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January 15, 2019



Steve Kahl
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. Kahl:

On November 3, 2017 the North Dakota Public Service Commission issued an Order on Settlement and approved a Settlement Agreement between Otter Tail and Advocacy Staff in the above-described case. The Settlement Agreement requires Otter Tail to "provide the Commission quarterly construction progress reports on the Astoria Project until the project is in service."

Enclosed are an original and seven (7) copies of Otter Tail's quarterly report for the quarter ending December 31, 2018. This report has also been electronically filed.
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

mmo
Enclosures
By electronic filing and US mail

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

TO THE

NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE

PERIOD OCTOBER 1 THROUGH DECEMBER 31, 2018

January 15, 2019

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 December 31, 2018.

Project activities for the fourth quarter of 2018 focused on detailed design, equipment procurement, and finalizing generator interconnection and associated transmission facility construction agreements.

The chart below provides the number of major procurements identified for the project, the number of active procurements, and the number of procurements for which contracts have been executed. For clarity, active procurements are procurements whose specifications are under development, proposals have been requested, or proposals are under review.

Procurement Type	Project Total	Active	Executed
Major equipment supply agreements	10	7	1
Service agreements	6	1	2
Interconnection-related agreements	6	5	1
Site utilities	4	2	0

In the fourth quarter of 2018, OTP entered into an agreement for the supply of the combustion turbine generator. This single procurement represents a significant portion of the total project costs and drives the balance of plant’s detailed design and equipment. The generator interconnection agreement between the transmission provider, transmission owner, and the project was also executed and negotiations on all other associated major transmission-related agreements were completed. Procurement bids and lead times to date are within the project budget and schedule.

The focus for the first quarter of 2019 will be detailed design and procurement of much of the balance of plant equipment. The project team will also commence pre-construction activities consistent with various permits, along with other pre-construction planning activities.