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July 27, 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 Merricourt Wind Project.
Case No. PU-17-141
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 Merricourt 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 (218) 739-8550, ext. 732 or at hcmahon@otpco.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harvey McMahon", with a long horizontal flourish extending to the right.

Harvey McMahon
Manager, Renewable Energy Construction and Operation

kaw
Enclosures
By electronic filing and US mail

**MERRICOURT WIND DEVELOPMENT QUARTERLY CONSTRUCTION
PROGRESS REPORT**

TO THE

NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE

PERIOD APRIL 1, 2018 THROUGH JUNE 30, 2018

July 27, 2018

Merricourt Wind Development Quarterly Construction Progress Report

As of the end of the second quarter of 2018 there has been no physical construction on the Merricourt wind farm site, which is consistent with the project schedule. The Purchase Agreement between EDF and OTP is currently expected to close no earlier than fall of 2018, pending regulatory reviews, satisfactory interconnection costs and other conditions. The Merricourt Project is in the August 2016 MISO interconnection queue, which continues to experience delays. OTP continues to monitor the status of MISO interconnection studies and expects to receive MISO's first study results in Q3, 2018. Total project costs incurred by OTP through June 30, 2018 are in-line with projections.

EDF received the amended Merricourt site certificate in November of 2017. EDF has all project easements updated and signed. EDF has sent out Request for Quotes on the Balance of Plant contract, and for long lead time items such as the main step up power transformer. In December 2016 EDF purchased the 5% safe harbor turbines necessary to avail the Merricourt Project of the 100% Production Tax Credit and these turbines are being stored in Colorado at a Vestas facility. OTP anticipates a construction completion date for the the Merricourt wind farm in 2020, with the in-service date allowing OTP to avail itself of 100% of PTCs.