



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

In the Matter of the Application of)
Otter Tail Power Company, a Minnesota)
Corporation, for a Determination of)
Prudence to Discontinue Participation)
in the Big Stone II Generating Plant)


Case No. _____

AFFIDAVIT OF TOM BRAUSE

1. I am employed by Otter Tail Power Company as Vice President Administration, and I make this affidavit on the basis of my own personal knowledge and belief as to the matters contained herein.
2. Otter Tail has provided retail electric service in North Dakota since 1909.
3. Otter Tail is a Minnesota corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and is doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the Commission under North Dakota Century Code Title 49, as amended.
4. Until September 11, 2009, Otter Tail planned and participated as lead developer in the Big Stone II Generating Plant, as a means of meeting a reasonably anticipated electric baseload need identified in Otter Tail's resource planning processes.
5. The project agreements between the five owners of the Big Stone II Generating Plant on September 11, 2009 required a vote under which each participating company was required to signify its willingness to continue the project.
6. Absent contrary agreement by all five companies, a vote in favor of continuing the project bound each company to participate at no lower than the level of megawatts at which each was then participating, which in Otter Tail's case was 26.54% of a 500 or 580 megawatt plant.
7. By September 11, 2009, Otter Tail had significant reservations about the prudence of irrevocably committing to 26.54% of a 500 to 580 MW coal-fired project for a variety of reasons, including: a) significant changes to recent energy price forecasts expected to result in changes to the Company's next resource plan and resource adequacy requirements; b) unprecedented financial market conditions and cost-recovery risks that made raising the large amount of necessary capital unreasonably costly; c) the risk under the project agreements that the Company could be required to either increase its level of participation in the plant, or participate in a smaller and less economic project if additional participants did not join in the project; d) financing risk

associated with lender concern over the growing uncertainty in the direction of federal climate-change legislation and the Environmental Protection Agency's intent to regulate carbon dioxide and other greenhouse gases; e) uncertainty surrounding adequate and timely cost recovery; and f) uncertainty due to protracted permit appellate processes.

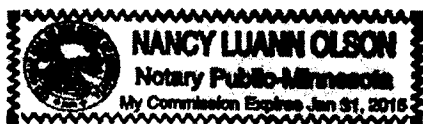
8. Otter Tail's projected share of Big Stone II costs at a 26.54% level of participation was estimated at about \$400 million, but would have increased to approximately \$500 million without the addition of new project participants whose entry was expected to add at least some additional level of regulatory scrutiny.
9. Otter Tail's total rate base as of the end of 2008 was approximately \$575 million, which reflects the magnitude of the proposed Big Stone II investment.
10. Otter Tail's concerns about the U.S. Environmental Protection Agency's intent to regulate carbon dioxide and other greenhouse gases were borne out when, on December 7, 2009, the EPA issued an endangerment finding that paves the way for potential regulation of greenhouse gases under the existing Clean Air Act (regardless whether the U.S. Congress passes and the President signs legislation regulating greenhouse gases).
11. Because of the risks to shareholders and ratepayers attendant upon Otter Tail's continued participation in the project on and after September 11, 2009 and the significantly increased level of expenditures required thereafter, Otter Tail was unable to irrevocably commit to the Big Stone II project and its decision to discontinue participation was prudent.




Tom Brause

Subscribed and sworn to before me this 19 day of January, 2010.

(NOTARIAL SEAL)





Notary Public