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

July 29, 2011



Mr. Darrell Nitschke
Executive Secretary and Director of Administration
North Dakota Public Service Commission
State Capitol
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480

Re: In the Matter of the Application of Otter Tail Power Company for an Order and Certificate of Public Convenience and Necessity to Extend Service to the East Devils Lake Outlet Pumping Station of the North Dakota State Water Commission

Dear Mr. Nitschke:

Enclosed for filing please find the Application for Permanent Authority and the Appearance by Customer in the matter of the Application of Otter Tail Power Company for an Order and Certificate of Public Convenience and Necessity to Extend Service to the North Dakota State Water Commission's East Devils Lake Outlet Pumping Station.

This Application is being filed based upon the request of the North Dakota State Water Commission for electrical service at that site. Bartlett & West Inc., the engineers in charge of the Water Commission's project, contacted Otter Tail to request a proposal for electrical service to the site in the spring of 2011. Otter Tail's response to the request for proposal is summarized in the attached memorandum from John Kelsch, P.E., Construction Engineer, and is based on Otter Tail's rates and extension policies (including its three-year revenue guarantee requirement), which were approved by the Commission in November 2009 in Otter Tail's most recent general rate case (Case No. PU-08-862). Otter Tail's proposal is to provide service from an existing Otter Tail 41.6 kV power line south of the project site. Furthermore, based upon the memorandum of the Water Commission referenced above, the Water Commission has determined that Otter Tail is best qualified to provide service and that Otter Tail will be able to serve the project more economically.

Otter Tail and the Water Commission request that this matter be expedited in order that Otter Tail can take the necessary steps to construct the facilities that are required for service to commence by spring of 2012. To meet that schedule, there are construction activities and procurements that will be required in the fall of 2011.

An Equal Opportunity Employer

1 PU-11-542 Filed 08/02/2011 Pages: 9
Application for certificate for public convenience and necessity
Otter Tail Power Company

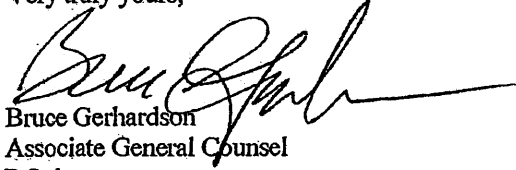
13 PU-11-654 Filed: 8/2/2011 Pages: 9
Application for certificate for public convenience
and necessity

Otter Tail Power Company

Mr. Nitschke
July 29, 2011
Page 2

If there are any questions regarding this Application and request, please contact me at 218-739-8475 or at bgerhardson@otpc.com.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bruce Gerhardson", written over a horizontal line.

Bruce Gerhardson
Associate General Counsel
BG:dm

Enclosures

Before the Public Service Commission
State of North Dakota
Case No. _____

**In the Matter of the Application of Otter Tail
Power Company for an Order and Certificate
To Extend Service to**
The East Devils Lake Outlet Project
of the North Dakota State Water Commission
at the Location Stated Herein

APPEARANCE BY CUSTOMER

The North Dakota State Water Commission, (hereinafter referred to as the Customer) hereby makes a voluntary appearance in this matter and states the following to the Commission:

I.

Customer desires electric service from Otter Tail Power Company as a public utility subject to the jurisdiction of and regulation by this Commission, and has requested said public utility to provide Customer with electric service at the point located as stated in the Application in this matter.

The Customer further states the need of and has demanded service at said location for the reasons that are set forth in the Application herein. The Customer waives Notice of Opportunity for Hearing and Notice of Hearing upon said Application, or a hearing thereon, and requests the Commission to issue an Order and Certificate of Public Convenience and Necessity authorizing this requested and needed service, and that provision be made therein authorizing the extension of immediate service.

II.

All of the allegations of the Application herein are admitted as true and correct.

Wherefore, the undersigned, being the Customer involved herein, prays for the entry of an Order and Certificate of Public Convenience and Necessity by the Commission, authorizing the Applicant to extend the requested and needed service to this Customer at said location, subject to such appropriate and proper conditions to be appended to and made a part of such Order and Certificate as the Commission may determine, said Order and Certificate to become final as may be set forth in the conditions appended thereto; and for such other and further relief as may be proper in the premises.

Witnesses:

North Dakota State Water Commission

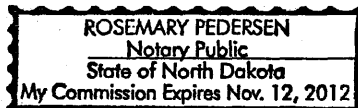
By _____

(Customer)

Rosemary Pedersen
Notary Public, Burleigh County

North Dakota. My commission expires _____

State of North Dakota
County of Burleigh
Subscribed and sworn to before
me on July 28, 2011.



(Notarial Seal)

**Public Service Commission
State of North Dakota**

Otter Tail Power Company)
Fergus Falls, Minnesota)
Customer's Name _____)
Customer's location by)
Nearest city _____)
Public Convenience and Necessity)

**Application For
Permanent Authority**

Otter Tail Power Company, for its Application to the Public Service Commission of North Dakota, respectfully alleges:

I.

The full name of the applicant is Otter Tail Power Company, and the post office address of its principal office is Fergus Falls, Minnesota. Applicant is a public utility corporation, subject to the jurisdiction of, and regulation by, the Public Service Commission of North Dakota, under Title 49, NDCC, as amended. Applicant's Articles of Incorporation, as well as its Annual Report, are on file with the Commission, having been filed in Case No. PU-08-292, and are incorporated herein by reference, and the Commission is requested to take official notice of the same.

II.

This Application is made pursuant to the provisions of Chapter 49-03, NDCC, as amended, and the Rules of Practice and Procedure promulgated by the Commission.

III.

Applicant has been requested by The North Dakota State Water Commission (hereinafter referred to as the Customer), to provide electric service to it at a point located in The Northwest Quarter (NW1/4) In Section Eight (8), Township T-151-N, Range R-62-W, Minco Township, Benson County, North Dakota, as shown on the attached map, marked Exhibit "A" and made a part hereof by reference. The mailing address of the customer is 900 E. Boulevard Ave., Bismarck, ND 58505. The customer will need electric service on the First (1st) day of April, 2012.
Service at: The Devil's Lake East End Pumping Station.

IV.

The service required by the Customer at said location is Three phase service, and the length of the extension will be approximately 29,000 feet, as shown by Exhibit "A". The location of the proposed service is within the economic service area of Applicant, and service will be extended under the provisions of the rates, rules and regulations applicable to Applicant as approved by the Commission. It is Applicant's public utility obligation to furnish the requested service, and the public convenience and necessity require, and will be subserved by, Applicant furnishing the requested electric service to this Customer at said location.

V.

Submitted with this Application, is an Appearance herein by the Customer, in which the Customer states to the Commission that it desires electric service from Applicant as a public utility subject to the jurisdiction of, and regulation by, this Commission. In said Appearance, the Customer also waives Notice of Opportunity for Hearing and Notice of Hearing upon this Application, and requests the Commission to issue an Order and Certificate of Public Convenience and Necessity authorizing this requested and needed service.

VI.

The extension (will) will not cross any railway tracks.

Wherefore, Applicant prays for the entry of an Order and Certificate of Public Convenience and Necessity authorizing Applicant to extend the requested and needed service to the Customer.

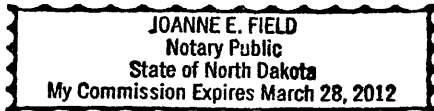
Otter Tail Power Company
By Abner R. Ellefson
Its Area Manager

State of North Dakota)

County of Ramsey) SS

Joanne E Field, being duly sworn, on oath says that he is a Area Manager of Otter Tail Power Company, and the person who executed the foregoing Application on behalf of Otter Tail Power Company, and is authorized to verify this Application on behalf of the Company; that he has read the foregoing Application and knows the contents thereof, and the same is true of his own knowledge, except as to matters therein stated on information and belief, and as to those matters, he believes them to be true.

Subscribed and sworn to before me this 27 day of July, 20 11.
Joanne E Field

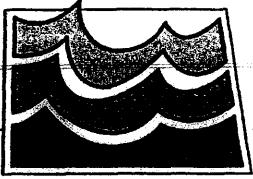


Notary Public, Ramsey County,
North Dakota. My commission expires
March 28, 2012 (Notary Seal)

ADMISSION OF SERVICE

Personal service of the foregoing Application by true and correct copy thereof is hereby admitted this 28 day of July, 20 11.

[Signature]
(Customer)



North Dakota State Water Commission

900 EAST BOULEVARD AVENUE, DEPT 770 • BISMARCK, NORTH DAKOTA 58505-0850
701-328-2750 • TTY 800-366-6888 • FAX 701-328-3696 • INTERNET: <http://swc.nd.gov>

July 18, 2011

Scott Sigette
Otter Tail Power Company
Otter Tail Corporation

Re: East Devils Lake Outlet Electric Service

Mr. Sigette,

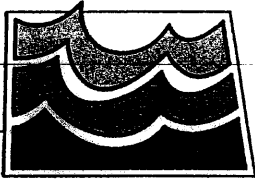
The North Dakota State Water Commission is requesting electrical service from Otter Tail Power Company for the East Devils Lake Outlet pumping station. This pumping station is planned to start operation after spring runoff 2012, and operate during non-winter months.

Attached is a memorandum which outlines the proposals received and the approved recommendation.

Bruce Engelhardt, P.E.
Director of Water Development Division
North Dakota State Water Commission

JACK DALRYMPLE, GOVERNOR
CHAIRMAN

TODD SANDO, P.E.
CHIEF ENGINEER AND SECRETARY



North Dakota State Water Commission

900 EAST BOULEVARD AVENUE, DEPT 770 • BISMARCK, NORTH DAKOTA 58505-0850
701-328-2750 • TTY 800-366-6888 • FAX 701-328-3696 • INTERNET: <http://swc.nd.gov>

MEMORANDUM

TO: Todd Sando, P.E., Chief Engineer- Secretary
Bruce Engelhardt, P.E., Director of Water Development Division
FROM: ^{JE}/_{JK} Jon Kelsch, P.E., Construction Engineer
SUBJECT: East Devils Lake Outlet Project-Electrical Service
DATE: July 15, 2011

We have received proposals from both Nodak Electric Cooperative and Otter Tail Power Company to provide electric service for the East Devils Lake Outlet pump station.

Otter Tail is proposing to build the substation and the transmission lines (infrastructure costs) for no upfront costs to the State. They would require that the amount of power that State purchases for operation of the East End Outlet Project over the next three years equals or exceeds the total estimated infrastructure costs. Otter Tail has estimated those costs to be \$1.3 million. According to Otter Tail's electrical rates, if the outlet operates for 7-months at near full capacity, the total electrical costs would likely exceeding the \$1.3 million.

Nodak Electric Cooperative would either require the SWC to pay upfront to built infrastructure or propose to spread out that commitment over a 15-year cycle. There would be an approximate \$235,000 per year minimum bill, which if the SWC doesn't reach that amount, then Nodak would want payment. Nodak also expects to get reimbursed the full \$1.65 million over the next 15 years. Bottom line, they expect a payment from the State for the next 15 years at a minimum of \$235,000 per year.

Regarding the actual electrical rates, it's actually difficult to compare one overall rate versus another. We did provide both of them with the project electrical needs including the operating parameters and had them determine what the total estimated annual costs would be, and then a subsequent \$/KWH. Otter Tail estimated \$1.205 million per year with a rate cost of \$0.06921 per KWH. Nodak had estimated \$1.435 million per year with a rate cost of \$0.0820 per KWH.

Based on the two proposals, it's obvious that Otter Tail is the least costly option, and their proposed commitment timeframe is quite a bit less. I am sure both companies would serve the needs of the State for this project very well, but Otter Tail seems to be the better option for this project. Therefore, I recommend the State Water Commission request electrical service from Otter Tail Power Company.

JACK DALRYMPLE, GOVERNOR
CHAIRMAN

TODD SANDO, P.E.
CHIEF ENGINEER AND SECRETARY

MINCO TOWNSHIP

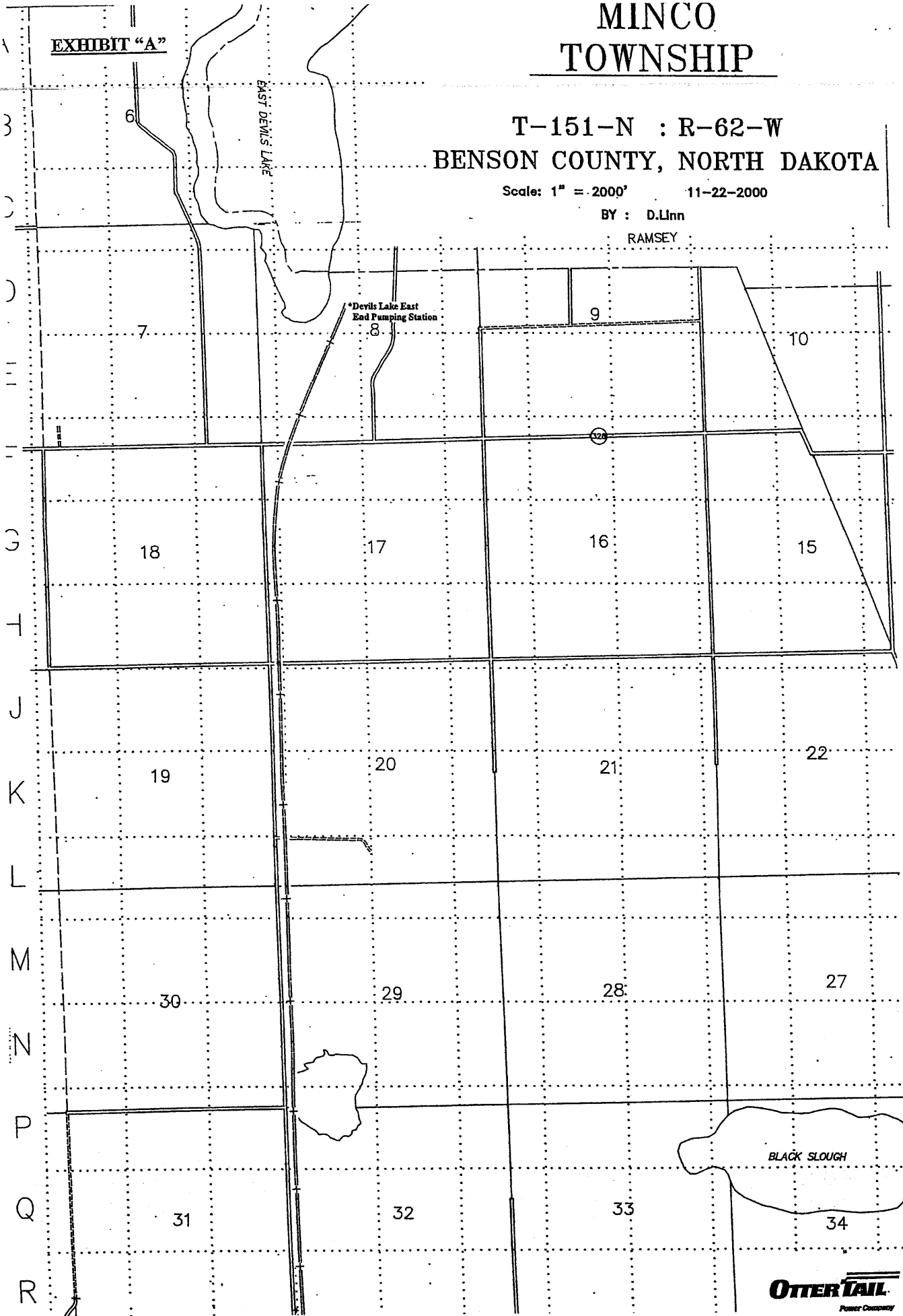
EXHIBIT "A"

T-151-N : R-62-W
BENSON COUNTY, NORTH DAKOTA

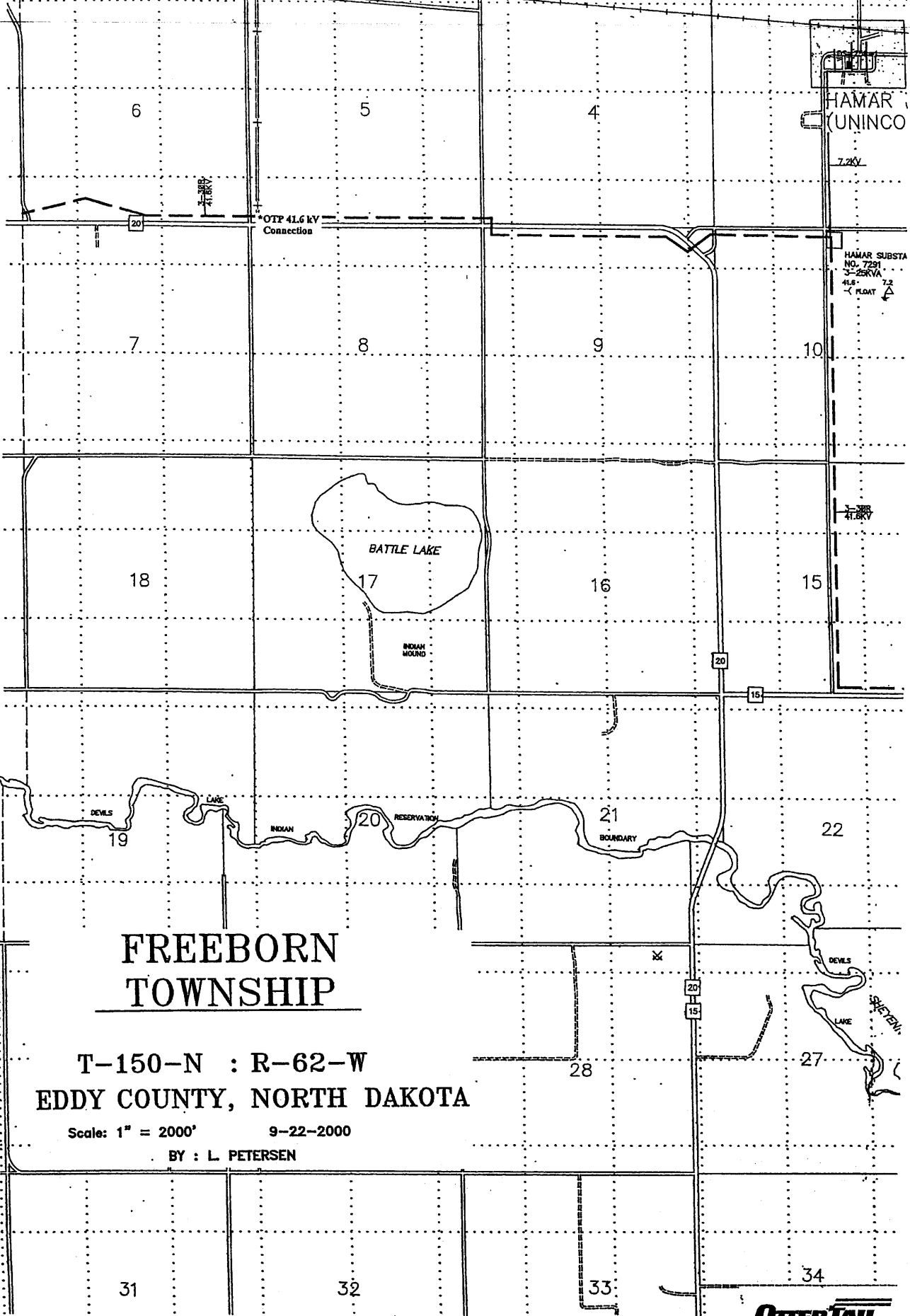
Scale: 1" = 2000' 11-22-2000

BY : D.Linn

RAMSEY



01 02 03 04 05 06 07 08 09 10 11



FREEBORN TOWNSHIP

T-150-N : R-62-W
EDDY COUNTY, NORTH DAKOTA

Scale: 1" = 2000' 9-22-2000

BY : L. PETERSEN