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July 16, 2018



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

**RE: Otter Tail Power Company's Application for Astoria Natural Gas Project.
Case No. PU-17-140
Quarterly Report - Compliance Filing**

Dear Mr. Nitschke:

On November 3, 2017 the North Dakota Public Service Commission issued an Order on Settlement in the above-described case. The Settlement Agreement directs Otter Tail Power Company to "provide the Commission quarterly construction progress reports on the Astoria project until the project is in service." This filing is the Otter Tail Power Company's quarterly report for the quarter ending June 30, 2018. This report has been electronically filed. Enclosed you will find an original and seven (7) copies.

If you have any questions regarding this report, please contact me at (605) 862-6306 or at kphinney@otpc.com.

Sincerely,

/s/ KIRK PHINNEY
Kirk Phinney
Manager, Supply Engineering

ljh
Enclosures
By electronic filing and US mail

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AN  OTTERTAIL COMPANY

**ASTORIA NATURAL GAS PROJECT
QUARTERLY CONSTRUCTION PROGRESS REPORT**

TO THE

NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE

PERIOD APRIL 1 THROUGH JUNE 30, 2018

July 16, 2018

Astoria Natural Gas Project Quarterly Construction Progress Report

Otter Tail Power Company (OTP) submits this report on the Astoria Natural Gas Project in compliance with the North Dakota Public Service Commission's November 3, 2017 Order on Settlement in Case Number PU-17-140, which requires OTP to provide the Commission quarterly construction progress reports on the Astoria Natural Gas Project until the project is in service. This report concerns project activities through June 30, 2018.

Project activities the second quarter of 2018 focused on obtaining the necessary permits for the Astoria Project, the MISO interconnection process, and beginning the detailed design. The South Dakota water permit was issued with an effective date of December 15, 2017. The South Dakota air permit was issued with an effective date of January 8, 2018. OTP has held several meetings with the local community and respective local governments as part of these permit proceedings.

An application for an energy conversion facility siting permit was filed on October 5, 2017. A public input hearing was held on November 27, 2017 in Toronto, South Dakota. No parties filed for intervenor status by the December 4, 2017 deadline established by the South Dakota Public Utilities Commission. OTP has been in settlement discussions with South Dakota Public Utilities Commission staff and expects a final permit to be issued by October 2018.

The Astoria Project is in the February 2016 MISO interconnection queue. The MISO interconnection process completed Phase III, which finalized the cost estimate for transmission interconnection and upgrades. Those costs are in line with the project budget and terms are being negotiated for a generator interconnection agreement.

OTP has moved forward with the engineering and planning agreement with the transmission owner to begin design of the switching station. OTP has awarded the detailed design work for the generating station. Procurement for site topographical surveying, geotechnical surveying, and the combustion turbine generator has begun.

OTP will be focused on detailed development of the Astoria Project and expects all major project development milestones to be completed in Q3 2018.