmission owner will generally incorporate the costs of those facilities in its rate base as calculated pursuant to Attachment O of the MISO Tariff. As described below, portions of the La Crosse Project are not eligible for cost sharing under the MISO Tariff; thus those costs are included into the transmission owners' (including Applicant Xcel Energy) MISO rate base calculated pursuant to Attachment O.

MTEP projects that qualify for cost sharing are reported through MISO Attachment GG revenue requirement and rates calculations. The Attachment GG information is used for tracking costs and in-service dates of approved MTEP cost shared projects and for distributing the revenues associated with such charges. Schedule 26 of the MISO Tariff provides the rate recovery mechanism by which the MISO collects the Attachment GG revenue requirements. If a new transmission

facility qualifies for MISO cost sharing (pursuant to Attachment FF of the MISO Tariff and as described above), the revenue requirements are determined through Attachment GG of the Tariff and the subsequent recovery of those revenue requirements are assessed under Schedule 26 of the MISO Tariff.

C. Cost Allocations and Ratepayer Impacts of the Group 1 Projects

The Fargo Project and the MISO portion of the Bemidji Project have been designated as BRPs in the 2006 and 2008 MTEPs. The segment of the La Crosse Project from North Rochester to La Crosse has also been designated as a BRP in the 2008 MTEP. The Hampton Corner to North Rochester 345 kV segment of the La Crosse Project and both 161 kV circuits of the La Crosse Project were screened as local facilities under the RECB criteria because the primary benefit of these facilities are for the load of two non-MISO CapX2020 Utilities (Dairyland Power Cooperative ("DPC") and Rochester Public Utilities ("RPU")). Similarly, a portion (31.5%) of the Bemidji Project is assigned to a non-MISO CapX2020 Utilities (Minnkota Power Cooperative). Thus, that portion is not treated as a BRP by MISO. Finally for the Brookings Project, MISO has stated that this line is primarily a GIP under RECB (no near term BRP benefit and no RBP benefit). MISO is still working through the specific cost allocation of the Brookings Project costs attributable to the generators that require the Brooking Project for their interconnection.

In summary each of the CapX2020 Group 1 Projects have been designated for cost responsibility as follows under the RECB criteria:

Fargo Project – All of the cost responsibility assigned as a BRP with 20% through postage stamp to all MISO pricing zones and 80% through the LODF method.

Bemidji Project – 68.5% of the cost responsibility assigned as a BRP through the LODF method (as applicable to 100 kV through 344 kV projects) and 31.5% of the cost of the project that non-MISO transmission owner Minnkota Power Cooperative will incur are not assigned to any MISO members.

La Crosse Project – All of the cost of the Hampton to North Rochester portion of this project along with the 161 kV lines from North Rochester into the Rochester area are assigned locally to the owners of this segment of the line. This approach is defined as "Market Participant Funding" for non-BRP facilities. Further, the cost of the project that non-MISO transmission owners DPC and RPU will incur are not assigned to any MISO members. Finally, the cost of the

remaining portion of the project is assigned as a BRP with 20% through postage stamp to all MISO pricing zones and 80% through the LODF method.

Brookings Project – 100% of the cost responsibility initially assigned to the generators that require the project for their interconnection (yet to be finalized). Any further cost responsibility assignment has not been finalized and will be discussed later in this document.

A more detailed discussion of the cost allocation results for each of these projects is contained in the following discussion.

1. The Fargo Project

The entire length of the Fargo Project has been designated as a Baseline Reliability Project in the 2008 MTEP. As a 345 kV Baseline Reliability Project, 20% of the costs for use of the Fargo Projects will be allocated to all pricing zones as a postage stamp rate. The remaining 80% of the costs of the Fargo Project will be allocated to pricing zones based on the LODF allocation method. Table 2 shows the estimated cost of the Fargo Project to each MISO pricing zone that contain CapX2020 Utilities load (after both the Postage Stamp and LODF allocations) based on the budgeted costs for the Project.

Table 2

Allocation of Fargo Project Costs to Midwest ISO Pricing Zones (million $)

Midwest ISO Pricing Zone	Twin Cities - Fargo 345 kV Project
ALTW (ITCM)	$6.9
American Transmission Co.	$17.6
GRE	$17.8
MP	$54.3
Northern States Power Co.	$298.9
OTP	$94.4
SMMPA	$0.3
All Other MISO Pricing Zones	$86.1
Total	$576.2

Pricing Zones Containing CapX Members	**$490.1**

Non-CapX Members Pricing Zones	$86.1

The next step in the process of allocating costs is to allocate these charges to the load in each pricing zone. These last charge assignments are then paid by the utilities serving load in each pricing zone in proportion to their load in that pricing

zone. Table 3 provides estimates of charges that CapX2020 Utilities will incur on a pricing zone basis for the Fargo Project.

Table 3

Allocation of Fargo Charges to Owners for CapX2020 Projects ($1000)

CapX2020 Transmission Owners	MISO Pricing Zone	Twin Cities - Fargo 345 kV Project
GRE	ALTW (ITCM)	$213
	GRE	$15,793
	MP	$4,889
	NSP	$25,404
	OTP	$10,190
MP	MP	$47,863
Xcel Energy	ALTW (ITCM)	$14
	GRE	$1,209
	MP	$54
	NSP	$261,808
	OTP	$26,041
OTP	OTP	$48,214
SMMPA	ALTW (ITCM)	$69
	GRE	$783
	NSP	$4,782
	SMMPA	$334
CMMPA	ALTW (ITCM)	$62
	NSP	$1,793
DPC	ATC	$53
	NSP	$5,081
MRES	ALTW (ITCM)	$117
	NSP	$5,081
	OTP	$9,907
WPPI	ATC	$1,055
	NSP	$1,793
Total		$472,600

Non-CapX Member Pricing Zones	$86,083
Non-CapX Members in CapX Member Pricing Zones	$17,517

Total Project Costs	$576,200

Therefore, some Project costs will be recovered through MISO charges paid by all MISO transmission owners through the postage stamp rate and the remainder will be recovered from MISO customers that more directly benefit from the Project as determined by MISO's LODF methodology.

Based on the expected MISO charges allocated to Applicants pursuant to the foregoing formula, it is expected that Xcel Energy will have an approximate cost responsibility of $289,126,000 for the Fargo Project and that Otter Tail will have an approximate cost responsibility of $48,214,000 for the Fargo Project. Of those MISO charges to Xcel Energy, 4.62% will be allocated to Xcel Energy's North Dakota jurisdictional customers. 41.3% of those charges to Otter Tail will be allocated to Otter Tail's North Dakota jurisdictional customers. Therefore, the estimated cost of the Fargo project to their respective North Dakota jurisdictional customers for each Applicant, as represented in the MISO charges each Applicant will incur, is the MISO revenue requirements on approximately $13,357,621 of investment for Xcel Energy and approximately $19,864,168 of investment for Otter Tail.

2. The Bemidji Project

The Bemidji Project was designated as a Baseline Reliability Project in the 2006 MTEP. As a Baseline Reliability Project less than 345 kV, all of the CapX2020 Utilities who are MISO members' share of the Bemidji Project (68.5% of the costs of the Bemidji Project) will be allocated on a pricing zone basis to those pricing zones that benefit from the Bemidji Project based on MISO's LODF calculation (sub-regional basis). Table 4 shows the estimated charges on a pricing zone basis for the Bemidji Project.

Table 4

Allocation of Bemidji Project Costs to Midwest ISO Pricing Zones (million $)

Midwest ISO Pricing Zone	Bemidji - Grand Rapids 230 kV Project
ALTW (ITCM)	$0.4
American Transmission Co.	$3.6
GRE	$1.5
MP	$21.0
Northern States Power Co.	$26.7
OTP	$29.0
Total	$82.2

The remaining 31.5% of the Bemidji Project is expected to be owned by Minnkota Power Cooperative, which is not a transmission owning member of MISO. The costs to Minnkota of owning its respective portion of the Bemidji Project will be recovered by its ratepayers.

As noted above, the charges allocated to each pricing zone are then paid by the utilities serving load in each pricing zone in proportion to their load in that pricing zone. Table 5 provides estimates of charges that Applicants will incur on a pricing zone basis for the Bemidji Project.

Table 5

Allocation of Bemidji Charges to Owners for CapX2020 Projects ($1000)

CapX2020 Transmission Owners	MISO Pricing Zone	Bemidji - Grand Rapids 230 kV Project
GRE	ALTW (ITCM)	$11
	GRE	$1,339
	MP	$1,889
	NSP	$2,266
	OTP	$3,130
MP	MP	$18,475
Xcel Energy	ALTW (ITCM)	$1
	GRE	$103
	MP	$21
	NSP	$23,350
	OTP	$7,988
OTP	OTP	$14,798
SMMPA	ALTW (ITCM)	$4
	GRE	$66
	NSP	$426
	SMMPA	$0
CMMPA	ALTW (ITCM)	$3
	NSP	$160
DPC	ATC	$11
	NSP	$453
MRES	ALTW (ITCM)	$6
	NSP	$169
	OTP	$3,043
WPPI	ATC	$219
	NSP	$160
Total		$78,090

Table 5
(continued)

Allocation of Bemidji Charges to Owners for CapX2020 Projects ($1000)

Non-CapX Member Pricing Zones		$64
Non-CapX Members in CapX Member Pricing Zones		$4,046
Non MISO Owners		
	MPC	$37,800
Total Non BRP		$37,800

Total Project Costs	$120,000

Based on the expected MISO charges allocated to Applicants pursuant to the foregoing formula, it is expected that Xcel Energy will have a cost responsibility for $31,500,000 of investment for the Bemidji Project and that Otter Tail will have a cost responsibility for $14,800,000 of investment for the Bemidji Project. Of those charges to Xcel Energy, 4.62% will be allocated to Xcel Energy's North Dakota jurisdictional customers. 41.3% of those charges to Otter Tail will be allocated to Otter Tail's North Dakota jurisdictional customers. Therefore, the estimated cost of the Bemidji Project to their respective North Dakota jurisdiction for each Applicant, as represented by the MISO charges each Applicant will incur, is the MISO revenue requirement on approximately $1,454,000 of investment for Xcel Energy and approximately $6,112,000 of investment for Otter Tail.

3. The La Crosse Project

As mentioned above, it is expected that 80% of the La Crosse Project will be owned by CapX2020 Utilities who are transmission owning members of MISO. The

other 20% will be owned by RPU (9%) and DPC (11%). The non-MISO 20% of the La Crosse Project will be recovered by RPU and DPC from their ratepayers.

The 345 kV segment of the La Crosse Project from North Rochester to North La Crosse has been designated as a Baseline Reliability Project in the 2008 MTEP. Therefore, the costs for this segment will be allocated similarly to the costs of the Fargo Project. Twenty percent of the costs for use of this segment of the La Crosse Projects will be allocated to all pricing zones as a postage stamp rate. The remaining 80% of the costs of this segment of the La Crosse Project will be allocated to pricing zones based on the LODF allocation method.

The Hampton Corner to North Rochester 345 kV segment of the La Crosse Project and both 161 kV circuits of the La Crosse Project were not designated as a RECB Project. Therefore, the transmission charges for this segment will be determined based on the MISO Attachment O formula and incorporated into the applicable pricing zone rate in proportion to each MISO transmission owning member's ownership share.

Table 6 shows the estimated cost of the La Crosse Project to each MISO pricing zone based on the budgeted costs for the Project and anticipated ownership shares.

Table 6

Allocation of La Crosse Project Costs to Midwest ISO Pricing Zones (million $)

Midwest ISO Pricing Zone	Twin Cities - La Crosse 345 kV Project
ALTW (ITCM)	$25.1
American Transmission Co.	$36.8
GRE	$3.7
MP	$3.9
Northern States Power Co.	$135.0
OTP	$0.4
SMMPA	$18.1
All Other MISO Pricing Zones	$30.1
Total	$253.0

Pricing Zones Containing CapX Members	**$222.9**

Non-CapX Members Pricing Zones	$30.1

As noted above, the charges allocated to each pricing zone are then paid by the utilities serving load in each pricing zone in proportion to their load in that pricing zone. Table 7 provides estimates of charges that Applicants will incur on a pricing zone basis for the La Crosse Project.

Table 7

Allocation of La Crosse Charges to Owners for CapX2020 Projects ($1000)

CapX2020 Transmission Owners	MISO Pricing Zone	Twin Cities - La Crosse 345 kV Project
GRE	ALTW (ITCM)	$777
	GRE	$3,287
	MP	$348
	NSP	$11,472
	OTP	$39
MP	MP	$3,398
Xcel Energy	ALTW (ITCM)	$50
	GRE	$252
	MP	$4
	NSP	$118,092
	OTP	$100
OTP	OTP	$185
SMMPA	ALTW (ITCM)	$251
	GRE	$163
	NSP	$2,159
	SMMPA	$18,146
CMMPA	ALTW (ITCM)	$226
	NSP	$810
DPC	ATC	$110
	NSP	$2,294
MRES	ALTW (ITCM)	$426
	NSP	$135
	OTP	$38
WPPI	ATC	$2,208
	NSP	$810
Total		$165,781

Table 7
(continued)

Allocation of La Crosse Charges to Owners for CapX2020 Projects ($1000)

Non-CapX Member Pricing Zones	$30,141
Non-CapX Members in CapX Member Pricing Zones	$57,128

Non MISO Owners		
	DPC	$47,157
	RPU	$38,583
Non-BRP		
	SMMPA	$14,610
	WPPI	$3,372
	Xcel Energy	$71,928
Total Costs Not Assigned through BRP		$175,650

Total Project Costs	$428,700

Therefore some Project costs will be recovered through MISO charges paid by all MISO transmission owners through the postage stamp rate. The remainder will be

recovered by MISO members who serve load in affected pricing zones as determined by MISO's LODF methodology and as incorporated into each owner's MISO pricing zone pursuant to Attachment O methodologies.

Based on the expected MISO charges allocated to Applicants pursuant to the foregoing formula, it is expected that Xcel Energy will have a cost responsibility for $190,426,000 of investment for the La Crosse Project and that Otter Tail will have a cost responsibility for $185,000 of investment. Of those charges to Xcel Energy, 4.62% will be allocated to Xcel Energy's North Dakota jurisdictional customers and 41.3% of the charges to Otter Tail will be allocated to Otter Tail's North Dakota jurisdictional customers. Therefore, the estimated cost of the La Crosse Project to their respective North Dakota jurisdictional customers for each Applicant, as represented by the MISO charges each Applicant will incur, is the MISO revenue requirements on approximately $8,797,681 of investment for Xcel Energy and approximately of investment $76,220 for Otter Tail.

4. The Brookings Project

In MTEP 2008, MISO determined that the Brookings Project is considered a GIP. As stated above, GIPs are those additions to the MISO transmission system necessary for the interconnection of new or the upgrading of existing generation ("Network Upgrades").[5] This decision is currently being discussed and analyzed and, as described below, MISO is in the process of a public stakeholder process designed to determine whether and how the Tariff might be changed to address stakeholder concerns over this designation.

The MISO cost allocation process for GIP facilities requires the affected generators to pay 100% of the cost of such facilities and allows for up to 50% of the initial assignment of cost responsibility to be passed back to the CapX2020 Utilities who are MISO transmission owners depending on the ultimate use of the generation.

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[5] In the case of the Brookings Project, MISO has identified a group of nineteen generators under study for interconnection to the MISO system consisting of 1,300 MW of generating capacity. These studies have identified the Brookings Project as a necessary Network Upgrade for the reliable interconnection of the proposed generation projects. Specifically, these nineteen generators have a measurable contribution to system overloading if the Brookings Project is not built. Therefore, MISO's starting position for allocation of the generation portion of the costs of the Brookings Project should be assigned to the generators making up the 1,300 MW of capacity studied.

This designation creates a number of difficult complications in the case of the Brookings Project:

The generators who will actually use the Brookings Project are currently unknown.

Even those 19 generators identified by MISO do not have signed interconnection agreements or power purchase agreements.

It is too early to specify how much of the potential 50% cost of the Brookings Project will actually be passed back to the CapX2020 Utilities who are MISO transmission owners under the MISO Tariff.

The timing of the construction of the transmission as compared to the timing of the completion of the generation does not fit well under the Tariff.

The Tariff requirement that generation projects fund 100% the Brookings Project is problematic since such generator projects do not yet exist and are not available to provide such funding.[6]

In light of all of these issues, Applicants and others have raised concerns with MISO on the need to address this situation in some fashion in order to provide an allocation mechanism that is workable. In light of those concerns, there are several activities going on within MISO and/or in the MISO area that could affect the ultimate cost assignment methodology for the Brookings Project. MISO has convened a public stakeholder process to develop potential proposals for Tariff revisions. And MISO has reconvened its RECB task force to address possible solutions.[7]

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[6] The GIP Cost Allocation process is based on the premise that interconnection facilities are built in response to approved interconnection requests for which the generator has a signed interconnection agreement and generation commitment. In the case of the Brookings project, this sequence could be backwards where completion of the transmission facilities may precede the completion of the generation.

[7] On another front that affects the Brookings Project, the Upper Midwest Transmission Design Initiative ("UMTDI") is evaluating the transmission needs, including cost allocation issues, for a five state region including CapX2020 Group 1 Project states. Initial expectations of this group are that the Brookings Project is a foundational transmission facility required in order to achieve any of the increased transmission supply capability objectives of the group. Thus there is analysis underway to determine if it is appropriate for the Brookings project to be included in the cost allocation treatment that may come out of the UMTDI work efforts.

As a result of the RECB task force process, MISO submitted to FERC a proposal to modify the cost allocation methodology contained in its Tariff for the costs associated with generators interconnection to its Transmission System on July 9, 2009. In its filing, MISO proposed changing the 50%/50% cost share for the costs of Network Upgrades by allocating 90% of the costs of Network Upgrade facilities in a voltage class of 345 kV or higher to the generators and 10% of the costs to the users of the MISO Transmission System. The costs of the 10% of the Network Upgrades allocated to users of the MISO Transmission System would be allocated on a postage stamp basis to all MISO pricing zones. The outcome of this process may result in changes to the way the costs for the Brookings Project will be allocated to Applicants and other MISO members. These changes could result in substantially lower impacts to all of our ratepayers. Applicants will keep the Commission informed on this process and of the impact any revised Tariff procedure may have on this proceeding.

Since MISO's current position is that the Brookings Project is to be treated as a GIP, for purposes of this filing, Applicants have provided the calculation of the cost allocation under that category. Table 8 shows the estimated investment costs for the CapX2020 Utilities responsible for the Brookings Project.

Table 8

Investment Costs of Brookings Project Owners for CapX2020 Projects ($1000)

Transmission Owner	Twin Cities - Brookings County 345 kV Project
CMMPA	$15,346
GRE	$115,088
MRES	$35,572
OTP	$28,598
Xcel Energy	$502,898
Total	$697,500

As shown in Table 4 above, it is expected that Xcel Energy will have an initial cost responsibility of approximately $502,898,000 for the Brookings Project and that Otter Tail will have an initial cost responsibility of approximately $28,598,000 for the Brookings Project. Of those charges to Xcel Energy, revenue requirements for 4.62% of that investment will be allocated to Xcel Energy's North Dakota jurisdictional customers. Revenue requirements for 41.3% of those investments by Otter Tail will be allocated to Otter Tail's North Dakota jurisdictional customers. Therefore, the estimated cost of the Brookings Project, as represented by MISO charges to be paid by each Applicant, to their respective North Dakota jurisdictional customers for each Applicant is the MISO revenue requirements on approximately $23,233,888 of investment for Xcel Energy and approximately $11,810,974 for Otter Tail.

As noted above, under the current MISO Tariff, these costs are to be initially funded by the affected generators, subject to refund of up to 50% depending upon the circumstances. But currently the generators are not in place to utilize and pay for these transmission improvements. The MISO Tariff does not resolve how funding is to be treated in such a circumstance and this issue creates a significant difficulty in developing and constructing transmission facilities for use by future generation. Until that and other issues relating to cost allocation have been resolved, it is unclear how these costs will be absorbed or recovered. For example, if the CapX2020 Utilities choose to move forward with the Brookings Project without generators, the utilities

would potentially need to fund the transmission improvements and would need to recover these costs from their retail customers until costs are re-assigned under the MISO Tariff. This is among the issues being considered by MISO.

Applicants would like to emphasize that these complex issues of cost responsibility are being discussed with stakeholders with the objective of reaching a workable solution by the end of the year. Many possible outcomes exist and stakeholders have many divergent points of view on the situation. Since the outcome is not yet known, we have simply allocated the jurisdictional portion of applicants' investment to North Dakota, without any adjustments, as an estimate of impact in the North Dakota. This provides the Commission with a potential worst case scenario for consideration.

5. Total Impact of CapX2020 Projects

For all of the CapX2020 Projects, the estimated cost to their respective North Dakota jurisdiction for each Applicant will be the MISO charges on approximately $47 million of investment for Xcel Energy and approximately $37 million of investment for Otter Tail. This ultimate cost responsibility represents an approximate annual levelized North Dakota jurisdictional revenue requirement of $9.5 million per year for Xcel Energy and $7.5 million for Otter Tail. However, Applicants will expend the costs of the CapX2020 Group 1 Projects over time through the final costs expected to be made in 2015.

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION — **CASE NO. PU-_____**

OTTER TAIL POWER COMPANY — **CASE NO. PU-_____**

IN THE MATTER OF THE APPLICATION FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR THE CAPX2020 GROUP 1 TRANSMISSION PROJECTS

VERIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

JAMES R. ALDERS, being first duly sworn on oath, deposes and says that he is the Director of Regulatory Administration for Xcel Energy Services Inc. on behalf of Applicant Northern States Power Company, a Minnesota corporation in the above captioned matter, that he has read said application, knows the contents thereof, and that the same is true and correct to the best of his knowledge and belief.

JAMES R. ALDERS

Subscribed and sworn to before me this 17 day of September, 2009.

ANNE R. JOHNSON
Notary Public
State of Minnesota
My Commission Expires January 31, 2012

Notary Public
My Commission Expires: Jan. 31, 2012

2401242v1

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

OTTER TAIL POWER COMPANY **CASE NO. PU-_____**

IN THE MATTER OF THE APPLICATION FOR
AN ADVANCE DETERMINATION OF
PRUDENCE FOR THE CAPX2020
GROUP 1 TRANSMISSION PROJECTS

VERIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF OTTER TAIL)

DEAN PAWLOWSKI, being first duly sworn on oath, deposes and says that he is Project Manager for Applicant Otter Tail Power Company in the above captioned matter, that he has read said application, knows the contents thereof, and that the same is true and correct to the best of his knowledge and belief.

Dean Pawlowski
DEAN PAWLOWSKI

Subscribed and sworn to before me this 30 day of Sept., 2009.

Nancy LuAnn Olson
Notary Public
My Commission Expires: 1-31-2010

2401401v2

NANCY LUANN OLSON
NOTARY PUBLIC—MINNESOTA
My Commission Expires JAN. 31, 2010

Direct Testimony and Schedule
Laura McCarten

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION — **CASE NO. PU-_____**

OTTER TAIL POWER COMPANY — **CASE NO. PU-_____**

IN THE MATTER OF THE APPLICATION
FOR AN ADVANCE DETERMINATION OF
PRUDENCE FOR THE CAPX2020
GROUP 1 PROJECTS

TESTIMONY OF

LAURA MCCARTEN

On Behalf of

APPLICANTS

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION,
AND

OTTER TAIL POWER COMPANY

September 17, 2009

Joint Exhibit A

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.

A. My name is Laura McCarten and my business address is 414 Nicollet Mall, Minneapolis, Minnesota 55401.

Q. BY WHOM ARE YOU EMPLOYED, WHAT IS YOUR POSITION AND RESPONSIBILITIES?

A. I am employed by Northern States Power Company, a Minnesota corporation ("Xcel Energy"), as the Director of Regional Transmission Development. In this position, I am the Co-Executive Director of the CapX2020 Transmission Expansion Initiative ("CapX2020 Initiative"). My current job responsibilities include working with all of the utilities participating in the CapX2020 Initiative to develop the transmission projects that are under consideration in this proceeding, as well as the overall business relationship among the utilities. My resume is attached as Schedule 1.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I received a Bachelor of Science in Nuclear Engineering from the University of Wisconsin-Madison in 1979. Thereafter I began my career at Northern States Power Company in its nuclear power area. While in this area, I worked in several different capacities starting with analytic support for the Monticello and Prairie Island nuclear power facilities and concluding as a project manager for the Monticello spent fuel shipping campaign and the Prairie Island on-site dry spent fuel storage project.

In 1992, I moved to Northern States Power Company's regulatory department where I worked on the Certificate of Need proceeding for the Prairie Island Dry Spent Fuel Storage Installation, coordinated resource plan filings and worked with external parties interested in resource planning issues. From there I took the position of Regional General Manager and was responsible for utility operations for Xcel Energy's Minnesota service area outside of the Minneapolis/St. Paul metro area.

In 1997, I took the position of Director of Community Services in Minnesota and was responsible for managing Xcel Energy's relationships with local governments and communities across Minnesota. I held that position until 2006 when I assumed my current position as Co-Executive Director of the CapX2020 Transmission Expansion Initiative.

Q. FOR WHOM ARE YOU TESTIFYING?

A. I am testifying on behalf of Xcel Energy and Otter Tail Power Company ("Otter Tail"), the joint Applicants for the Application of Advance Determination of Prudence in this proceeding.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to (i) describe the Group 1 Projects; (ii) provide a status of the current regulatory posture for the Group 1 Projects; (iii) describe the CapX2020 Initiative, the relationship among the entities participating in the CapX2020 Initiative and their related business arrangements; and (iv) introduce Applicants' witnesses who are providing direct testimony in support of the Application.

Q. WHAT IS BEING PROPOSED IN THIS APPLICATION?

A. Applicants seek an advance determination of prudence for their investment in and resultant transmission charges related to the construction of the following four transmission line projects: 1) The Fargo Project; 2) The Brookings Project; 3) The La Crosse Project; and 4) The Bemidji Project (hereinafter referred to collectively as the "Group 1 Projects").

Applicants, as members of the CapX2020 Initiative (described below) are constructing the Group 1 Projects to meet several regional needs that can be best met by a substantial investment in additional transmission facilities by many utilities in the Upper Midwest. The identified needs are overall system reliability, community service reliability and generation outlet. Further, Applicants believe that the Group 1 Projects will provide a robust foundation upon which to build additional transmission facilities to meet the needs of the upper Midwest in the future. The need for and benefits of the Group 1 Projects are described in more detail in the testimony of Mr. Timothy J. Rogelstad.

Applicants believe that the Group 1 Projects are a reasonable and prudent way to meet these identified needs. Applicants, and the other CapX2020 Utilities, explored several alternatives to the Group 1 Projects and concluded that the Group 1 Projects were the best solution to these needs. The alternatives explored are discussed in the Application. Further, Applicants believe that their participation in the CapX2020 Initiative is a reasonable and prudent approach to achieve efficient development of transmission infrastructure. By identifying regional needs and developing transmission infrastructure to meet these needs, the CapX2020 Initiative allows regional utilities to avoid building duplicative facilities, makes permitting the projects simpler and allows for economies of

scale to provide savings in the procurement and construction of the Group 1 Projects.

Q. HOW WILL THIS PROPOSAL IMPACT NORTH DAKOTA RATEPAYERS?

A. Applicants are also Transmission Owning members of the Midwest Independent Transmission System Operator, Inc. ("MISO") and as such will recover their investments in the Group 1 Projects pursuant to the MISO Transmission, Energy Markets and Operating Reserves Tariff ("Tariff") through charges assessed by MISO on users of the transmission system under its functional control. It is the increase in MISO transmission charges due to the investment in the Group 1 Projects by members of the CapX2020 Initiative that will impact our North Dakota customers. Because Applicants both plan and allocate costs on a multi-jurisdictional, system-wide basis, the impacts to our North Dakota customers from the Group 1 Project will be a small percentage of our overall investment in and subsequent additional transmission charges resulting from the Group 1 Projects. The costs and ratepayer impacts of the Group 1 Projects are described in more detail in the testimony of Mr. Paul J. Lehman.

Applicants, in the instant Application, are respectfully requesting that the Commission determine that Applicants participation in the development and construction of the Group 1 Projects is reasonable and prudent.

II. DESCRIPTION OF THE CAPX2020 INITIATIVE AND THE GROUP 1 PROJECTS

Q. WHAT IS THE CAPX2020 INITIATIVE?

A. The CapX2020 Transmission Expansion Initiative is an agreement of regional utilities that the planning, coordination and identification of transmission upgrades and additions necessary to serve increased customer demand can be performed most effectively in a joint and collaborative manner due to the regional nature of the transmission grid. The primary purpose of the CapX2020 Initiative is to study, develop, permit and construct transmission infrastructure needed to implement long-term and cost-effective solutions for customers and the upper Midwest region of this country.

It has been nearly three decades since the electrical network serving the upper Midwest had been expanded by a significant degree, and at the same time the demand for power has continued to grow. Thus, in 2004, a group of regional utilities, including Applicants, began conducting engineering studies to establish a comprehensive plan for the development of transmission infrastructure to meet the increasing demand for electricity in the upper Midwest through the year 2020. The Group 1 Projects are a result of their joint efforts.

Q. DO THE REGIONAL UTILITIES SEE AN ADVANTAGE TO WORKING TOGETHER INSTEAD OF DEVELOPING SEPARATE TRANSMISSION SOLUTIONS TO MEET THEIR OWN INDIVIDUAL NEEDS?

A. Yes. By working together, the CapX2020 Utilities believe they are able to better develop improvements to the regional transmission system than would have occurred by each utility developing piecemeal solutions to meet only their needs.

Further, a joint approach creates efficiencies in the regulatory process so that each utility does not have to submit separate filings for separate projects that could at times work at cross purposes. The joint approach also allows may different utilities to share the costs involved with such large projects. Last, joint sourcing of services and materials is likely to allow the CapX2020 Utilities to take advantage of certain economies of scale which would not be available to each utility separately. It is likely that absent the joint approach taken by the CapX2020 Initiative, the development of a system-wide solution to meet all identified needs would not have been possible.

Q. WHO ARE THE CAPX2020 PARTICIPANTS?

A. Currently, there are 11 utilities that are participating in the CapX2020 Group 1 Projects. They are listed below, along with the transmission projects in which they are participating:

- Central Minnesota Municipal Power Agency (Brookings Project);
- Dairyland Power Cooperative (La Crosse Project);
- Great River Energy (Brookings, Bemidji and Fargo Projects)
- Minnkota Power (Bemidji Project);
- Minnesota Power (Fargo and Bemidji Projects);
- Missouri River Energy Services (Fargo and Brookings Projects);
- Otter Tail Power Company (Fargo, Bemidji and Brookings Projects);
- Rochester Public Utilities (La Crosse Project);
- Southern Minnesota Municipal Power Agency (La Crosse Project);
- Wisconsin Public Power, Inc. (La Crosse Project);
- Northern States Power Company, a Wisconsin corporation (La Crosse Project); and

- Northern States Power Company, a Minnesota corporation (all Group 1 Projects).

Q. PLEASE DESCRIBE EACH OF THE GROUP 1 PROJECTS THAT ARE THE SUBJECT OF THIS PROCEEDING.

A. The proposed Fargo Project is an approximately 250-mile long, 345 kV transmission line from a connection near Fargo, North Dakota to Alexandria, St. Cloud and ending at the Monticello Substation in Monticello, Minnesota. All of the line segments to this Project will be constructed as double circuit compatible.

The proposed Brookings Project is an approximately 200-mile long, 345 kV transmission line from the Brookings County Substation in South Dakota to the new Hampton Substation southeast of the Twin Cities, with intermediate connections near Marshall, Franklin, New Prague, and Apple Valley, Minnesota. The Project also includes a related 35-mile long, 345 kV transmission line between Marshall and Granite Falls, Minnesota. All of the line segments to this Project will be constructed either as double circuits initially or as double circuit compatible as described in more detail in the Application.

The proposed La Crosse Project is an approximately 150-mile long, 345 kV transmission line from the Hampton Substation southeast of the Twin Cities through Rochester, Minnesota, to La Crosse, Wisconsin, with two related 161 kV transmission lines connecting the new 345 kV transmission line with the Rochester, Minnesota area. All of the 345 kV portions of this project in Minnesota will be constructed as double circuit compatible. Whether the portions in Wisconsin will be constructed as double circuit compatible is under

discussion with the Wisconsin regulators and CapX2020 planners, and will be influenced by potential route options in Wisconsin.

The proposed Bemidji Project is an approximately 68-mile long, 230 kV transmission line from Bemidji, Minnesota to Grand Rapids, Minnesota.

Q. WHAT IS A DOUBLE CIRCUIT COMPATIBLE CONFIGURATION?

A. The "double circuit compatible" configuration means that the segments of the Fargo, Brookings and La Crosse Projects will be built on structures sufficient to accommodate a second 345 kV circuit at some point in the future. Only one circuit would be strung upon construction. We would obtain whatever regulatory approvals may be required to string the second circuit, at such future time as the second circuit is required.

Q. WHAT ARE THE BENEFITS OF UTILIZING THE DOUBLE CIRCUIT COMPATIBLE CONFIGURATION?

A. There are a number of benefits associated with the double circuit compatible configuration. First, constructing the Fargo, Brookings and La Crosse Projects in a double circuit compatible configuration rather than in a single circuit configuration is a more efficient approach to meeting the region's long-term transmission needs, in that it results in a more robust system that can better accommodate future growth and anticipated long-term needs. When additional capacity is required in the future, a second circuit can be strung on the existing structures at lower cost than rebuilding the structures to accommodate two circuits. Another benefit is that building the line as double circuit capable at time of initial construction should reduce landowner impacts in the future at the time the second circuit is strung.

The CapX2020 Utilities are currently exploring the cost, technical, and potential regulatory issues surrounding whether it would be more appropriate to install the davit arms and conductor for the second circuit of the Three 345 kV Projects at the time of initial construction. The lines would be operated as a single circuit until future circumstances and regulatory approvals deem the second circuit necessary. CapX2020 planners are analyzing the installation of all davit arms as part of initial construction which may be a lower cost approach because it would mitigate the need for larger structures and would avoid expensive and complex construction on the poles after the first circuit has been energized. As part of the analysis, CapX2020 planners are also considering the potential impacts of installing the second set of conductors as part of initial construction. The potential benefits may include: (i) less impact to landowners because of a single construction period, (ii) lower line losses and operating costs because of the additional conductor and (iii) avoiding complex and perhaps costly construction methods to add a second circuit to structures holding a "live" circuit. The CapX2020 Utilities will continue to analyze the impacts, costs and regulatory issues associated with concurrent installation and will provide additional information in the future.

Q. WHAT PROCESS WAS UNDERTAKEN TO DETERMINE THAT THE GROUP 1 PROJECTS ARE NEEDED?

A. The CapX2020 Utilities undertook various studies including the CapX2020 Vision Plan, that supported the conclusion that the region's electrical system would need a series of bulk transmission additions over an extended period of time to maintain reliability over the coming years in light of expected growth in

customer demands predicted by the year 2020. The testimony of Timothy Rogelstad provides additional testimony regarding the Vision Plan.

Resulting from these studies was a determination that the Group 1 Projects are needed, as discussed below.

Q. DID THE STUDY PROCESS DESCRIBED ABOVE REVEAL WHY THE GROUP 1 PROJECTS ARE NEEDED?

A. Yes. The overall study process revealed that the construction of these projects is needed for a number of reasons.

- First, the Group 1 Projects will strengthen regional transmission by increasing the reliability of the region's transmission system as a whole. This improvement in regional reliability allows the Group 1 Projects to create a foundation for future regional transmission build-out.
- Second, the Group 1 Projects will alleviate specific reliability concerns on a community level in North Dakota, Minnesota and Wisconsin where the demand for electrical power has reached a level that can no longer be reliably supported by existing transmission lines.
- Third, the Group 1 Projects will support system-wide growth in demand for electricity. The regional transmission system has not been significantly expanded for decades while load and generation growth has increasingly used up the capability created by the major transmission expansion projects of the 1950s-1970s. New transmission infrastructure is needed to meet this growth and enable Applicants and the other CapX2020 Utilities to meet all their customer's demands and regulatory requirements.
- Fourth, the Group 1 Projects will increase the capacity for outlet of additional generation sources in the region, allowing for the continued

development of new generation, including renewable-based generation. Additional generation is needed to meet growing regional demand. The Group 1 Projects will allow the rich generation resources in the western portion of the CapX2020 Study Region to meet load centers in the central and eastern portions of the upper Midwest.

Q. DID THE STUDY PROCESS IDENTIFY ANY BENEFITS RESULTING FROM THE CONSTRUCTION OF THE GROUP 1 PROJECTS?

A. Yes. The overall study process revealed that the construction of the Group 1 Projects will provide a number of benefits. These include enhanced regional reliability, added export capability, improved access to the MISO market by generators in the western portion of the MISO Transmission System, enhanced valuation of existing generation, increased potential for generation development and added economic development opportunities. Mr. Rogelstad provides testimony further explaining these benefits.

Q. DESCRIBE THE ECONOMIC DEVELOPMENT OPPORTUNITIES THAT WILL BE CREATED BY THE GROUP 1 PROJECTS.

A. The Group 1 Projects will provide necessary infrastructure to accommodate regional population growth and the economic development that come with such growth.

For example, construction of the Fargo Project will result in between 36 and 86 miles of a new high voltage transmission line in North Dakota as well as new 345 kV substation in the Fargo area. This represents an estimated value of $77 to $151 million of new infrastructure which would yield on the order of $1.5 to $3 million, total, in state and local taxes for the first four years the line is in-

service. In subsequent years, the Project will yield an estimated $10,000 to $20,000 per year in state and local taxes. An estimated 130,000 to 200,00 hours of construction labor will be required, over approximately 20 to 32 months, to complete the work in North Dakota, and these construction workers will have a positive impact the local economy during this time. Further, enhancement of existing generation will strengthen the North Dakota energy industry and the industries that supply fuel and supplies to North Dakota generators. Lastly, the Group 1 Projects will help to spur development of new generation in North Dakota to take advantage of its rich traditional fuel resources and excellent wind conditions.

Developing North Dakota's wind resources will be a significant vehicle for economic development in the State. A report prepared for the North Dakota Division of Community Services concluded that North Dakota is motivated to become a leader in wind-generated electricity. This motivation includes an opportunity to contribute to the general economic development in the state with short- and long-term jobs, investments, landowner income, operation, maintenance and manufacture. In fact, in April 2005, North Dakota passed legislation designed to accelerate production of wind energy and other renewable resources, as well as to enhance transmission infrastructure necessary to get the energy to market. The Group 1 Projects are a significant first step in expanding the transmission infrastructure necessary for the development of this rich resource.

The Group 1 Projects, by providing additional energy infrastructure in the region, can provide significant support for economic development in North Dakota.

Q. WHAT ARE THE CURRENT ESTIMATES FOR THE COST OF THE GROUP 1 PROJECTS?

A. The CapX2020 Utilities have currently estimated the Group 1 Projects to cost between:

$500 and $750 million for the Fargo Project;

$650 and $800 million for the Brookings Project;

$400 and $500 million for the La Crosse Project; and

$100 and $130 million for the Bemidji Project.

These estimates include the costs of configuring segments of certain projects as double circuit compatible.

As with any project in the middle of permitting stages, the final costs of the Group 1 Projects will not be known until the Projects are completed. The projected costs listed above are simply estimates. Given the size and scope of the Group 1 Projects, the largest regional transmission project in the upper Midwest in decades, there are novel and unique issues that still need to be resolved in order to better estimate Project costs.

Q. WHAT IS THE REGULATORY STATUS OF THE GROUP 1 PROJECTS?

A. On August 16, 2007, Xcel Energy and Great River Energy, on behalf of themselves and the other CapX2020 Utilities, filed an Application for Certificates of Need with the Minnesota Public Utilities Commission, to construct he Fargo, Brookings and La Crosse Projects in Minnesota. On May 22, 2009, the Minnesota Public Utilities Commission ("Minnesota Commission" or "MPUC")

granted Certificates of Need for the Fargo, Brookings and La Crosse Projects in the double circuit compatible configuration and imposed conditions upon the Certificate of Need for the Brookings Project. The conditions, modified on July 14, 2009 at the MPUC's agenda meeting to hear the parties' requests for reconsideration, require Xcel Energy and Great River Energy to:

- Enter into power purchase agreements or commit to utility-owned renewable generation projects within the timeframe of the Minnesota Renewable Energy Standard milestones, coordinated with the proposed in-service dates of each segment of the Brookings Project unless such action fails to conform to Xcel Energy's and Great River Energy's resource requirements as accepted or approved in their most recent Integrated Resource Plan or the Renewable Energy Standard report and is excused by a future order of the MPUC.
- Commit to submit network (firm) transmission service requests to MISO's Open Access Same Time Information System ("OASIS") for the amount of new renewable generation purchased under the first condition, above.
- Make a compliance filing detailing the projected amount of the new transmission capacity by Xcel Energy and Great River Energy and addressing how much capacity will be enabled by the Brookings Project and the type of MISO Transmission Service being sought to serve the renewable generated

electricity to be carried by the Brookings Project. The filing should recognize that MISO allocation and restriction of MISO managed transmission capacity is beyond the scope and authority of the Minnesota Public Utilities Commission.

- Designate the renewable commitments as Network Resources pursuant to the MISO Tariff, as necessary for the compliance of these conditions.

(collectively referred to as the "Brookings Project Conditions"). No written order on the parties' requests for reconsideration has been issued as of the date of this Direct Testimony. Applicants will update the Commission as more information becomes available.

Otter Tail Power Company, Minnesota Power and Minnkota Power Cooperative, on behalf of themselves and other CapX2020 Utilities, filed applications with the Minnesota Commission for a Certificate of Need (March 17, 2008) and Route Permit (June 4, 2008) for the Bemidji Project. As part of those proceedings, a joint federal/state Environmental Impact Statement is being developed by the Rural Utilities Services of the U.S. Department of Agriculture and Office of Energy Security of the Minnesota Department of Commerce. The MPUC approved the certificate of need for the Bemidji Project on July 14, 2009 and is expected to approve the route permit by June 2010.

On December 29, 2008, Great River Energy and Xcel Energy, on behalf of themselves and other CapX2020 Utilities, filed an Application with the Minnesota Commission for a route permit for the Brookings Project. Great River Energy and Xcel Energy anticipate filing an application for a Facilities

Permit with the South Dakota Public Utilities Commission for the South Dakota portion of the Brookings Project in the near future.

On April 8, 2009, Xcel Energy and Great River Energy, on behalf of themselves and other CapX2020 Utilities, filed an Application for a Route Permit for the Monticello to St. Cloud, Minnesota portion of the Fargo Project with the Minnesota Public Utilities Commission. Xcel Energy and Great River Energy anticipate filing Route Permit Applications for the remainder of the Fargo Project later in 2009.

Applicants anticipate that the North Dakota filing of the application for a Certificate of Public Convenience and Necessity as well as applications for Corridor Compatibility and Route Permits to the North Dakota Public Service Commission will be made soon.

Applicants anticipate that an application for a Certificate of Public Convenience and Necessity, which address both need and routing for the Wisconsin portion of the La Crosse Project, will be filed with the Wisconsin Public Service Commission in late 2009.

Applicants will provide updates regarding the current status of all regulatory filings to the Commission and additional updates as further regulatory filings are made for each of the Group 1 Projects.

III. CAPX2020 INITIATIVE BUSINESS ARRANGEMENTS

Q. WHAT IS THE BUSINESS RELATIONSHIP AMONG THE CAPX2020 PARTICIPANTS?

A. Currently, there are 11 utilities that are participating in the Group 1 Projects. Nine of those utilities have formalized their commitment to the overall CapX2020 Initiative through the execution of a Participation Agreement, discussed below. The CapX2020 Utilities are working together in a collaborative manner to jointly develop each of the Projects. Their relationship to one another during the development phase is memorialized in Project Development Agreements ("PDAs"), also discussed below.

Q. WHAT IS THE PURPOSE OF THE PARTICIPATION AGREEMENT?

A. The purpose of the Participation Agreement is to memorialize the agreement of nine regional utilities that planning, coordination and identification of transmission upgrades and additions necessary to serve increased customer demand and regional energy policies can be performed most effectively in a joint and collaborative manner due to the regional nature of the transmission grid. The Participation Agreement reflects their formalized commitment to the CapX2020 Initiative.

Q. WHAT IS THE PURPOSE OF THE PROJECT DEVELOPMENT AGREEMENTS?

A. The purpose of the Project Development Agreements, or PDAs, is to memorialize the agreement of the signatories to the PDAs to jointly develop and fund the development work for the three 345 kV transmission line projects and one 230 kV transmission line project in a collaborative manner ("Development Phase"). There are four PDAs – one for each Project. During the Development

Phase, the Participants for each Project have agreed to determine the recommended alignment of the proposed Project configuration; determine the scope of a given project; estimate the cost and schedule; obtain the required State and Federal regulatory approvals and consents; and engage in other necessary project-related studies and analyses. Each signatory has agreed to absorb a specified percentage of the development costs associated with a given Project. The Participants have designated a "lead" utility or a "Development Manager" responsible for obtaining major permits and developing and implementing the project if construction is authorized for each project. Great River Energy serves as Development Manager for the Brookings Project; Otter Tail serves as Development Manager for the Bemidji Project; and Xcel Energy serves as the Development Manager for the Fargo and La Crosse Projects.

As Development Managers, Xcel Energy, Otter Tail and Great River Energy will determine the conceptual design, determine the recommended interconnection/termination points, determine the recommended configuration, determine the scope and estimate project cost and schedule, obtain permits and make or undertake necessary related studies and analyses. Other utilities may assist the Development Managers in some of the duties outlined above. The Development Managers will report progress to each project's Management Committee, which consists of one representative from each project's participating utilities. It is anticipated that the Development Manager will become the Construction Manager and execute the implementation plan developed during the development phase.

Q. DO THE PROJECT DEVELOPMENT AGREEMENTS REQUIRE PARTICIPANTS TO OWN THE PROPOSED TRANSMISSION FACILITIES?

A. No. The PDAs address only the terms and conditions involving the Development Phase of the Group 1 Projects. The PDAs do not create commercial arrangements that result in the ownership of the transmission lines. The PDAs have, however, established a procedure through which the CapX2020 Utilities may elect ownership of individual Projects at the end of the Development Phase. Once State, Federal and other regulatory decisions are made pertaining to each Project, each signatory will have the right to invest in (and correspondingly own) a particular Project up to the level of its specified percentage. If a Participant does not elect to invest in a Project, the PDAs have established procedures by which other participants, including third parties, may take on the non-elected investment share.

Q. SO PARTICIPATING CAPX2020 UTILITIES MAY ELECT NOT TO OWN ANY PART OF THE GROUP 1 PROJECTS?

A. Yes. Any of the CapX2020 Utilities, including Applicants, has the opportunity to assess its investment position at the end of the regulatory approval process and elect not to own any portion of the Projects for which it has entered into a PDA. The other CapX2020 Utilities that are participating in that particular Project may then elect to assume ownership of the ownership share of the CapX2020 Utility electing not to take an ownership stake in that Project.

Q. DO XCEL ENERGY AND OTTER TAIL EXPECT TO PARTICIPATE IN ALL OF THE GROUP 1 PROJECTS?

A. Xcel Energy intends to participate in all four Group 1 Projects. Otter Tail plans to participate in the Fargo, Bemidji and Brookings Projects. It has elected,

however, not to participate in the La Crosse Project. Otter Tail chose not to invest because it prefers to own facilities closer to its already existing transmission facilities. Because each utility has a finite amount of resources available for investments in the Group 1 Projects, Otter Tail has determined that it would spend its available resources on the Projects closest to its customers.

That said, because Otter Tail serves load in the MISO pricing zones to which the costs of the La Crosse Project will be allocated, Otter Tail will incur costs and receive benefits from the La Crosse Project. Paul Lehman provides a more in-depth discussion of MISO's cost allocation methodologies in his Direct Testimony.

Q. HOW WAS THE INVESTMENT LEVEL DETERMINED IN EACH PROJECT?

A. Through a consensus-based and collaborative process, each owner was given the opportunity to invest in one or more of the Projects. Generally, each utility desired to achieve a total investment percentage comparable to what it would end up paying to MISO for use of the lines. In addition, each entity had different criteria for which projects they wanted to invest in.

Q. How important is it to know how much each company is investing in each project?

A. It is important to make sure there is enough capital to complete a particular Project. But, it is more important that there is enough capital to complete all of Group 1 Projects. As Mr. Lehman will discuss, the customers of the utilities will be assigned the charges through which the CapX2020 Utilities that are Transmission Owning Members of MISO will recover their costs of each of the

projects pursuant to MISO's cost allocation process, which is independent of who invest in the particular project.

Q. IDENTIFY THE CURRENT POTENTIAL OWNERSHIP PERCENTAGES FOR THE GROUP 1 PROJECTS.

A. The current potential project development percentages, which are non-binding ownership percentages at this stage, are set forth below:

Table 1

Expected Ownership Shares of the CapX2020 Group 1 Projects

Transmission Owner	Fargo Project	Brookings Project	La Crosse Project	Bemidji Project
Central Minnesota Municipal Power Agency ("CMMPA")		2.2%		
Dairyland Power Cooperative ("DPC")			11.0%	
Great River Energy ("GRE")	25.0%	16.5%		13.0%
Minnesota Power ("MP")	14.7%			9.3%
Missouri River Energy Services ("MRES")	11.0%	5.1%		31.5%
Otter Tail Power Company ("OTP")	13.2%	4.1%		20.0%
Rochester Public Utilities ("RPU")			9.0%	
Southern Minnesota Municipal Power Agency ("SMMPA")			13.0%	
Wisconsin Public Power, Inc. ("WPPI")			3.0%	
Xcel Energy	36.1%	72.1%	64.0%	26.2%
Total	100.0%	100.0%	100.0%	100.0%

Q. HAVE THE CAPX2020 PARTICIPANTS ENTERED INTO ANY CONTRACTUAL COMMITMENTS TO CONSTRUCT, OWN, AND/OR OPERATE AND MAINTAIN THE GROUP 1 PROJECTS?

A. No. The CapX2020 Utilities are in the process of negotiating the terms and conditions relating to construction management, ownership, and operations and maintenance of the Group 1 Projects. Participants will elect ownership and sign final agreements after State, Federal and other regulatory decisions relating to each Project have been made.

V. WITNESSES

Q. YOU HAVE IDENTIFIED SEVERAL INDIVIDUALS WHO ARE PROVIDING TESTIMONY IN THIS PROCEEDING. COULD YOU PROVIDE A SUMMARY OF THE TESTIMONY THEY ARE PROFFERING IN THIS PROCEEDING?

A. Witnesses providing testimony in support of the Application are:

Laura McCarten: Testimony regarding the Group 1 Projects, the CapX2020 Initiative, the relationship among the entities participating in the CapX2020 Initiative and their related business arrangements;

Tim Rogelstad: Testimony regarding the regulatory context, principles of transmission planning and the study work that has been done and is currently underway in connection with the CapX2020 Initiative, as well as regional and North Dakota specific benefits of the Group 1 Projects; and

Paul Lehman: Testimony regarding cost allocation and cost recovery of transmission facilities through the MISO Tariff.

Our witnesses adopt those portions of the Application that fall within their areas of competence and are available to answer questions relating to those areas.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

Laura McCarten

Experience

2006–2008 Xcel Energy Minneapolis, MN

Director, Regional Transmission Development

- Serves as staff to the CapX Participation Organization Vision Team
- Responsible for anticipating changes in and developing responses to transmission and related energy policy, and coordinating and directing inter-utility teams that support planning, policy and project needs

1997–2005 Xcel Energy Minneapolis, MN

Director, Minnesota Community Services

- Led a dispersed team which managed relationships with local governments and communities across the state to which Xcel Energy provides electric and natural gas service; provided economic development assistance to community-based organizations and individual businesses; and promoted and supported community service and cultural art organizations

1994–1997 Xcel Energy Mankato, MN

Regional General Manager

- Responsible for the electric construction and community service functions for Northern State's Power's Minnesota regional operations outside of the Twin Cities metropolitan area

1992–1994 Northern States Power Minneapolis, MN

Manager Regulatory Affairs

- Responsible for interfacing with the Minnesota Public Utilities Commission and Department of Public Service on issues related to the company's nuclear power plants and resource planning
- Primary media spokesperson regarding need for spent fuel storage

1988–1991 Northern States Power Minneapolis, MN

Project Manager, Spent Nuclear Fuel Projects

- Project Manager for Prairie Island Spent Fuel Storage Installation.
- Project Manager for Monticello Spent Fuel Shipping Campaign.

1979–1988 Northern States Power Minneapolis, MN

Engineer, Nuclear Generation

- Responsible for nuclear fuel and cycle design analyses
- Responsible for nuclear plant outage coordination

Education

1979 University of Wisconsin Madison, WI

- Received a Bachelor of Science in Nuclear Engineering

Professional Development

- Xcel Energy Leadership Advantage Program (2004)
- University of Michigan Business School, Strategic Marketing Planning (1998)
- University of Minnesota, Carlson School of Management, Minnesota Management Institute (1996)
- Kidder, Peabody & Co. Inc., Seminar on Corporate Finance for the Utility Industry (1992)

Community Service

- Board of Directors of Park Square Theatre, Saint Paul MN; former Board Chair (Current)
- Greater Minneapolis Chamber of Commerce, Public Policy Committee
- Sanford Middle School E-mentor
- Minnesota Science Bowl Moderator
- Board of the Minnesota Zoo
- Board of the Eastwood Development Corporation, Mankato MN
- Board of the Greater Mankato United Way

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION

CASE NO. PU-_____

OTTER TAIL POWER COMPANY

IN THE MATTER OF THE APPLICATION FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR THE CAPX2020 GROUP 1 TRANSMISSION PROJECTS

CASE NO. PU-_____

VERIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

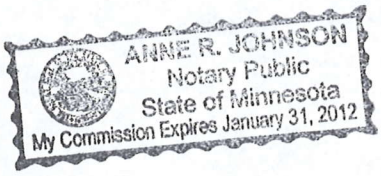
LAURA MCCARTEN, being first duly sworn on oath, deposes and says that she is Director of Regional Transmission Development for Applicant Northern States Power Company, a Minnesota corporation, in the above captioned matter, that the testimony and schedules submitted in the above captioned matter under her name were prepared under her direction, that she knows the contents thereof, and that the same is true and correct to the best of her knowledge and belief.

[SIGNATURE PAGE FOLLOWS]

Laura McCarten

LAURA MCCARTEN

Subscribed and sworn to before me this 17 day of September, 2009.



Anne Johnson

Notary Public

My Commission Expires: Jan 31. 2012

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION	**CASE NO. PU-_____**
OTTER TAIL POWER COMPANY	**CASE NO. PU-_____**

IN THE MATTER OF THE APPLICATION FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR THE CAPX2020 GROUP 1 PROJECTS

TESTIMONY OF

TIMOTHY J. ROGELSTAD

On Behalf of

APPLICANTS

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION,

AND

OTTER TAIL POWER CORPORATION

September 17, 2009

Joint Exhibit B

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND EMPLOYMENT ADDRESS.

A. My name is Timothy J. Rogelstad and my business address is 215 South Cascade Street, Fergus Falls, Minnesota 56537.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by Otter Tail Power Company ("Otter Tail") and my current position is Manager of Delivery Planning.

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I graduated from North Dakota State University in 1989 with a Bachelor Degree in Electrical and Electronics Engineering. I am currently a registered professional engineer in the states of Minnesota, North Dakota, and South Dakota. I have been an employee with Otter Tail for the past 19 years. I started with the company in 1989 as a substation design engineer in the System Engineering Department. In 1992, I transferred to the Transmission Planning Department as a Planning Engineer. In 1998, I was promoted to supervisor of Transmission Planning, and in 2002 I was promoted to Manager of Delivery Planning. My current job responsibilities include managing transmission planning, transmission contracts and capital budget development.

For most of my professional career, I have been involved with transmission planning. My experience ranges from being involved in building models for transmission studies and completing transmission studies, to acting as project manager for a 100-mile, 230 kV transmission project, to managing a

department that is responsible for transmission planning at Otter Tail. I have been involved in a number of planning activities at the regional level with the Mid-Continent Area Power Pool ("MAPP"), the Midwest Independent Transmission System Operator ("MISO") and with other organizations, including: MAPP Model Building Working Group, MAPP Transmission Reliability Working Group, MAPP Line Loading Relief Working Group, MAPP Design Review Subcommittee, MAPP Planning Committee, former chair of the MAPP Red River Valley Subregional Planning Group, MISO Planning Subcommittee, CapX2020 Technical Team, CapX2020 Tariff Team, Upper Great Plains Transmission Coalition, and Chair of the Minnesota Transmission Owners. My resume is attached as Schedule 1.

Q. WHAT HAS YOUR INVOLVEMENT BEEN IN THE CAPX2020 INITIATIVE?

A. I have been involved in CapX2020 since the beginning stages of this initiative, including the first meeting held in 2004 where utilities discussed the need for a joint planning initiative. From that point on, I have been actively leading and participating in the technical planning studies that have resulted in the CapX2020 transmission proposals. I have also been involved in cost allocation discussions related to CapX2020 as well as participating and representing Otter Tail Power in the Vision Team and Management Committee meetings for the CapX2020 Initiative.

Q. FOR WHOM ARE YOU TESTIFYING?

A. I am providing testimony on behalf of Northern States Power Company, a Minnesota corporation ("Xcel Energy"), and Otter Tail Power Company ("Otter Tail"), the joint Applicants in this proceeding.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to provide the following information:

- An explanation of the transmission planning process utilities engage in to determine system needs;
- The current regulatory environment applicable to constructing and permitting new transmission facilities;
- An overview of the CapX2020 participating utilities' coordinated transmission planning efforts which resulted in the proposed Group 1 Projects, including the CapX2020 Vision Plan (as discussed in the Pre-Filed Direct Testimony of Ms. Laura McCarten); and
- Why the Group 1 Projects are needed at this juncture and the benefits the Projects will provide to the upper Midwest region, in particular North Dakota.

Q. WERE YOU INVOLVED IN THE PREPARATION OF THE APPLICATION FOR ADVANCE DETERMINATION OF PRUDENCE IN THIS PROCEEDING?

A. Yes. I provided information to the Applicants in their preparation of the Application. The Application was prepared with my participation, using information that I provided as well as the type of information that is regularly relied upon by professionals in the ordinary course of business.

II. TRANSMISSION PLANNING GENERALLY

Q. WHAT IS THE PURPOSE OF TRANSMISSION PLANNING BY UTILITIES?

A. The overall goal of transmission planning is to ensure the reliable operation of the transmission system to meet the demand for power by a utility's customers at the lowest reasonable cost. Planning involves a number of objectives, including planning for increased customer service requirements (often referred to as local load growth), taking into account generators' interconnection requests, assessing the need for system maintenance and upgrades, assessing ways to eliminate constraints on the system, and taking into consideration a utility's compliance with applicable policy and regulatory goals. Generally, transmission planning is an ongoing, continuous process of ensuring that the electrical system under review is operated in a reliable and economic fashion.

Q. PLEASE DESCRIBE GENERALLY HOW A UTILITY'S TRANSMISSION PLANNING IS DONE.

A. Transmission planners for utilities use sophisticated computer models that simulate the operation and performance of the transmission grid under various scenarios. Typically, the planners attempt to determine how the system will perform under peak load and high transfer situations, although normal operating conditions and off-peak conditions are also examined. The planners also look at how the system will operate under contingency situations, such as when a transmission line or generation facility is taken out of service by a storm or other unexpected occurrences or during planned maintenance outages. In addition to the modeling results, utilities also have to take into account such factors as costs, environmental impacts, social impacts,

and national standards. The time horizon used in developing assumptions that are used in the modeling can typically range from 1 to 25 years.

Q. ARE A UTILITY'S PLANNING EFFORTS EVER REDUCED TO FORMAL STUDIES?

A. Yes. There are generally three categories of studies that transmission planners can create during the transmission planning process: vision studies, mid-term studies; and specific studies.

Q. PLEASE EXPLAIN EACH OF THESE CATEGORIES OF TRANSMISSION PLANNING STUDIES.

A. Vision studies look at long-range needs and goals and include the following characteristics: a high level, 50,000-foot, review of the electrical system; a blue print for the future; a 10- to 25-year time horizon; and broad assumptions.

Mid-Term studies have the following characteristics: a mid-level, 25,000-foot, review of the electrical system; identified needs; a seven- to 15-year time horizon; and more certainty in assumptions.

Specific studies, which may include load-serving studies and interconnection studies, have the following characteristics: a shorter-term, 5,000-foot, review of the electrical system; needs for a specific circumstance; a one- to 10-year time horizon; and more certainty in assumptions.

Q. DOES A UTILITY GENERALLY WORK WITH OTHERS IN ITS TRANSMISSION PLANNING EFFORTS?

A. Yes. Transmission planners for the various utilities work together with MISO, regulatory agencies, and other interested persons to develop plans to conduct their transmission planning to ensure the continued reliable and economical operation of the transmission system. MAPP and MISO also maintain various committees, including Subregional Planning Groups ("SPGs") and other transmission planning groups, to focus on the need for transmission infrastructure in the region. Much of this planning is conducted in an open forum, including regulatory staff participation from North Dakota.

Q. DO UTILITIES REPORT THE WORK OF THEIR TRANSMISSION PLANNERS?

A. The planning activities of the utilities are generally reported to the public and to regulators. The reports are made available in various forms, from presentations at SPG meetings, to posting the study results on websites.

Q. HOW ARE TRANSMISSION STUDIES CONDUCTED?

A. The first step in conducting a transmission study is to develop a scope of work. The scope of work identifies the problem that is trying to be solved in a transmission study. Once we identify the problem to be solved, we then develop assumptions that can be used in modeling. The Transmission Planners in this region use software called PSSE (Power System Simulator for Engineering). This software is used to model the power system, including generators, transmission lines and loads. With the model we can develop different scenarios (varying load levels, new generation additions, new transmission additions, etc.) based on the problem we are trying to solve. The

analysis portion of a study involves running hundreds of simulations to understand the performance of the power system under different assumptions. From this analysis, planning engineers can then analyze the results from the various simulations and make recommendations as to what the best solution is for solving the problem that was identified in the initial study scope.

Q. HOW DO UTILITIES DETERMINE THE ASSUMPTIONS TO USE FOR PLANNING AND STUDY PURPOSES?

A. Engineers use their engineering judgment to narrow the number of assumptions and the number of scenarios. Studies look at a wide range of assumptions. However, they cannot cover every possible scenario because there would be an infinite number. Therefore, transmission planners use their engineering judgment to assess what types of scenarios and assumptions are prudent to evaluate in transmission studies. Engineering judgment is also used when transmission planners are called upon to assess variations or modifications of prior studies. Transmission planners use their experience and training to assess situations and provide their professional opinions on the particular situation.

III. NORTH DAKOTA'S TRANSMISSION SYSTEM

Q. DESCRIBE THE TRANSMISSION SYSTEM THAT SERVES NORTH DAKOTA.

A. North Dakota's transmission system is part of the Eastern Interconnection, which is one of three subsystems that the continental United States electric

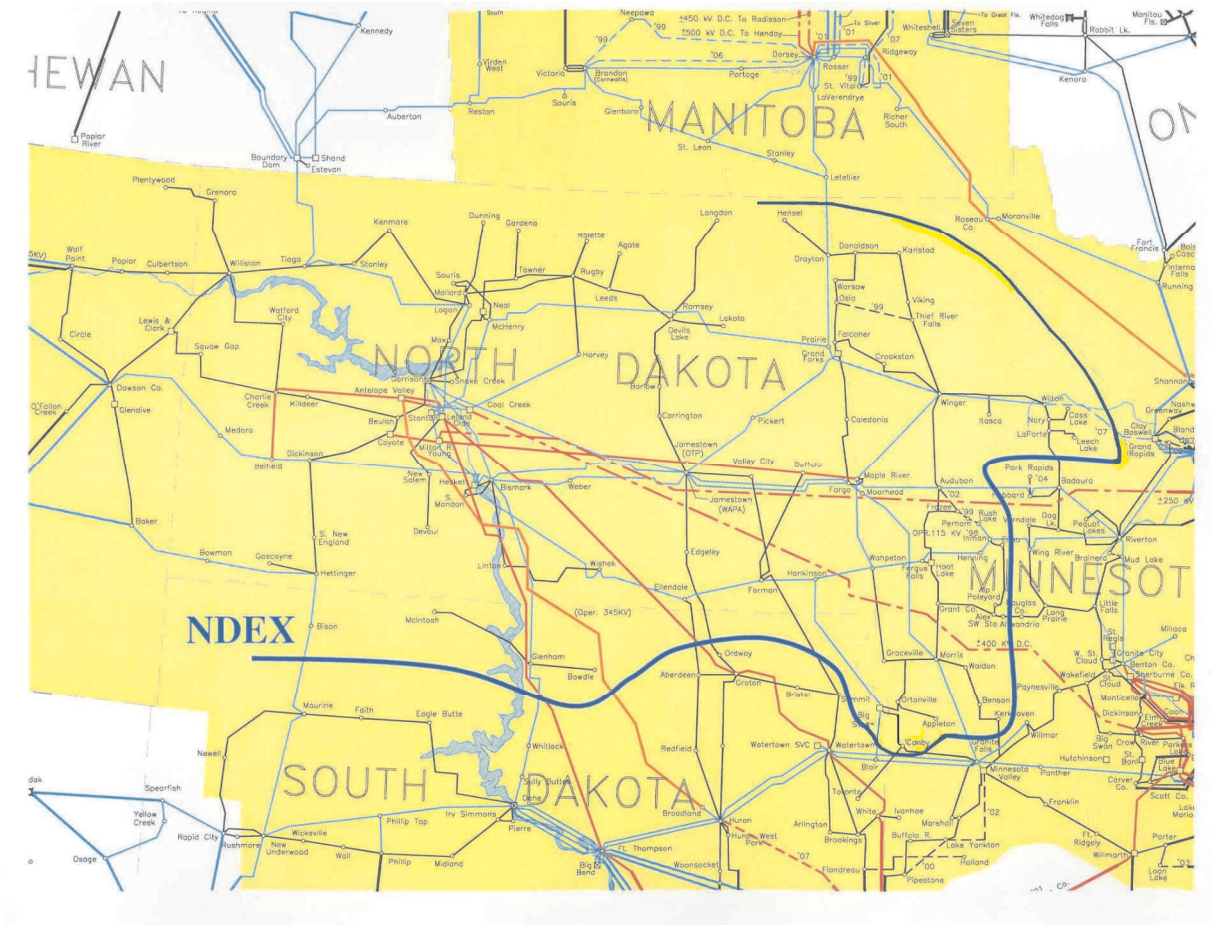
transmission grid is divided into, and therefore interconnected with the systems serving South Dakota, Minnesota, Iowa, Wisconsin, and all of the states and Canadian provinces in the eastern two-thirds of North America. The entire electric system in the Eastern Interconnection operates as a single integrated electrical machine. Therefore, the operation of electrical generators and transmission facilities in Ohio or Nebraska can potentially impact the reliability of electric service to customers in North Dakota.

The transmission system in North Dakota consists of series of 41.6 kV, 69 kV, 115 kV, 230 kV and 345 kV alternating current transmission lines and two direct current transmission lines into Minnesota. In North Dakota, the transmission system is serving two primary purposes, the first is to reliability serve North Dakota retail load customers and, second to export power out of the region. Even under peak load conditions, North Dakota has more generation than load. At lower load levels within the State, there becomes substantial generation that is available to be exported out of the State. In a situation where North Dakota exports large amounts of power to load centers remote from North Dakota, like the Twin Cities, the electrical system in the region has the potential to become unstable, and the ability to transfer power is limited by the phenomenon known as instability, which is a characteristic of generators that are located long distances from large loads through long transmission lines. The addition of strategically located transmission infrastructure can help to alleviate the possibility of the instability and increase the amount of electricity that can be exported out of North Dakota.

Historically, the limitations on transmission outlet capability from North Dakota is referenced by a phrase known as the North Dakota Export Limit ("NDEX") – which is an electrical boundary around northwestern Minnesota, southeastern North Dakota, a part of South Dakota and Montana that has a maximum generation outlet capability related to transmission lines that cross the boundary. The NDEX boundary has a maximum amount of power that can be exported from North Dakota and part of Minnesota and South Dakota without adversely affecting regional system reliability. This is significant because, as mentioned previously, even under peak load conditions, there is more generation than load within the NDEX boundary leading to exports of power to load centers like the Twin Cities and points east. If large amounts of generation were developed without a simultaneous increase in transmission capacity, the generation would effectively be trapped in North Dakota. Figure 1 shows the NDEX boundary.

Figure 1

NDEX



Q. WHEN WAS THE LAST SIGNIFICANT UPGRADE TO NORTH DAKOTA'S TRANSMISSION SYSTEM?

A. The Harvey – Glenboro 230 kV transmission line was the last major network transmission project in North Dakota. It was placed into service in 2002. There are several other projects currently under development to address load serving needs as a result of the expansion of oil production activities in the oil rich portions of North Dakota. In addition, there have been several other transmission projects that have been constructed to allow the interconnection of wind generation to the transmission system. These facilities have generally been "radial" lines that connect the wind farms to the transmission grid.

These types of facilities do not increase the ability export power out of North Dakota.

IV. REGULATORY ENVIRONMENT

Q. DESCRIBE THE REGULATORY STRUCTURE WITHIN WHICH ELECTRIC SERVICE PROVIDERS MUST SERVE ITS CUSTOMERS.

A. Because of the importance of providing safe, adequate and reliable service to customers and the important role electric transmission plays in that service, matters pertaining to electric transmission are highly regulated. Regulatory oversight of transmission in the state of North Dakota occurs at several levels and by several different state and federal regulatory bodies. These regulatory bodies and their roles are described below.

North Dakota Public Service Commission

The Commission provides plenary oversight over many aspects of the electric system pursuant to Chapter 49 of the North Dakota Century Code. For investor owned public utilities, such as Applicants, the Commission has regulatory control over all aspects of the provision of retail electric service to customers. The Commission reviews and approves the rates, charges and service provisions of public utilities, as well as matters pertaining to the quality of service, affiliated interests and a variety of other types of transactions. The Commission also has permitting authority over the construction and routing of transmission facilities through its powers to issue Certificates of Public

Convenience and Necessity, Certificates of Corridor Compatibility and Route Permits.

Federal Energy Regulatory Commission ("FERC")

The FERC has authority over the transmission of electric energy in interstate commerce and wholesale sales of electricity, including regulating transmission rates and practices and authorizing and overseeing the operation of regional transmission organizations. The FERC is also responsible for oversight of mandatory electric reliability standards and for designating the Electrical Reliability Organization ("ERO") for the United States. In 1996 FERC mandated the functional separation of transmission from generation to ensure equal access to the transmission grid, thereby requiring that transmission planning and development be prepared to meet the needs of all regional market participants rather than just those of an individual utility's customers or a specific generation resource type.

Regional Transmission Organizations ("RTOs")

RTOs, including MISO, oversee and coordinate regional transmission planning and regional transmission services and manage access to the transmission grid to facilitate fair and competitive wholesale electric markets. Applicants are transmission-owning members of MISO and both are subject to the terms and conditions of MISO's Open Access Transmission, Energy Markets and Operating Reserves Tariff ("Tariff").

As part of its transmission function, MISO also undertakes studies of the transmission system and recommends proposed transmission projects that are

necessary to meet the needs of end use customers and new generators and improve electric power grid performance throughout the Midwest. MISO then reports on those recommended projects in its annual Midwest ISO Transmission Expansion Plan ("MTEP") report.

MISO also operates a centralized regional wholesale energy market, known as the "Day 2" market. Under the MISO Tariff, short-term and spot market transactions are available to utilities to acquire energy supply to meet load demands at lower cost than operating their own longer-term resources. Under the MISO Tariff, participating utilities are required to purchase and sell energy within the MISO Day-Ahead and Real Time markets. These transactions are conducted through MISO through those markets. MISO uses a security constrained economic dispatch that employs Locational Marginal Pricing ("LMP") that is intended to take into account the costs of resources and capacity limitations (referred to as "congestion") on the transmission system to use the least cost available generation to serve loads on a regional basis within MISO.

North American Electric Reliability Corporation ("NERC")

NERC, designated as the ERO by FERC, sets standards for grid planning and operations and monitors compliance with reliability standards, which recently became mandatory. The standards apply to the planning, construction, operation, and maintenance of electric utilities' electric systems in the upper Midwest.

Midwest Reliability Organization ("MRO")

MRO is a regional entity that implements the NERC standards for Minnesota and the surrounding region. MRO is designed to develop standards, monitor compliance, enforce standards, and assess reliability of the bulk power system in the Midwest. MRO operates independently of the entities subject to its jurisdiction, thereby ensuring that the reliability standards developed and enforced by NERC are fair.

V. THE CAPX2020 PLANNING AND STUDY EFFORTS

Q. DESCRIBE GENERALLY THE CAPX2020 INITIATIVE'S STUDY EFFORTS.

A. In 2004, Xcel Energy, Great River Energy, Minnesota Power and Otter Tail agreed to conduct the engineering studies they believed were needed to establish a framework or comprehensive plan for the development of transmission infrastructure to meet the increasing demand for electricity in the upper Midwest. As the momentum of the planning effort grew, additional utilities joined the Initiative and its study efforts. The CapX2020 Initiative recognized a need to develop a long range transmission plan that also addressed short term transmission needs for customer service requirements. As a result, the CapX2020 Initiative launched multiple transmission planning study efforts to address both long and short term needs of the system.

To evaluate long-term needs, the CapX2020 Vision Plan was initiated to develop a long-term transmission plan to ensure that load in the region could be served reliably under different generation scenarios. This study was

intended to be a high level study that would provide a blue-print for future transmission development in the region.

In addition to the Vision Plan, there were other studies initiated to address the short term needs. These studies, the Southeastern Minnesota and Southwestern Wisconsin Reliability Enhancement Study, the Red River Valley/Northwest Minnesota Load-Serving Transmission Study (TIPS Update), and the Southwest Minnesota – Twin Cities EHV Development Electric Transmission Study, were initiated to address the increasing load-serving capability and generation outlet needs in the Red River Valley and other areas in the CapX2020 Study Region, described further below. These study efforts were launched in parallel to address the needs of each of these areas.

Q. IS IT IMPORTANT THAT SHORT-TERM AND LONG-TERM TRANSMISSION PLANS ARE COORDINATED?

A. Yes. As transmission planners, we strive to develop a reliable and cost effective transmission system. One way this is accomplished is through coordinated planning. Coordinated planning is accomplished in several different ways, including working collaboratively with different utilities, working with MISO, and engaging other interested individuals and parties during the study process.

There are many assumptions that go into developing transmission plans, and those plans change over time. Since it takes time to plan, permit and construct transmission infrastructure, the passage of time will affect the

assumptions that went into the planning. But at some point, planners must make a decision on what facility to build and move forward. Otherwise, nothing would ever get built and the process would get bogged down in what is sometimes termed "analysis paralysis." With the CapX2020 Initiative planning effort, we have developed a long range plan to address regional reliability in the future under different generation scenarios and in addition, we have developed a short-term plan that addresses the immediate load-serving capability needs of specific areas within our region's system.

Q. PLEASE DESCRIBE THE CAPX2020 VISION PLAN IN MORE DETAIL.

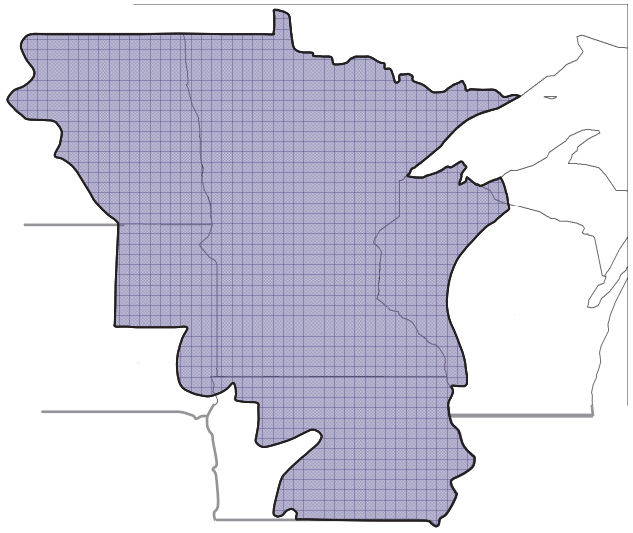
A. In any transmission study there are key assumptions that are made prior to conducting the study analysis. Key assumptions in the modeling of the CapX2020 Vision Plan are in the areas of: (1) Study region, (2) load and (3) generation.

Q. DESCRIBE THE STUDY REGION ESTABLISHED FOR THE VISION PLAN.

A. The CapX2020 study region was designed to examine the implications of growth in the demand for power on the systems of those utilities serving customers in the region. The CapX2020 Initiative addresses important needs in all areas of the CapX2020 Study Region, including North Dakota. Figure 2 is an illustration of the geographic area.

Figure 2

CapX2020 Study Region



While this footprint was the primary area of focus, transmission is regional in nature, and, as a result, we included modeling of a region larger than the primary study area.

Q. WHAT LOAD ASSUMPTIONS WERE USED FOR THE VISION PLAN?

A. The goal of the Vision Plan was to develop a long range plan for serving load out through the year 2020; therefore, we wanted to have loads in models that represented the projected load in 2020. The initial planning models used in the Vision Plan represented a 2009 Summer peak load. As a result, we needed to adjust the load estimates to represent 2020 load. In order to make the load adjustments in the models, we used several sources of information to compare the load levels between 2009 and 2020. We then adjusted the load in the models to represent this change. There were two load levels that were studied. The first load level indicated a 6,300 MW increase in peak demand between what was assumed in 2009 planning models and aggregated 2020 forecasts.

This 6,300 MW increase reflects load growth from 20,201 MW in 2009 to 26,488 MW in 2020, based on the forecast described above.

We also wanted to study a load level that represented a lower load growth as well. As a result we included a second load level scenario reflecting a growth of 4,500 MW, from 20,201 MW in 2009 to 24,701 MW in 2020. This "slow growth" forecast scenario, approximately 30 percent lower, was a check or validation of the planning effort to assess system needs under conditions substantially different than the base planning assumptions. The load growth projections utilized in the Vision Plan were intended to act as a reasonable proxy for expected customer demand growth over the next decade or more.

Q. DESCRIBE HOW THE CAPX2020 INITIATIVE ESTIMATED THE PROJECTED GENERATION THAT WOULD BE ADDED TO THE ELECTRICAL SYSTEM.

A. One of the more difficult assumptions to make in transmission planning is determining the location of projected future generation. This is a difficult assumption to make because of all of the uncertainties associated with the development of and interest in generation projects. We determined that, given the uncertainty in where generation will develop, we would create multiple generation scenarios, or biases, and test our transmission plan around each scenario. Accordingly, planning engineers developed and studied three generation scenarios: a Minnesota bias, a western bias and an eastern bias.

Q. PLEASE DESCRIBE HOW THE THREE GENERATION SCENARIOS WERE DEVELOPED.

A. Planning engineers developed the three generation scenarios based on input from resource planners and independent power producers. Planning engineers reviewed the MISO interconnection queue, comparing the queue with wind maps showing the best wind resources. Representative generation locations were developed by engineers through this broad data gathering process. Based on the data gathering, it became apparent there were common geographic locations, or regions, where generation was likely to develop. These regions were categorized into southwestern Minnesota, southeastern Minnesota, North Dakota, South Dakota, Manitoba and Wisconsin. It is unlikely that all generation to meet future load would come from one region, therefore generation scenarios were developed that included generation from each region. These scenarios were described as the Minnesota bias, the western bias and the eastern bias. Once the amount of generation from each region was approximated, representative sites were selected based on the data that we had gathered during the data gathering phase of the study. The assumptions of generation additions in North Dakota for each of the scenarios is listed in the table below.

Scenario	North Dakota Generation
Western Bias	1050 MW
Eastern Bias	550 MW
Minnesota Bias	550 MW

Q. DOES THE FUEL TYPE OF THE VARIOUS GENERATION OPTIONS YOU MODELED HAVE ANY BEARING ON YOUR STUDY WORK?

A. No. Fuel type has no bearing on our work in power flow analysis. We did not model specific generation proposals. The Vision Plan examined the impact on the transmission system associated with different geographic patterns of generation injecting power into the transmission network that serves customers throughout the upper Midwest.

Q. HOW WERE THE GENERATION SCENARIOS USED IN THIS STUDY?

A. Planning engineers developed a transmission plan around each of the three generation scenarios or biases. These three transmission plans were then compared to determine whether there were transmission facilities common to each scenario. The common facilities that were identified through this process are listed below:

Facility Name			
From	**To**	**Volt (kV)**	**Miles**
Alexandria	Benton County	345	80
Alexandria	Maple River	345	126
Antelope Valley	Jamestown	345	185
Arrowhead	Chisago	345	120
Arrowhead	Forbes	345	60
Benton County	Chisago County	345	59
Benton County	Granite Falls	345	110
Benton County	St. Boni	345	62
Blue Lake	Ellendale	345	200
Chisago County	Prairie Island	345	82
Columbia	North La Crosse	345	80
Ellendale	Hettinger	345	231
Rochester	North La Crosse	345	60
Jamestown	Maple River	345	107
Prairie Island	Rochester	345	58

Q. WHAT IS THE SIGNIFICANCE OF THE COMMON FACILITIES TABLE?

A. This table identifies the transmission facilities that are common to all three generation scenarios, which means that regardless of which generation scenario actually develops, these transmission facilities are needed. The Group 1 Projects are a subset of these common facilities. The Fargo Project is identified in the table above as two line sections Alexandria – Benton County and Alexandria – Maple River. The Brookings Project is a portion of the Ellendale – Blue Lake line in the table above, and the La Crosse Project is identified as Prairie Island – Rochester and Rochester – North La Crosse in the table above. The Bemidji Project is not included in the table above, because it is not a 345 kV project, but rather a 230 kV project.

Q. WHAT IMPACT DID THE LOW LOAD GROWTH SCENARIO HAVE ON THE TRANSMISSION PLANS?

A. The plan changed very little as a result of changing the load growth assumption from 6,300 MW to 4,500 MW. The common facilities listed above were found to be needed in both growth scenarios.

Q. PLEASE DESCRIBE IN MORE DETAIL THE SHORT TERM STUDIES THAT WERE UNDERTAKEN AS PART OF THE CAPX2020 INITIATIVE.

A. To address the short term needs, identified as community load serving needs and generation outlet needs, three detailed transmission studies were then conducted. Each study had a specific study scope and is briefly summarized below.

- Southeastern Minnesota and Southwestern Wisconsin Reliability Enhancement Study: This study addressed the load serving needs of the Rochester, Minnesota and La Crosse, Wisconsin communities.
- Red River Valley/Northwest Minnesota Load-Serving Transmission Study (TIPS Update): This study addressed the load serving needs of the Red River Valley and the Bemidji areas.
- Southwest Minnesota – Twin Cities EHV Development Electric Transmission Study: This study addressed the need to increase the ability to interconnect and deliver generation from the Buffalo Ridge area.

(collectively referred to as the "Short Term Studies")

Q. WHY WERE THE GROUP 1 PROJECTS SELECTED FROM THE COMMON FACILITIES TABLE?

A. The CapX2020 Initiative decided to proceed with the Group 1 Projects first because the Short Term Studies identified projects that were necessary to address short term needs of the system, were also common to any future reasonable transmission system development scenario, and provide the most expansive foundation for any future reasonable expansion of the transmission system.

Q. IDENTIFY THE NEEDS THAT WILL BE ADDRESSED BY THE GROUP 1 PROJECTS.

A. There are multiple needs that will be met by the Group 1 Projects. These include: 1) improving regional system reliability and meeting demand growth through 2020; 2) meeting specific community reliability needs; and 3)

providing outlet for added generation throughout the region; and 4) creating a robust platform for future development.

Q. PLEASE DESCRIBE THE SYSTEM RELIABILITY NEED.

A. As explained earlier in my testimony, the utilities participating in the Group 1 Projects are obligated under federal and state law to provide reliable service to all of their customers in all their service areas. The ability to meet this obligation is projected to be, at risk in the near future. There are several areas within the region where the transmission system is constrained or is exceeding the level at which customers can be reliably served. Studies undertaken as part of the CapX2020 Initiative confirmed that the Group 1 Projects will be able to address this need by providing an increment of additional regional transmission infrastructure which will substantially improve the future reliability of electric service in those areas.

Q. ARE ANY OF THE AREAS OF CONCERN LOCATED IN NORTH DAKOTA?

A. Yes. The Red River Valley is identified as an area where the transmission system is projected to be at risk in the near future and reliable service to customers in that area is a concern.

Q. DESCRIBE THE TRANSMISSION SYSTEM CURRENTLY SERVING THE RED RIVER VALLEY.

A. Geographically the transmission system serves not only the Red River Valley, but encompasses parts of North Dakota extending west to Jamestown and Devils Lake, and parts of Minnesota as far east as Bemidji, Park Rapids and Alexandria.

The bulk electric transmission system in the Red River Valley primarily consists of a 230 kV network with a single 345 kV connection between the Red River Valley and western North Dakota. Nearly all of the power supply to the Red River Valley is from remote generation sources. Power typically flows through the Red River Valley region from west-to-east and north-to-south. However, long term power purchase and capacity exchange agreements between Manitoba Hydro and United States power suppliers require that adequate transmission capability be maintained to enable both northward and southward power transfers at all times of the year.

Q. HAS THE TRANSMISSION SYSTEM SERVING THE RED RIVER VALLEY BEEN STUDIED RECENTLY?

A. Yes. Building on the Vision Plan, which I described above, and a 2002 effort of the Red River Valley Subregional Planning Group (the "RRV-SPG") – which was made up of area utilities, generation developers, MISO and MAPP staff, state regulatory staff – CapX2020 planners undertook the Red River Valley/Northwest Minnesota Load-Serving Transmission Study (the "TIPS Update") in 2006 to examine community service reliability needs for the electrical system serving the Red River Valley.

For the TIPS Update, planning engineers began their evaluation with the actual system peak for the 2003/2004 winter period. The study found that load serving capability in the Red River Valley becomes constrained when one transmission line is out of service. There were also voltage concerns for both local and remote transmission contingencies. The most severe contingency of

local lines connecting the Red River Valley to the generation from the west and north is outage of the Center – Jamestown – Buffalo – Maple River 345 kV transmission line, which is the highest capacity transmission tie between the Red River Valley area and the baseload generation sources to the west. The most severe remote contingency for the Red River Valley is outage of the Dorsey – Forbes transmission line. Outage of this 500 kV circuit during northward flow conditions causes significant power to flow through the Red River Valley's transmission system. This "throughflow" results in high reactive power losses, contributing to the risk of voltage collapse.

Q. WHAT DID THE TIPS UPDATE CONCLUDE?

A. Consistent with previous studies, the TIPS Update confirmed that the most robust, economic and efficient upgrades to improve local load serving capability of the Red River Valley area and local load centers within it are the Bemidji Project (North Zone) and the Fargo Project (South Zone). In reaching this conclusion, the TIPS Update considered several other options including increasing reactive power sources in the area and other transmission line options.

The TIPS Update also identified community service reliability needs in the Alexandria, Minnesota area and St. Cloud, Minnesota area that can be met with the Fargo Project. Improving reliability in these communities also will help North Dakota communities located in the Red River Valley. The Fargo Project will assist in maintaining voltage levels and prevent overloads to the transmission lines serving the Red River Valley, including those serving North Dakota communities.

Q. WILL THE GROUP 1 PROJECTS SERVE THE RELIABILITY NEEDS OF OTHER COMMUNITIES?

A. Yes. The Southeastern Minnesota – Southwestern Wisconsin Reliability Enhancement Study of 2006 identified community service reliability needs in the Rochester, Minnesota and La Crosse, Wisconsin areas that can be met by the La Crosse Project. The Southwest Minnesota – Twin Cities EHV Development Electric Transmission Study identified community service reliability needs in many of the communities that lie within the area affected by installation of the Brookings Project. The Brookings Project will help to meet these identified needs.

It is important to understand that while the La Crosse and Brookings Projects are not located in North Dakota, they will help address the needs of North Dakota. For example, the La Crosse Project will provide an outlet for new generation in the west, including generation proposed to be built in North Dakota, to access markets serving large load centers located in the east; and the Brookings Project will alleviate a congestion bottleneck that limits the amount of generation that can be delivered out of North Dakota. Both of these projects provide significant benefits to North Dakota for purposes of generator outlet and overall system reliability.

Q. DESCRIBE THE SYSTEM WIDE GROWTH NEED.

A. One of the drivers for the Group 1 Projects is current and future predicted demand for electricity. The utilities participating in the CapX2020 Initiative studied the peak demand of the regional transmission system generally and the

peak demand of particular communities. Their analysis concluded that the Upper Midwest will experience several thousands of megawatts in demand growth between now and 2020.

The regional transmission system, however, has not kept pace with current or projected load and generation growth. Current growth has increasingly used up the capability created by major transmission expansions in the 1950s, 1960s, and 1970s. In addition, the capacity stemming from the other transmission expansion projects that Applicants and other CapX2020 Utilities are currently constructing are expected to be fully used by the time the Group 1 Projects are placed in service. For the electrical system to continue to deliver power safely and reliably to Applicants' customers, additional transmission infrastructure must be built.

Q. HOW WILL THE GROUP 1 PROJECTS ADDRESS SYSTEM WIDE GROWTH?

A. As part of the Vision Plan, planners looked at the overall electrical system in light of both the current and future predicted demand for electricity and generation. The Vision Plan identified fifteen facilities necessary to meet this demand. The Group 1 Projects were identified as those system improvements that would satisfy immediate needs and also provide a platform for meeting the needs of anticipated regional growth.

Q. DESCRIBE THE GENERATION OUTLET NEED.

A. To serve growing demands of customers in the upper Midwest, large amounts of new electric generation, both renewable and nonrenewable, will need to be installed. CapX2020 studies estimate that 5700 to 8000 MW of generation will

be needed by 2020 to meet power demands. Without expansion of the bulk transmission network, the current transmission system serving the upper Midwest will not be able to support the addition of this amount of new generation.

Recently enacted legislation in several states in the CapX2020 Study Region is also driving the need for additional generation outlet. Several states are requiring retail electric providers to supply a certain percentage of their retail electricity from renewable sources. For example, both the North Dakota and Minnesota legislatures passed renewable energy legislation in 2007. North Dakota passed the Renewable and Recycled Energy Objective that established the goal of achieving ten percent of retail electric sales from renewable and recycled energy sources by 2015. N.D.C.C. § 49-02-28. Minnesota passed the Renewable Energy Standard that mandates that twenty-five percent of retail electric sales come from renewable sources by 2025 (Xcel Energy must provide 30% of it retail electrical sales from renewable energy by 2020). Minn. Stat. § 216B.1691. In addition, a federal renewable standard appears to be on the horizon. These legislative initiatives create a need for additional renewable generation to come on line sooner rather than later.

Oftentimes, large scale generation projects are not constructed near the load which will consume the electricity generated. For example, North Dakota currently generates substantial generation based on traditional fuels and has rich wind resources that can be developed so that utilities can meet their state mandated renewable energy requirements. However, North Dakota's loads are too small to absorb all of the electricity that is and can be generated within

the State. Additional transmission will allow an outlet for new generation to reach remote areas where it can be used.

Q. WILL THE GROUP 1 PROJECTS ADDRESS THIS NEED?

A. Yes. The Group 1 Projects are designed to work together to provide outlet for generation. The Fargo and Bemidji Projects will increase the capacity and support for generation created in North Dakota, as well as exported out of North Dakota, including renewable generation. The Brookings Project will allow the continued development of renewable generation in Minnesota and eastern South Dakota and alleviate some strain on the transmission system in North Dakota by creating an additional path for North Dakota based generation. The La Crosse Project will provide additional capacity to transmit generation produced in North Dakota into the MISO Market providing access to the eastern portion of the MISO footprint thereby increasing the number of available purchasers for generation produced in North Dakota.

The Vision Plan analyzed different possible, fuel neutral, generation scenarios to determine the type of additional transmission infrastructure would be necessary to support the needed additional generation on the bulk transmission system. The Vision Plan and the additional studies performed concluded that the Group 1 Projects are common facilities reasonably necessary to serve any future generation scenario for our region.

Q. DESCRIBE THE NEED FOR A ROBUST PLATFORM FOR FUTURE DEVELOPMENT.

A. The Group 1 Projects are needed to establish a common foundation for future development across the system. This will allow for regional generation to access the wider MISO market. By building the Group 1 Projects, the CapX2020 Utilities will effectively balance immediate and future needs. Further, the Group 1 Projects, by providing a foundation for future system build-out, are a prudent way for the CapX2020 Utilities to cost-effectively meet additional system-wide needs in the future. Finally, North Dakota is a net-exporting State and is dependent upon a robust transmission system to access regional markets for excess generation. The ability to export North Dakota generation is already constrained and new transmission is needed to enhance that access.

Q. DID CAPX2020 PLANNING ENGINEERS EVALUATE ALTERNATIVES TO THE GROUP 1 PROJECTS TO MEET THE NEEDS YOU DESCRIBED?

A. Yes. CapX2020 planning engineers analyzed other alternatives to constructing the Group 1 Projects including upgrades to currently built facilities, double-circuiting existing facilities, adding localized generation and using higher or lower voltage transmission lines. CapX2020 planning engineers determined that these alternatives did not adequately meet the multiple needs identified for these projects. Many of the alternatives considered by Applicants are described in the Application. The Group 1 Projects' ability to meet multiple needs simultaneously make them the most prudent option for maintaining the reliability of the regional transmission system.

IX. BENEFITS OF THE CAPX2020 GROUP 1 PROJECTS

Q. WHAT BENEFITS WILL BE PROVIDED BY THE GROUP 1 PROJECTS TO NORTH DAKOTA?

A. The Group 1 Projects will provide the following benefits to Applicants' North Dakota customers and the state as a whole: 1) enhanced reliability throughout the region including North Dakota; 2) added export capacity to the transmission system within North Dakota; 3) improved access to the MISO market for North Dakota based generation; 4) increase the value of generation currently located in the state; 5) create opportunities for the development of new generation, including wind based generation; and 6) stimulate economic development in North Dakota.

Q. HOW WILL THE GROUP 1 PROJECTS ENHANCE REGIONAL RELIABILITY?

A. Regional reliability is related to the shared importance of an efficient and reliable transfer of bulk power across regions and between regions. By constructing the Group 1 Projects, the regional interconnected transmission system is benefited as a whole because those additional connections provide for a more robust transmission system that is able to better withstand system contingencies. A more robust bulk power system also enhances efficient transfer of power across and between regions. Efficient regional power transfers promote and support fair and competitive wholesale electric markets thereby assisting in meeting the needs of all regional market participants, rather than just those of the individual utility's customers or a specific generation resource type.

Q. HOW WILL THE GROUP 1 PROJECTS IMPROVE EXPORT CAPABILITY?

A. The Group 1 Projects will enhance the export capability of all generation in North Dakota by alleviating some of the constraints of the NDEX boundary and facilitate MISO dispatch of North Dakota generation into the MISO energy markets.

Q. HOW WILL THE GROUP 1 PROJECTS ADDRESS THE CURRENT NDEX CONSTRAINT?

A. The Group 1 Projects will provide additional export capability for North Dakota Generation. The Fargo and Bemidji Projects will together increase NDEX limits by approximately 550 MW. The addition of the Brookings Project should further increase NDEX. Depending upon the size and location of new generation, the combination of the Fargo, Bemidji and Brookings Projects could increase NDEX by 700-800 MW. Applicants' Proposal provides for future additional increases to the NDEX limit because it utilizes the double-circuit compatible configuration.

Q. HOW WILL THE GROUP 1 PROJECTS IMPROVE MISO MARKET ACCESS?

A. In order to reliably operate the transmission system, generation and load must always be in balance. MISO operates as a centralized dispatcher of generation in the MISO foot print to make sure that the system remains in balance. Alleviating congestion on the system with an eastbound outlet, provided by all the Group 1 Projects, allows MISO to more efficiently dispatch generation from the generation rich western portion of the MISO footprint, especially North Dakota, into the load centers in the east. Without more eastbound

outlet, especially into the congested areas east of Minnesota, the generation in the western portion of the MISO footprint essentially becomes trapped. Any generation bid into the MISO market therefore effectively displaces existing generation instead of adding an incremental benefit to the system as a whole. An eastern outlet will enlarge the possible market for North Dakota based generation.

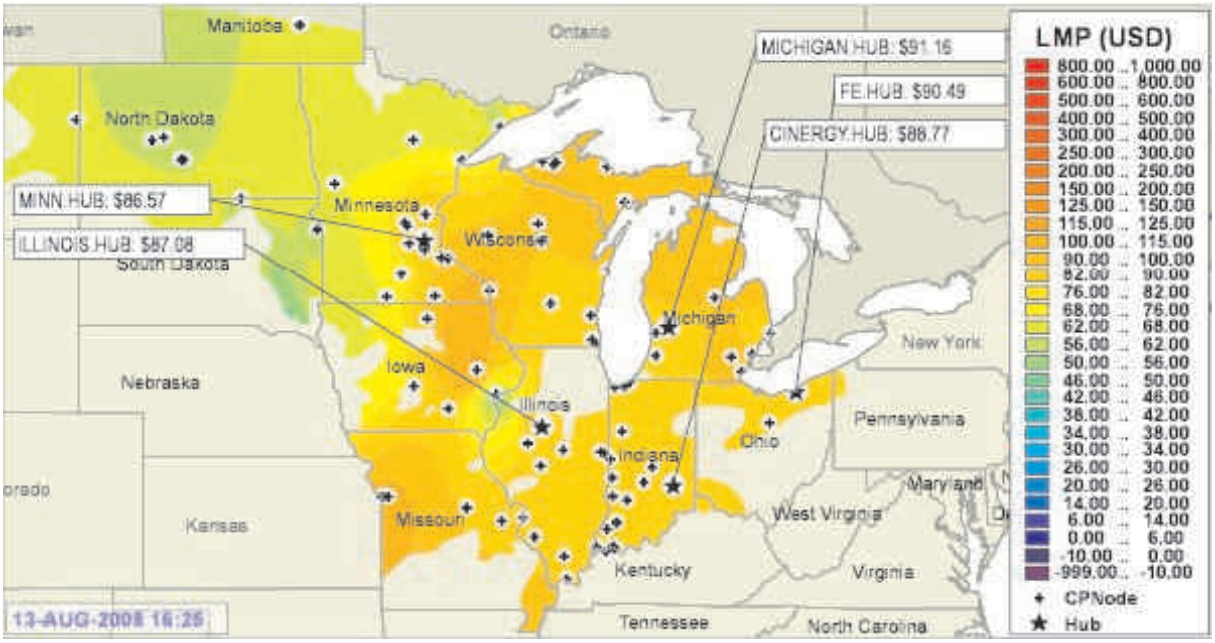
Q. WHY IS IT BENEFICIAL FOR NORTH DAKOTA GENERATORS TO HAVE ACCESS TO THE MISO MARKET?

A. MISO prices energy based on LMP which provides price signals that account for the additional costs of electricity caused by transmission congestion and line loss at various points on the electricity grid. Under the LMP pricing structure, areas on the grid which experience the least amount of congestion and have sufficient generation resources have the lowest prices for electricity.

Figure 3 is a representative map showing the LMP for the MISO footprint.

Figure 3

LMP



Source: MISO

As demonstrated in Figure 3; the LMP in Wisconsin and Michigan are higher than in North Dakota and Minnesota. A higher LMP signifies congestion in serving those areas with higher prices. The La Crosse Project will help to alleviate some of the congestion in serving Wisconsin. The La Crosse Project will complete the direct path provided by the Fargo Project, aided by the additional NDEX increase of the Brookings and Bemidji Projects, and the secondary path through the Brookings Project into those areas of the MISO footprint with higher LMPs. This access to the eastern portion of the MISO footprint enlarges the market for generation based in the western part of the CapX2020 study region, including North Dakota based generation.

Q. HOW WILL THE GROUP 1 PROJECTS ENHANCE THE EXISTING VALUE OF NORTH DAKOTA GENERATION?

A. The Group 1 Projects will allow for additional increments of outlet for North Dakota based generation and additional access to the MISO markets. This in turn will make the energy and capacity produced by North Dakota's current generation facilities more valuable. Since North Dakota is a net exporting state which has more generation than load to absorb it, North Dakota's generators need a robust transmission infrastructure to transport and sell their energy to load centers further east.

The Fargo, Brookings and Bemidji Projects will increase the NDEX limit, allowing more generation to physically leave the NDEX area without creating instability on the transmission system serving North Dakota's customers. The Brookings Project will alleviate some strain on the North Dakota transmission system and provide an additional path east for North Dakota based generation through transmission ties between North Dakota and South Dakota. The La Crosse Project will create a path into the MISO market creating additional opportunities for the marketing of North Dakota based generation. The ability to access loads east of North Dakota creates a larger market for North Dakota based generation thereby making it more valuable.

Q. WILL THE GROUP 1 PROJECTS INCREASE THE POTENTIAL FOR DEVELOPING NEW GENERATION IN NORTH DAKOTA?

A. Yes. Much the same way that the Group 1 Projects will enhance the value of existing North Dakota based generation, the Projects will also create a

transmission backbone which may be attractive to developers of new generation.

Q. IS THERE MUCH INTEREST IN DEVELOPING NEW GENERATION IN NORTH DAKOTA?

A. Yes. Based on my understanding of the rich wind resource available in North Dakota, I would assume that there is substantial interest in harnessing this resource. This assumption is borne out by the amount of generation waiting to interconnect in North Dakota.

Q. WHAT IS YOUR UNDERSTANDING OF NORTH DAKOTA'S POTENTIAL FOR RENEWABLE FUEL GENERATION.

A. According to the American Wind Energy Association, North Dakota ranks number one in the country for wind energy potential. The entire state has a class 3 (14 to 15 mph) or better wind resource, with several areas containing class 5 winds (16 to 18 mph). The U.S. Department of Energy describes North Dakota's wind resources as good to excellent and consistent with utility scale production. North Dakota has an unparalleled opportunity to develop its wind energy potential.

There is also significant regional demand for the energy produced by wind-based generation. In addition to assisting North Dakota in meeting its renewable energy goals, development of wind based generation in North Dakota will assist regional utilities in meeting Minnesota's Renewable Energy Standard which allows renewable energy not produced in the State to be counted towards a utility's requirements. As North Dakota develops its wind

resources, Minnesota and points east can be a substantial market for the energy produced.

Q. IS THE DEMAND FOR NORTH DAKOTA RENEWABLE GENERATION STARTING TO INCREASE?

A. Yes. The demand for North Dakota's wind resource is starting to grow. In fact, MISO's Interconnection Queue in North Dakota shows that 7,128 MW of wind energy has entered the queue as of June 28th, 2009, and the WAPA Interconnection Queue shows that 4857 MW of wind energy has entered that queue as of June 28th, 2009, and the Minnkota Power Cooperative Interconnection Queue shows 3067 MW as of June 28th, 2009.

Q. WILL THE GROUP 1 PROJECTS BENEFIT THE DEVELOPMENT OF RENEWABLE FUEL BASED GENERATION?

A. Yes. The Group 1 Projects will expand interconnection opportunities for generation development in eastern North Dakota and as a result help facilitate development of wind based generation in North Dakota.

Q. WHAT ABOUT NON-RENEWABLE GENERATION? WILL THE GROUP 1 PROJECTS BENEFIT THE DEVELOPMENT OF NON-RENEWABLE GENERATION?

A. Yes. The outlet capabilities provided by the Group 1 Projects and any additional transmission facilities which may expand on the platform provided by the Group 1 Projects may facilitate the development of traditional fuel based generation to meet growing system wide baseload demand. Planning studies are non-discriminatory in terms of generation sources.

Q. HAVE THERE BEEN OTHER TRANSMISSION STUDIES CONDUCTED IN THIS REGION THAT HAVE IDENTIFIED SIMILAR PROJECTS?

A. Yes. There have been several studies conducted over the years that identified the same projects or very similar projects. The most recent study completed prior to the CapX2020 transmission studies is the Northwest Exploratory Study. In this study, 345 kV transmission projects from North Dakota to the Twin Cities were identified. The Fargo Project and the Brookings Project represent a portion of those projects that were identified in that plan.

Q. WHAT WAS THE PURPOSE OF THE NORTHWEST EXPLORATORY STUDY?

A. The primary purpose of this study was to identify a transmission plan that would allow additional generation, approximately 2000 MWs, to be built in North Dakota and to deliver this power to loads outside of North Dakota.

Q. PLEASE SUMMARIZE THE RESULTS OF THE NORTHWEST EXPLORATORY STUDY.

A. The Northwest Exploratory identified two 345 kV transmission lines between western North Dakota and the Minneapolis area. These lines were necessary to add generation in North Dakota and deliver to the Minneapolis area. The Brookings Project and the Fargo Project represent portions of these two lines.

VI. MISO'S ROLE IN THE DEVELOPMENT OF THE GROUP 1 PROJECTS

Q. IDENTIFY THE OTHER REGIONAL TRANSMISSION STUDIES THAT HAVE BEEN PERFORMED?

A. MISO plays an important role in coordinating the transmission planning in its footprint, and has undertaken regional transmission planning efforts and publishes its results in the Midwest ISO Transmission Expansion Plan ("MTEP"). Other regional planning efforts include the North Dakota 10-year Plan filing requirements and the Upper Midwest Transmission Development Initiative ("UMTDI").

Q. DESCRIBE MISO'S MTEP EFFORTS.

A. The MTEP identifies projects required to maintain reliability for the next 10-year period, and provides a preliminary evaluation of projects that may be required to enhance market transactions up to 20 years in the future. A project's inclusion in the MTEP makes it eligible for different cost allocation treatment under the MISO tariff.

Q. DESCRIBE THE APPROACH TAKEN BY MISO WHEN DEVELOPING THE MTEP.

A. MISO uses a "bottom-up, top down" approach in developing the MTEP. The "bottom-up" portion relies on the ongoing responsibilities of the individual transmission owning members of MISO to continuously review and plan for reliably meeting the needs of their local systems. MISO then reviews these local planning activities with stakeholders and performs a top-down

review of the adequacy of and appropriateness of these local plans in meeting needs.

In addition, MISO considers together with stakeholders, opportunities for expansion that would reduce customer costs by providing access to new low cost resources that are consistent with and required by evolving energy legislative policies. MISO's planning process examines congestion that may limit access to the most efficient resources, and considers upgrades that may be needed to meet applicable statutory requirements.

Q. HAVE THE GROUP 1 PROJECTS BEEN EVALUATED BY MISO?

A. Yes, they have. The Group 1 Projects have been submitted to MISO and MISO has analyzed them for inclusion in the MTEP. MISO has designated the Fargo, Bemidji and parts of the La Crosse Projects as Baseline Reliability Projects and has included the Brookings Project in MTEP as well, but has not given the Brookings Project an MTEP designation.

Q. HAS MISO'S COST ALLOCATION TREATMENT FOR THE GROUP 1 PROJECTS BEEN ACCEPTABLE TO APPLICANT OTTER TAIL?

A. The discussion on page 36 of the Application adequately states Applicant Otter Tail's views with respect to its position within MISO and the impact of MISO's cost allocation methodology to it.

Q. DESCRIBE NORTH DAKOTA'S 10-YEAR TRANSMISSION INFRASTRUCTURE PLAN.

A. The Commission conducts its own planning oversight by requiring each utility which owns transmission infrastructure in the state to submit a ten-year plan.

This plan requires, among other things, that a utility provide information on the transmission facilities it plans to construct, keep in service or remove from service. Utilities are also required to inform the Commission of their efforts to coordinate with other utilities to provide a coordinated regional plan for meeting the needs of the region.

Q. HAVE THE GROUP 1 PROJECTS BEEN INCLUDED IN THE NORTH DAKOTA 10-YEAR PLAN?

A. Yes. The Group 1 Projects have been included in each Applicant's 10-year plan.

VII. OTHER REGIONAL TRANSMISSION INITIATIVES

Q. WHAT ARE SOME OF THE TRANSMISSION INITIATIVES FOCUSING ON THE DEVELOPMENT OF A TRANSMISSION SYSTEM THAT COULD DELIVER POWER TO LOADS OUTSIDE OF NORTH DAKOTA?

A. From the time that I have been involved with transmission planning, North Dakota has had an interest in seeing the development of more transmission that would allow generation export from North Dakota. Some of the more recent initiatives that North Dakota has been involved with include the Upper Great Plains Transmission Coalition ("UGPTC" or "Coalition") and the Upper Midwest Transmission Initiative (UMTDI).

Q. PLEASE DESCRIBE THE PURPOSE OF THE UGPTC?

A. The mission of the Coalition is to identify, publicize, and advocate solutions to increase the export of electricity from the upper Great Plains. The Coalition is made up of many different stakeholders including utilities such as Applicants Otter Tail and Xcel Energy; generation developers such as NextEra, Crown Butte Wind; and generation advocacy groups such as the North Dakota Lignite Energy Council, and Wind on the Wires. In addition to the actual members, there are other stakeholders that have participated in the Coalition, such as the North Dakota Industrial Commission, Western Area Power Administration and the regulatory agencies from North Dakota, South Dakota and Minnesota.

Q. DESCRIBE THE UMTDI.

A. The UMTDI is a regional transmission planning effort initiated by the governors of the states of North Dakota, Iowa, Wisconsin, Minnesota and South Dakota to promote regional electric transmission development and equitable cost sharing. The UMTDI was created due to the need for developing transmission infrastructure on a coordinated regional basis. The UMTDI will identify energy generation zones, transmission projects, and other infrastructure needed to support those resources in a cost-effective manner. The UMTDI held its first meeting in October of 2008 and is in the process of developing its work plan.

Q. HAVE THE GROUP 1 PROJECTS BEEN EVALUATED OR INCLUDED IN THE TRANSMISSION STUDIES THAT ARE BEING CONDUCTED FOR THE UMTDI INITIATIVE?

A. Yes, the UMTDI transmission studies have included Group 1 Projects. The base case models that are being used for the UMTDI transmission studies included the transmission facilities that were identified and approved in the MISO MTEP '08, which include all of Group 1 Projects, with the exception of the Brookings Project. However, all UMTDI transmission options that are under study include the Brookings Project or a similar variation of that project.. The UMTDI studies will identify additional facilities beyond the Group 1 Projects to integrate additional resources into the grid.

VIII. ONGOING TRANSMISSION PLANNING STUDY EFFORTS

Q. BEYOND THE STUDIES YOU HAVE DESCRIBED, ARE THE CAPX2020 UTILITIES CONDUCTING OR PARTICIPATING IN ANY ADDITIONAL TRANSMISSION STUDIES IN ORDER TO PLAN FOR FUTURE NEEDED TRANSMISSION DEVELOPMENT IN THE REGION BEYOND THE GROUP 1 PROJECTS?

A. Yes. There are several studies that we are either conducting ourselves or having active participation. These studies are being conducted to ensure a reliable electrical system in the region is developed while facilitating compliance with regulatory requirements and meeting important load-serving and reliability needs.

Q. WHY ARE THE CAPX2020 UTILITIES CONDUCTING TRANSMISSION STUDIES NOW FOR TRANSMISSION INFRASTRUCTURE THAT IS NOT ANTICIPATED TO BE NEEDED UNTIL 2025 OR BEYOND?

A. The CapX2020 Utilities are conducting these additional transmission studies now for the same reason that the Vision Plan was performed: to establish a comprehensive plan to guide near term transmission investments toward an efficient, well-coordinated goal. Due in part to the renewable energy standards established by the states in the Study Region, including North Dakota, significant generation additions above and beyond those modeled in the Vision Plan will be needed. In addition, there is significant discussion at the national level regarding a renewable energy standard that if enacted would require substantial transmission expansion. While 2020 and 2025 seem a long way away at this point, from a transmission planning perspective, it is time to begin looking at the system and planning the facilities that will need to be built to address customer needs in that timeframe.

Q. HAVE THERE BEEN OTHER TRANSMISSION STUDIES COMPLETED FOR THIS REGION SINCE THE CAPX2020 STUDIES?

A. In late March 2009, several of the regional utilities released three additional studies, the "RES Study," "Corridor Study" and the "Capacity Validation Study" ("CVS"). These studies provide insight into the development of the transmission system beyond the Group 1 projects and one of them in particular, the CVS provides additional insight with respect to the benefits of the Group 1 Projects.

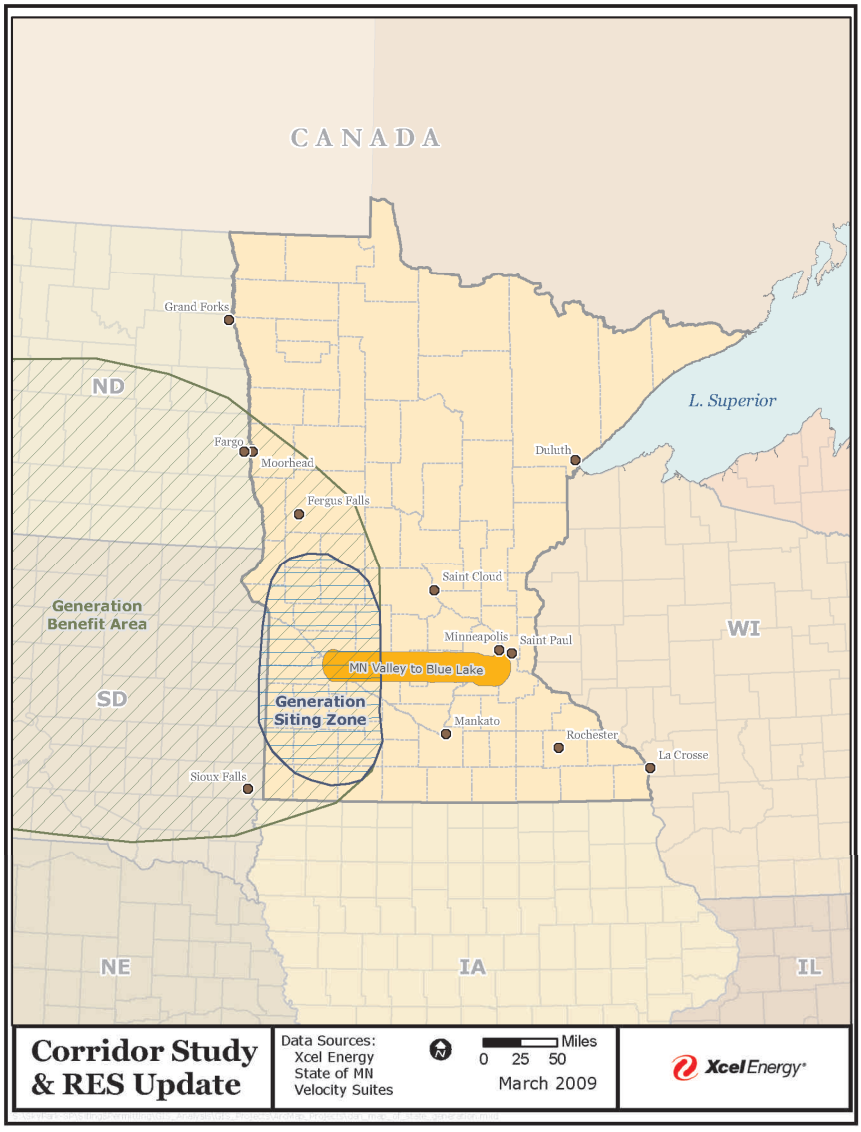
Q. PLEASE DESCRIBE THE OBJECTIVE AND SCOPE OF THE CORRIDOR STUDY.

A. The objective of the corridor study was to identify a solution for the transmission limitations that exist between western Minnesota and the Twin Cities. The results of the study indicate the rebuild of an existing 230 kV line between the Granite Falls area and the southwestern side of the Twin Cities should be rebuilt as a double circuit 345 kV line. This upgrade will create a substantial increase in transfer capability.

Q. WILL THE TRANSFER CAPABILITY IDENTIFIED IN THE CORRIDOR STUDY BENEFIT NORTH DAKOTA?

A. The transfer capability identified in the study enhances the ability of the regional transmission system to move generation from western Minnesota and points west to the Twin Cities. This not only helps generation additions in Minnesota, but also in the Dakotas. Figure 4 illustrates this point.

Figure 4



The gold line on the diagram shows the location of the "Corridor Project," and the hashed areas on the diagram show the areas where additional generation can be added to the system as a result of this transmission addition. Even though this line is physically located in Minnesota, it provides benefits for generation sited in the Dakotas. While more transmission facilities may also be necessary, without this line, it would be very unlikely that additional generation could be added and delivered to the Twin Cities or points further

east. The total capability added by this line is estimated to be an incremental 2000 MWs.

Q. WERE THERE OTHER FINDINGS IN THE CORRIDOR STUDY?

A. Yes, another important result from the Corridor Study was the identification of the need for a line in Wisconsin to allow generation development in Minnesota and the Dakotas to access load centers in the east. The study reveals that adding a line from La Crosse, Wisconsin to Madison, Wisconsin can increase the 2000 MW transfer capability created by the Corridor Project by an additional 1600 MWs, which will facilitate generation development in Minnesota and the Dakotas. This study demonstrates the benefits of regional transmission and how transmission constructed in a non-neighboring state has the potential to provide benefits to generators seeking to site in North Dakota.

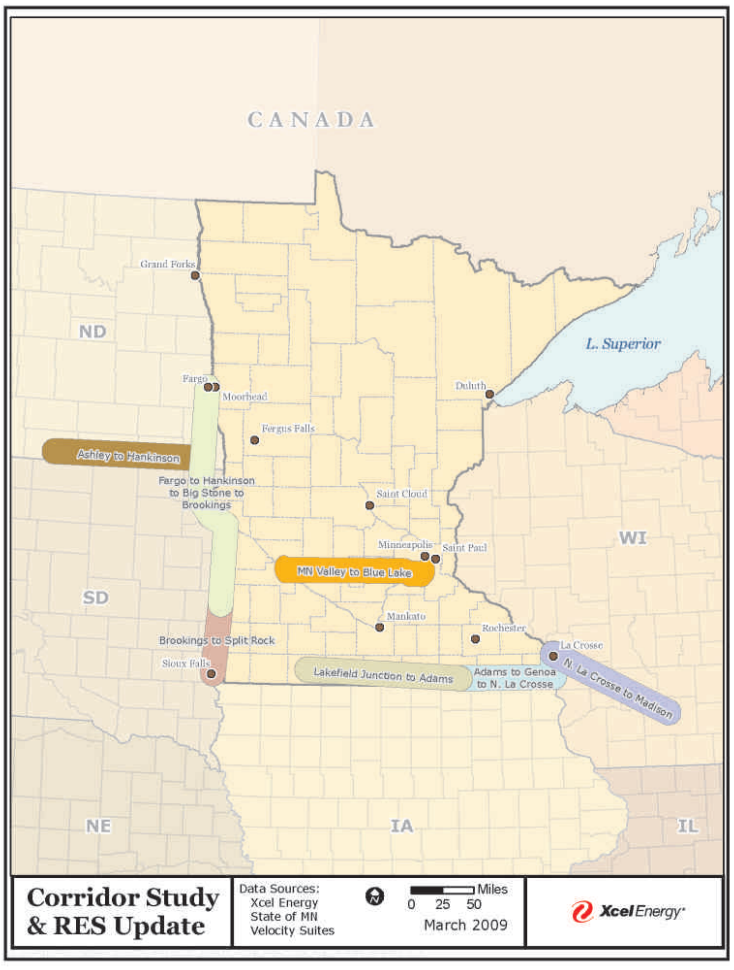
Q. PLEASE DESCRIBE THE OBJECTIVE AND SCOPE OF RES UPDATE STUDY.

A. The scope of the RES Update transmission study was to examine the transmission facilities necessary to meet the Minnesota Renewable Energy Standard beyond the Group 1 projects and the Corridor project. Transmission projects identified during this study would support renewable generation projects, and other generation projects necessary to maintain system reliability in the region. Similar to the CapX2020 Vision Plan, this study looked at various generation development scenarios, and looked for common transmission plans across the various scenarios.

Q. WHAT WERE THE RESULTS OF THE RES UPDATE STUDY?

A. Figure 5 illustrates the next likely set of transmission facilities that were identified in this study. A new double circuit 345 kV line from Fargo to Sioux Falls allows for a north-south tie for several major east-west transmission lines, therefore optimizing the performance of the Group 1 facilities and the Corridor project. The Ashley – Hankinson extension would allow several new wind projects to be integrated into the system. Furthermore, the transmission lines proposed in Southern Minnesota enable more generation outlet capability from the Buffalo Ridge area and points west.

Figure 5



Q. PLEASE DESCRIBE THE OBJECTIVE AND SCOPE OF THE CVS STUDY.

A. Most of the transmission studies that have been conducted for high voltage transmission projects have primarily been performed on an individual or small group basis, each using a different set of assumptions. The objective and scope of the CVS Study was to evaluate, at a high level various combinations of proposed projects with a common set of assumptions to identify the potential range of capability that may be achieved by a single project or a set of projects.

Q. PLEASE DESCRIBE THE RESULTS OF THE CVS STUDY.

A. Some key findings of the CVS Study were that the Group 1 projects provide more transfer capability together than each project individually. Following the construction of the Group 1 projects, the CVS Study concluded that the Corridor Project is the next logical development because it offers the most amount of incremental transfer capability at the lowest cost. The CVS Study also verified that a new line in Wisconsin greatly enhances power transfer through the system regardless of any combination of transmission projects. Furthermore, the CVS Study confirmed that the 500 kV line between Manitoba and Minnesota is the next major transmission constraint in the region.

Q. DOES THE CAPX2020 INITIATIVE HAVE PLANS FOR FURTHER TRANSMISSION PLANNING STUDIES?

A. Yes. Because transmission planning is an ongoing and evolving process, there will always be a need to continue to conduct additional studies. At this point, we expect that once the current phase of transmission studies are completed,

we would conduct additional studies in a similar fashion with updated assumptions.

Q. IS THERE ANYTHING ABOUT THE ONGOING TRANSMISSION STUDY WORK THAT CONTRADICTS THE NEED FOR MAJOR TRANSMISSION INFRASTRUCTURE IMPROVEMENTS IN THE REGION?

A. No, in fact, just the contrary. Each study that has been conducted, or is underway, continues to point to the conclusion that major improvements to the transmission system are needed and that significant improvements in the CapX2020 Study Region is necessary. The ongoing study work reinforces the need for major transmission line construction and the Group 1 Projects.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

Timothy J. Rogelstad
Otter Tail Power Company
215 S Cascade St
Fergus Falls, MN 56537

Professional Experience

Manager of Delivery Planning, Otter Tail Power Company 2002 to Present

- Accountable for managing Transmission Planning, transmission contracts, capital budget development and monitoring and overseeing the project management for Big Stone transmission.
- Ensure that Otter Tail has an adequate transmission system to reliably and economically serve its customers.
- Ensure compliance with NERC Planning Standards
- Negotiate transmission contracts.
- Represent Otter Tail on various industry working groups and committees.
- Manage the development and monitoring of Otter Tail Power capital spending.
- Manage the project management for Big Stone transmission.

Supervisor of Transmission Planning, Otter Tail Power Company 1998 to 2002

- Supervise Transmission Planning staff.
- Negotiate transmission contracts with neighboring utilities.
- Represent Otter Tail on key MAPP/MISO committees and working groups.
- Ensure compliance with NERC Planning Standards.
- Project Manager for a 100 mile 230 kV transmission project.

Planning Engineer, Otter Tail Power Company 1992 to 1998

- Conduct transmission studies.
  - Powerflow analysis
  - Stability analysis
  - Economic analysis
- Review transmission studies from neighboring utilities.
- Build and submit transmission modeling information.
- Participate in MAPP working groups regarding transmission planning issues.

Engineer, System Engineering, Otter Tail Power Company 1989 to 1992

- Conduct relay coordination and distribution coordination studies.
- Design transmission substation protection schemes.
- Field check-out and commissioning of new transmission substation installations and modifications.

Education

- Bachelors of Science, Electrical and Electronics Engineering, North Dakota State University, 1989.
- Registered professional engineer in the states of Minnesota (1994 to present), North Dakota (1994 to present), and South Dakota (1994 to present).
- Participated in numerous continuing education programs, and currently enrolled in an Accelerated Leadership Program for Otter Tail Coorporation.

Affiliations

- Member of the Institute of Electrical and Electronics Engineers (IEEE), past chair of Red River Valley Section
- Member of the Minnesota Society of Professional Engineers
- Former member MAPP Model Building Working Group
- Former member MAPP Transmission Reliability Working Group
- Former member MAPP Line Loading Relief Working Group
- Former member MAPP Design Review Sub-Committee
- Past chair of the MAPP RRV SPG (Red River Valley Sub-Regional Planning Group)
- Current participant MISO Planning Sub-Committee
- Current participant CAPX Technical Team
- Current participant CAPX Tariff Team
- Current participant Upper Great Plains Transmission Coalition
- Chair, Minnesota Transmission Owners

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION — **CASE NO. PU-_____**

OTTER TAIL POWER COMPANY

IN THE MATTER OF THE APPLICATION FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR THE CAPX2020 GROUP 1 TRANSMISSION PROJECTS — **CASE NO. PU-_____**

VERIFICATION

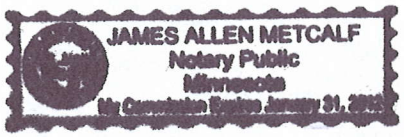
STATE OF MINNESOTA)
) ss.
COUNTY OF OTTER TAIL)

TIMOTHY J. ROGELSTAD, being first duly sworn on oath, deposes and says that he is Manager of Delivery Planning for Applicant Otter Tail Power Company in the above captioned matter, that the testimony and schedules submitted in the above captioned matter under his name were prepared under his direction, that he knows the contents thereof, and that the same is true and correct to the best of his knowledge and belief.

[SIGNATURE PAGE FOLLOWS]

TIMOTHY J. ROGELSTAD

Subscribed and sworn to before me this 10th day of September, 2009.



Notary Public
My Commission Expires: JAN. 31, 2012

STATE OF NORTH DAKOTA

BEFORE THE

NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION	**CASE NO. PU-_____**
OTTER TAIL POWER COMPANY	**CASE NO. PU-_____**

IN THE MATTER OF THE APPLICATION FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR THE CAPX2020 GROUP 1 PROJECTS

TESTIMONY OF

Paul J Lehman
On Behalf of

APPLICANTS

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION,
AND
OTTER TAIL POWER COMPANY

September 17, 2009

Joint Exhibit C

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND EMPLOYMENT ADDRESS.

A. My name is Paul J. Lehman and my business address is 414 Nicollet Mall, Minneapolis, Minnesota, 55401.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by Xcel Energy Services Inc., the service company provider for Northern States Power Company, a Minnesota corporation ("Xcel Energy" or the "Company") and my current position is Manager, Regulatory Administration.

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I received a Bachelor of Science in Electrical Engineering from the University of Minnesota in 1977. Thereafter I began my career at Northern States Power Company as a Planning Engineer in its Power Supply Planning Department. While in that area, I worked on planning the transmission system expansion requirements for the Company.

In 1980, I became the Superintendent of Transmission Planning for Northern States Power Company – Wisconsin, responsible for all power supply planning efforts for the Company's transmission needs in Wisconsin. This included all regulatory reporting requirements for the Company Northern States Power Company – Wisconsin.

In 1984, I moved to the Energy Supply Planning Department of Northern States Power Company with various responsibilities and titles centered around

the planning activities associated with the Company's generating plants. This included life extension efforts, alternative fuel supply evaluations, negotiating contracts with non utility power suppliers under the Public Utilities Regulatory Policies Act ("PURPA"), capacity supply acquisition activities within the Mid-Continent Area Power Pool ("MAPP"), long term power supply planning and acquisition and regulatory reporting requirements associated with these various activities.

In 1990, I became the Manager of a new department within the Company, Power Contracts, with responsibility for all of the contracting activities for the power supply business needs of the Company.

In 1991, I became Manager, Electric Rate Design for Northern States Power Company responsible for all the retail electric rate design activities and requirements of the Company.

In 2000, I became an internal consultant providing services to other areas of the Company on pricing and regulatory issues. During this time, I served as the Company representative to the Federal Energy Regulatory Commission's ("FERC") during its rulemaking activities for the interconnection of generation to utility transmission systems including testifying on behalf of the Edison Electric Institute ("EEI") before FERC on technical challenges and issues associated with interconnection of wind to utility systems.

In 2008, I assumed my current position. My resume is attached as Schedule 1.

Q. FOR WHOM ARE YOU TESTIFYING?

A. I am providing testimony on behalf of Northern States Power Company, a Minnesota corporation ("Xcel Energy"), Otter Tail Power Company ("Otter Tail"), the joint Applicants in this proceeding.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to provide an overview of the cost recovery and allocation methodologies for the Group 1 Projects.

Q. WERE YOU INVOLVED IN THE PREPARATION OF THE APPLICATION FOR ADVANCE DETERMINATION OF PRUDENCE IN THIS PROCEEDING?

A. Yes. I provided information to the Applicants in their preparation of the Application. The Application was prepared with my participation, using information that I provided as well as the type of information that is regularly relied upon by professionals in the ordinary course of business.

II. COST RECOVERY AND ALLOCATIONS

Q. HOW WILL APPLICANTS RECOVER THE COST OF THEIR INVESTMENT IN THE GROUP 1 PROJECTS?

A. Applicants are both Transmission Owning Members of the Midwest Independent Transmission System Operator, Inc. ("MISO"). As such, Applicants' transmission facilities above 100 kV are operated by MISO. As a general matter, MISO calculates a revenue requirement for the recovery of costs for the owners of the transmission facilities it operates and charges users of the MISO Transmission System (those transmission facilities over which

MISO has functional control) in order to collect and remit to the MISO transmission owners their cost recovery on their transmission assets. Therefore, Applicants will, in general, recover their capital costs for their ownership of the Group 1 Projects from users of the MISO Transmission System.

Q. IF APPLICANTS WILL RECOVER THEIR CAPITAL COSTS FROM MISO, HOW ARE APPLICANTS' RATEPAYERS AFFECTED?

A. As noted in my previous answer, in order to pay the utility owners of transmission in the MISO footprint, MISO charges the utility users of the transmission facilities in the MISO footprint for their use of those transmission facilities to serve customers. Applicants, as users of transmission facilities in the MISO footprint, on behalf of their ratepayers, will pay a portion of those charges. It is these charges to use the transmission facilities in the MISO footprint, including the Group 1 Projects, for which Applicants will incur costs and which will be recovered from the ultimate benefactors of this use, the Applicants' ratepayers.

Q. HOW DOES MISO DETERMINE THE TRANSMISSION OWNER'S COST FOR EACH TRANSMISSION FACILITY?

A. Generally, the owner of a transmission facility will incorporate the costs of that facility in its rate base as calculated pursuant to Attachment O of the MISO Transmission, Energy Markets and Operating Reserves Tariff ("Tariff"). The Attachment O rate base is then used to calculate the Transmission Owner's revenue requirement and from that, a charge is calculated for the use of the transmission facilities within the Transmission

Owner's pricing zone, which is roughly equivalent to that Transmission Owner's transmission footprint.

However, some proposed transmission facilities are eligible for different cost allocation methodology because MISO characterizes them as providing certain regional and sub-regional benefits. For these projects, MISO attempts to allocate the costs to those users of the MISO Transmission System who benefit from these projects.

Therefore, Transmission Owning Members of MISO recover their costs of investment in transmission facilities either by the MISO Attachment O formula or through MISO's other cost allocation methodology.

Q. YOU SAID THAT THE PAYMENT FOR CERTAIN TRANSMISSION FACILITIES IN MISO ARE PAID FOR BY THOSE THAT BENEFIT FROM THE USE OF THE FACILITIES. PLEASE EXPLAIN HOW MISO DETERMINES THIS.

A. Yes. As a first step, MISO determines the resultant benefit of a proposed transmission addition. To do this, MISO uses several broad categories. One of these defines transmission facilities that provide an improvement in the overall reliability of the entire MISO transmission system ("Regional Basis"). A second benefit category defines how proposed transmission facilities have a more direct or local benefit to the transmission system ("Sub-Regional Basis"). A third benefit category is for the connection of generation to the MISO system ("Generation Interconnection Projects"). Finally, the fourth benefit category is for projects that have a high economic benefit to the MISO system as compared to their costs ("Regionally Beneficial Projects"). In some cases,

proposed transmission projects may have benefits in more than one of these benefit categories.

Q. HOW DOES MISO ACCOUNT FOR EACH OF THESE BENEFIT CATEGORIES WHEN DETERMINING ALLOCATION OF COST RESPONSIBILITY FOR TRANSMISSION ADDITIONS?

A. Each year, MISO reviews all of the transmission expansion plans proposed by the MISO Transmission Owners and identifies those projects that are to be included in what is know as "Appendix A" of the Midwest Transmission Expansion Plan ("MTEP"). For projects included in Appendix A and constructed?, MISO will collect the necessary funds to meet each of Applicant's revenue requirements through the cost allocation formula approved in its Cost Allocation Policy (FERC Docket No. ER06-18). This Policy allocates and recovers costs associated with new transmission projects and system upgrades within the MISO Transmission System using provisions developed by the Regional Expansion Criteria and Benefits ("RECB") Task Force. As expressed in the name of this task force, the provisions developed set the criteria for how the benefits of proposed transmission expansion facilities will be allocated to users of the MISO Transmission System.

As a first threshold, RECB criteria divides proposed transmission facilities between those that are more local or direct in benefit from those that are regional in benefit. Facilities that are regional in benefit are defined as Baseline Reliability Projects ("BRP" or "BRPs"). I'll address the more direct or local projects later, but for those transmission projects with BRP designations, MISO allocates some or all of their costs in one of two ways.

For transmission projects with voltages below 345 kV, MISO makes use of an analysis known as the Line Outage Distribution Factor ("LODF") method. LODF is an engineering calculation of the change of flows on the Transmission System created by the addition of a new transmission facility. MISO uses computer software to measure and model the LODF of all facilities within the MISO Transmission System for each new facility added to the system. MISO then models the LODF for each pricing zone for each new transmission facility. LODF is used because it is considered by MISO planners as a way to determine the added benefit of a new transmission facility to each of the pricing zones. Generally, pricing zones in close proximity to the proposed transmission facility have the greatest LODF cost allocation and those furthest away have little to no cost allocation from the LODF method, thus this benefit assignment is defined as Sub-Regional.

For transmission projects of 345 kV or higher, the RECB criteria defines some of the benefit of the proposed transmission facility as being for system wide reliability. Therefore a portion of the costs of the proposed facility (20 percent) is assigned to all pricing zones in MISO on what is known as a "postage stamp" basis. Postage stamp cost allocation spreads cost responsibility proportionally to the load in the pricing zones of MISO thus this benefit assignment approach is defined as being Regional. The remaining 80 percent of the cost of the proposed transmission facility is then assigned using the LODF method I just described.

One more factor that is included in the RECB criteria is if the proposed transmission facilities have been designated (through MISO studies) as necessary for interconnection of generation. If this is the case, then further

analysis is done to determine what portion of the transmission facilities are solely for the purpose of Generation Interconnection and which portion may have benefits from one of the other categories. The portion that is solely for Generation Interconnection is assigned to the generation that requires the facility for interconnection.

In the case of transmission facilities that have more purposes than just interconnection of generation ("Network Upgrades"), MISO's Generation Interconnection cost allocation provides for up to 50 percent of the cost responsibility to be passed back to the transmission owners and then ultimately to the transmission users. This assignment of other purposes is determined if the generation is either designated a "Network Resource" or is being sold to a "Network Customer" for more than one year. In either of these cases, the transmission facilities are serving a "network" purpose (in addition to their generation interconnection purpose). MISO's Tariff thus treats the portion of the transmission cost responsibility passed back to the transmission owner as BRP facility with cost allocation as described above. The other 50 percent of costs would be assigned to the generator.

On July 9, 2009, MISO submitted proposed Tariff revisions to FERC that would change the way costs for Generation Interconnection Projects are allocated. MISO has proposed changing the 50/50 percent cost share for the costs of Network Upgrades by allocating 100 percent of the costs of Network Upgrades in a voltage class below 345 kV to the generators. MISO also proposed allocating 90 percent of the costs of Network Upgrade facilities in a voltage class of 345 kV or higher to the generators and 10 percent of the costs to the users of the MISO Transmission System. The costs of the 10 percent

of the Network Upgrades allocated to users of the MISO Transmission System would be allocated on a postage stamp basis to all MISO pricing zones. MISO's proposed changes would apply to all generators, not just those that interconnect using Network Resource Interconnection Service.

Q. WHAT ABOUT THE LOCAL OR DIRECT BENEFIT TRANSMISSION FACILITIES YOU MENTIONED? PLEASE EXPLAIN WHAT HAPPENS WITH THE COST ASSIGNMENT OF THOSE FACILITIES.

A. If the initial screening criteria of RECB determines that the benefit of a proposed transmission facility is local in nature, then the assignment of costs for that facility is left to the local pricing zone of the owner of the facility. For example, a proposed transmission facility that serves a single customer on a radial line would be directly assigned for the benefit of that customer. Similarly, a proposed transmission facility that primarily benefits a local load center or even a load center that is not part of the MISO system would be assigned for the benefit of that local load center. This later consideration becomes important when looking at two of the CapX2020 lines which I will explain later.

Q. WILL ANY OF THE GROUP 1 PROJECTS HAVE A BRP DESIGNATION UNDER RECB?

A. Yes. The Fargo Project and most of the Bemidji Project have been designated as BRPs in the 2006 and 2008 MTEPs. The segment of the La Crosse Project from North Rochester to La Crosse has also been designated as a BRP in the 2008 MTEP. The Hampton Corner to North Rochester 345 kV segment of the La Crosse Project and both 161 kV circuits of the La Crosse Project were screened as local facilities under the RECB criteria because the primary benefit

of these facilities are for the load of two non-MISO CapX2020 Utilities (Dairyland Power Cooperative and Rochester Public Utilities). Similarly, a non-MISO member (Minnkota Power Cooperative) has a 31.5 percent ownership share of the Bemidji Project and thus that share in not treated as a BRP by MISO.

Finally, the Brookings Project has been designated as a Generation Interconnection Project ("GIP") under RECB. This decision is currently being discussed and analyzed and MISO has convened a public stakeholder process to determine whether and how the MISO Tariff might be changed to address stakeholder concerns over this designation.

In summary each of the Group 1 Projects have been designated for cost responsibility as follows under the RECB criteria:

The Fargo Project – All of the cost responsibility assigned as a BRP with 20 percent through postage stamp to all MISO pricing zones and 80 percent through the LODF method.

The Bemidji Project – 68.5 percent of the cost responsibility assigned as a BRP through the LODF method (as applicable projects under 345 kV).

The La Crosse Project – All of the cost of the Hampton to North Rochester portion of this project along with the 161 kV lines from North Rochester into the Rochester area are assigned locally to the owners of this segment of the line. Further, the cost of the project that non-MISO transmission owners DPC and RPU will incur are not assigned to any MISO members. Finally, the

cost of the remaining portion of the project is assigned as a BRP with 20 percent through postage stamp to all MISO pricing zones and 80 percent through the LODF method.

The Brookings Project – Initially, 100 percent of the line has been designated as being the responsibility of the generators that require the project for their interconnection (yet to be finalized). Under the existing MISO RECB process, the ultimate cost responsibility for the project would leave 50 percent assigned to the generators and potentially 50 percent assigned as a BRP with 20 percent of this half (10 percent of the total cost) through postage stamp to all MISO pricing zones and 80 percent of this half (40 percent of total cost) through the LODF method. I note, again, that this methodology is being reviewed and MISO has convened a stakeholder process to assess more appropriate ways to allocate the cost of the Brookings Project.

Q. UP TO THIS POINT YOU HAVE DESCRIBED THE ALLOCATION OF COST TO MISO PRICING ZONES. ONCE THOSE ALLOCATIONS HAVE BEEN MADE, HOW ARE THE CHARGES THAT HAVE BEEN ALLOCATED TO PRICING ZONES FURTHER ALLOCATED TO USERS OF THE MISO TRANSMISSION SYSTEM?

A. Charges allocated to each pricing zone are then paid for by the utilities serving load in each pricing zone (the users) in proportion to their load in that pricing zone. For example, Xcel Energy serves over 80 percent of the load in its pricing zone and therefore pays over 80 percent of the costs allocated to the Xcel Energy pricing zone.

Q. HAVE YOU CONDUCTED AN ANALYSIS THAT ACCOUNTS FOR ALL OF THE ASSIGNMENT OF COST RESPONSIBILITY FOR THE GROUP 1 PROJECTS SUCH

THAT YOU CAN QUANTIFY THE COST RESPONSIBILITY THAT HAS BEEN ASSIGNED TO THE APPLICANTS?

A. Yes. The analysis is reflected in Appendix C, attached to the Application.

Q. WOULD YOU PLEASE SUMMARIZE THE CONCLUSIONS OF THAT ANALYSIS?

A. The expected costs assigned to each Applicants' respective North Dakota jurisdiction will be equal to the revenue requirements for MISO charges reflecting an investment of $40-60 million for Xcel Energy and $35-40 million for Otter Tail in the Group 1 Projects. This ultimate cost responsibility will generate a North Dakota jurisdictional annual levelized revenue requirement of approximately $9.5 million per year for Xcel Energy and $7.5 million per year for Otter Tail.

Q. YOU MENTIONED THAT THE BROOKINGS PROJECT HAS BEEN DESIGNATED AS A GENERATION INTERCONNECTION PROJECT UNDER RECB AND THUS SUBJECT TO THE GENERATOR INTERCONNECTION PROJECT COST ALLOCATION METHODOLOGY DISCUSSED ABOVE. IS THIS SUBJECT TO CHANGE?

A. As of the date of this filing, both Applicants, Xcel Energy and Otter Tail, are transmission-owning members of MISO. However, Otter Tail and several other transmission-owning members of MISO are currently in discussions with MISO regarding modifications to the MISO GIP cost allocation methodology. Because of the location of Otter Tail's pricing zone, there is a large amount of generation in the MISO Queue that is seeking to interconnect to the MISO Transmission System within Otter Tail's pricing zone. Based on the GIP RECB cost allocation methodology currently in place, a substantial proportion of the cost of the Generator Interconnection Projects' cost to

build transmission facilities will be disproportionately borne by Otter Tail ratepayers. Otter Tail, Xcel Energy, and others are working with MISO to develop a better allocation of the costs of these GIPs to address these concerns.

As identified in the Application, as a result of this cost allocation issue, Otter Tail has submitted notice to MISO reserving its right to withdraw from MISO should the issue not be addressed to its satisfaction. The notice is a technical requirement under the Tariff so that Otter Tail may preserve all its rights in negotiations with MISO. Again, both Otter Tail and Xcel Energy are proactively working with MISO to resolve the uncertainty in cost allocation and reach a fair and reasonable solution among all stakeholders.
In an effort to address these concerns, MISO submitted to FERC the proposed modifications to its GIP cost allocation methodology that I described above. The outcome of this process may result in changes to the way the costs for the Brookings Project will be allocated to Applicants and other MISO members. Applicants will keep the Commission informed on this process and of the impact any revised Tariff procedure may have on this proceeding.

To that end, MISO's cost allocation methodology for Generation Interconnection Projects may change prior to construction of the Group 1 Projects. Applicants will update the Commission regarding any such changes.

Q. WHY IS MISO'S GENERATOR INTERCONNECTION PROJECT COST ALLOCATION METHODOLOGY PROBLEMATIC FOR THE STAKEHOLDERS IN THE BROOKINGS PROJECT?

A. The Generator Interconnection Project cost allocation methodology is based on the premise that interconnection facilities are built in response to approved interconnection requests for which the generator has signed an interconnection agreement and generation commitment. In the case of the Brookings Project, MISO has identified a group of nineteen generators under study for interconnection to the MISO Transmission System consisting of 1,300 MW of generating capacity. These studies have identified the Brookings Project as a necessary Network Upgrade for the reliable interconnection of the proposed generation projects. Therefore, MISO's starting position for allocation of the generation portion of the costs of the Brookings Project should be assigned to the generators making up the 1,300 MW of capacity studied.

MISO's starting position creates a number of difficult complications in the case of the Brookings Project. The nineteen generators identified by MISO do not have signed interconnection agreements or power purchase agreements. Therefore, the generators who will actually use the Brookings Project are currently not under contract. This creates several problems with the timing of the Brookings Project. First, the MISO Tariff requirement that generation projects fund 100 percent of the upfront costs of the Brookings Project is problematic since such generation projects do not yet exist and are not available to provide such funding. Second, under the current project schedule, we expect the Brookings Project to be completed prior to the completion of all of the generation projects. Such timing is not contemplated under the MISO Tariff. Last, because the 50/50 percent cost sharing provisions apply only to generators who are interconnecting with Network Resource Interconnection Service, the fact that the generators do not have

Interconnection Agreements makes it unclear how much of the potential 50 percent of the cost of the Brookings Project will actually be passed back to CapX2020 Utilities' ratepayers in the form of MISO charges.

In light of all of these issues and cost allocation uncertainty, Applicants and others have raised concerns with MISO on the need to address this situation in some fashion in order to provide an allocation mechanism that is workable.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes it does.

MR. PAUL J LEHMAN
Manager, Regulatory Administration
414 Nicollet Mall, Minneapolis, Minnesota

CURRENT RESPONSIBILITIES (August 2008 – Present)

Manage regulatory projects related to transmission facilities for Xcel Energy.

PREVIOUS EMPLOYMENT (Northern States Power Company)

Pricing Consultant	2000 - 2008
Manager, Electric Rate Design	1991 – 2000
Manager, Power Contracts	1990 – 1991
Various positions, Energy Supply Planning Including Superintendent, Power Systems Development And Superintendent, Bulk Power Planning	1984 – 1990
Superintendent, Transmission Planning	1980 – 1984
Planning Engineer, Power Supply Planning and Transmission Planning	1977 – 1980

PREVIOUS TESTIMONY

Jurisdiction	Subject	Docket/Case No.
Minnesota	Rate Design	E002/GR-05-1428
Colorado	Rate Design	04S-164E
Minnesota	Rate Design and Cost Allocation	E002/GR-92-1185
Minnesota	Legislative Committee Hearings on Wind Generation	NA
Minnesota	Power Purchase and Cogeneration Litigation	E002/GR-91-001
Minnesota	Joint Petition of Dakota County and Winona County	E002/CG-88-489
North Dakota	Rate Design and Cost Allocation	PU-400-92-399
North Dakota	Rules Governing Cogeneration and Small Power Production	PU-439-89-374
Wisconsin	Advance Plan 5	05-EP-5
Wisconsin	Advance Plan 4	05-EP-4
Wisconsin	Advance Plan 3	05-EP-3

EDUCATION

University of Minnesota – Institute of Technology Bachelor of Science in Electrical Engineering	1977
University of Minnesota – Continuing Education and Extension Pricing for Profits Strategies and Tactics	1992
University of Minnesota – Carlson School of Management Strategic Pricing Program	1997
Professional Pricing Society Fundamentals and Advanced Workshops of the Professional Pricing Skills Certificate Program	1999
University of Wisconsin, Madison – College of Engineering EEI Transmission Pricing School	2001

PROFESSIONAL REGISTRATIONS AND ASSOCIATIONS

Registered Professional Engineer in Minnesota and Wisconsin
Member, Institute of Electrical and Electronic Engineers

ARTICLES OR PAPERS PUBLISHED OR PRESENTED

Paul J. Lehman, et al, "MAPP Bulk Transmission Outage Data Collection and Analysis", IEEE Transactions on Power Apparatus and Systems, Volume PAS-103, Number 1, January 1984, p. 213-221.

Paul J. Lehman, et al, "Effects of Pooling Weather Associated MAPP Bulk Transmission Outage Data on Calculated Forced Outage Rates", IEEE Transactions on Power Apparatus and Systems, Volume PAS-103, Number 8, August 1984, p. 2345-2351.

Paul J. Lehman, et al, "Analysis of Pooling 345 kV Transmission Outage Data Between the Mid-Continent Area Power Pool and Northeast Utilities", IEEE Transactions on Power Apparatus and Systems, Volume PAS-104, Number 9, September 1985, p. 2427-2435.

Paul J. Lehman, et al, "The Procedure Used in the Probabilistic Transfer Capability Analysis of the MAPP Region Bulk Transmission System", IEEE Transactions on Power Apparatus and Systems, Volume PAS-104, Number 11, November 1985, p. 3013-3019.

Paul J. Lehman, et al, "The Effects of Terminal Complexity and Redundancy on the Frequency and Duration of Forced Outages", IEEE Transactions on Power Apparatus and Systems, Volume PWRS-2, Number 4, November 1987, p. 856-863.

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION — **CASE NO. PU-_____**

OTTER TAIL POWER COMPANY

IN THE MATTER OF THE APPLICATION FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR THE CAPX2020 GROUP 1 TRANSMISSION PROJECTS — **CASE NO. PU-_____**

VERIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

PAUL J. LEHMAN, being first duly sworn on oath, deposes and says that he is Manager of Regulatory Administration for Xcel Energy Services Inc. on behalf of Applicant Northern States Power Company, a Minnesota corporation, in the above captioned matter, that the testimony and schedules submitted in the above captioned matter under his name were prepared under his direction, that he knows the contents thereof, and that the same is true and correct to the best of his knowledge and belief.

[SIGNATURE PAGE FOLLOWS]

PAUL J. LEHMAN

Subscribed and sworn to before me this 11 day of September, 2009.

Notary Public
My Commission Expires: 1-31-2010