

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

September 28, 2010



Mr. Darrell Nitschke  
Director of Administration/Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
600 East Boulevard, Dept. 408  
Bismarck, ND 58505-0408

**RE: In the Matter of the Application of Otter Tail Power Company for a Determination of Prudence to Discontinue Participation  
Case No. PU-10-30**

Dear Mr. Nitschke:

In compliance with the North Dakota Public Service Commission's ("Commission") ordering paragraph 6 of the Commission's June 25, 2010 Order in the above referenced case, Otter Tail Power Company ("Otter Tail" or the "Company") began including the approved bill insert regarding the recovery of Big Stone II generation costs with customer bills. The Order requires Otter Tail to include the bill insert with customer bills every third month for the 36 month recovery period. For clarity, Otter Tail believes the following minor update should be made in the second paragraph on the back side of the insert for inclusion with customer bills for the remainder of the 36 month period.

"As of August 2010 we are ~~We will~~ recovering Big Stone II development costs over a 3-year period."

Otter Tail has provided with this filing a redline and non-redline copy of the updated insert and Otter Tail believes there is no further action required by the Commission.

If you have any questions regarding this filing, please contact me at 218-739-8395 or at [jfyhrie@otpco.com](mailto:jfyhrie@otpco.com).

Sincerely,

*/S/ JESSICA FYHRIE*  
Jessica Fyhrie  
Tariff Specialist

wao  
Enclosures  
By electronic filing and overnight mail

*An Equal Opportunity Employer*

63 PU-10-30 Filed 09/28/2010 Pages: 5  
Revised bill stuffer  
Otter Tail Power Company  
Jessica Fyhrie



*Keeping you informed*

**Energy and Renewable  
Adjustment includes  
Big Stone II costs**

Otter Tail Power Company's electric rates are based on the costs associated with providing service to our customers, including the costs we incur to pursue sensible and necessary infrastructure to meet our customers' needs.

**Background**

In 2005, our company and six other electric utilities proposed Big Stone II, a coal-fired power plant to be built near Milbank, South Dakota. While regulatory authorities deemed this project both necessary and prudent, uncertainty surrounding federal energy and environmental policy, the broad economic downturn, and the withdrawal of other project participants created circumstances much different than those in 2005 when we decided to participate in the project.

In September 2009 Otter Tail Power Company withdrew from the project because the benefits of Big Stone II

diminished while risks increased. As lead developer we incurred about \$10.1 million in plant development costs. Our North Dakota customers' share is about \$4.1 million.

As provided in state law, on June 25, 2010, the North Dakota Public Service Commission approved our request to include Big Stone II development costs in the Energy and Renewable Adjustment line on North Dakota customers' bills. <sup>As of August 2010 we are</sup> We will recover Big Stone II development costs over a 3-year period. This will result in an increase of about 62 cents a month for the average residential customer, and is less than what customers would have paid had we waited to include these costs in a general rate case.

**For more information**

We continue to evaluate other options to meet our customers' needs for reliable electricity. To learn more about our balanced energy resource plan or to visit about the Energy and Renewable Adjustment, please call our **Customer Service Center** at **800-257-4044**.





*Keeping you informed*

## **Energy and Renewable Adjustment includes Big Stone II costs**

Otter Tail Power Company's electric rates are based on the costs associated with providing service to our customers, including the costs we incur to pursue sensible and necessary infrastructure to meet our customers' needs.

### **Background**

In 2005, our company and six other electric utilities proposed Big Stone II, a coal-fired power plant to be built near Milbank, South Dakota. While regulatory authorities deemed this project both necessary and prudent, uncertainty surrounding federal energy and environmental policy, the broad economic downturn, and the withdrawal of other project participants created circumstances much different than those in 2005 when we decided to participate in the project.

In September 2009 Otter Tail Power Company withdrew from the project because the benefits of Big Stone II

diminished while risks increased. As lead developer we incurred about \$10.1 million in plant development costs. Our North Dakota customers' share is about \$4.1 million.

As provided in state law, on June 25, 2010, the North Dakota Public Service Commission approved our request to include Big Stone II development costs in the Energy and Renewable Adjustment line on North Dakota customers' bills. As of August 2010 we are recovering Big Stone II development costs over a 3-year period. This will result in an increase of about 62 cents a month for the average residential customer, and is less than what customers would have paid had we waited to include these costs in a general rate case.

### **For more information**

We continue to evaluate other options to meet our customers' needs for reliable electricity. To learn more about our balanced energy resource plan or to visit about the Energy and Renewable Adjustment, please call our **Customer Service Center** at **800-257-4044**.

