

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

EL01-005

RECEIVED

FEB 23 2001

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION



February 20, 2001

Mr. William Bullard, Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070

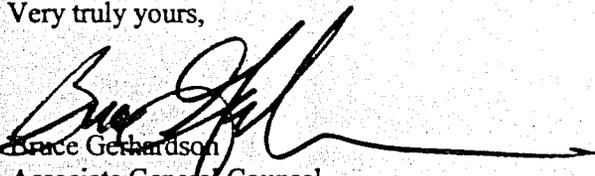
**Re: Otter Tail Power Company's Request for Approval
of a Voluntary Renewable Energy Rider**

Dear Mr. Bullard:

Enclosed for filing please find ten (10) copies of Otter Tail Power Company's Petition for Approval of a Voluntary Renewable Energy Rider.

Please let me know if you have any questions with respect to this matter.

Very truly yours,


Bruce Gerthardson
Associate General Counsel
BG:dm

Enclosures

EL01-005

STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

RECEIVED

FEB 23 2001

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's
Request for Approval of a Voluntary
Renewable Energy Rider

Docket No.

PETITION OF OTTER TAIL POWER COMPANY

1. INTRODUCTION.

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota ("ARSD") part 20:10:13:03, Otter Tail Power Company hereby petitions the South Dakota Public Utilities Commission for approval of a Voluntary Renewable Energy Rider ("Rider"). The proposed Rider allows eligible customers to purchase renewable wind energy in addition to the energy they already purchase from other Otter Tail resources.

2. GENERAL FILING INFORMATION.

Pursuant to ARSD Part 20:10:13:03, Otter Tail provides the following general information.

A. Name, Address, and Telephone Number of Utility.

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Bruce Gerhardson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

C. Date of Filing and Date Tariff Will Take Effect.

This Voluntary Renewable Energy Tariff is being filed on February 20, 2001 and Otter Tail requests approval effective July 1, 2001.

D. Statute Controlling Schedule for Processing the Filing.

ARSD Part 20:10:13:15 required 30 days notice to the Commission of a proposed new tariff, after which time the proposed new tariff takes effect unless suspended. Because no determination of Otter Tail's general revenue requirement is necessary, the report called for under Part 20:10:13:26 and the general notice provisions applicable to changes in rates is not applicable in this filing. Otter Tail requests an expedited and informal proceeding, including any variances that may be necessary.

E. Title of Utility Employee Responsible for Filing.

David G. Prazak
Supervisor, Pricing
Regulatory Services
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8595

3. DESCRIPTION OF FILING.

A. Background.

While diverse, a common feature to many green pricing programs is the offer provided retail customers to purchase renewable energy "on top of" the utility's already existing resource mix. Customers purchase the energy by paying a premium to account for its higher incremental cost over existing lower cost resources. The incremental rate also includes marketing and administrative program costs. The programs have provided utilities, alternative energy providers, regulators and other stakeholders further insight on consumers' appetite for renewable resources.

In response to activities stemming in part from Otter Tail's Minnesota resource planning requirements, Otter Tail recently concluded a feasibility study on green pricing. The study made three main conclusions. First, customers have a strong interest in renewable energy and green pricing programs. This includes a willingness to pay a premium. The results are consistent regardless of age, income level, and location.¹

Second, we found it possible to develop a program that was not cost prohibitive. Although research shows customers are willing to pay a premium, there are limits. As discussed below, we were able to reach a deal with Northern Alternative Energy ("NAE"), a well-known Midwest wind developer, whereby Otter Tail would purchase energy from a new NAE turbine and consign the energy to a program at a reasonable cost.

¹ For instance, research shows that anywhere from 52% to 95% of residential customers state they're willing to pay at least a modest amount more per month on their electric bills for renewable power. In addition, customers' willingness to pay seems to follow a predictable pattern: 70% of customers are willing to pay at least \$5 more per month, 38% are willing to pay at least \$10 more per month, and 21% willing to pay at least an additional \$15 per month. See, e.g., Barbara C. Farhar, *Willingness to Pay for Electricity from Renewable Resources: A Review of Utility Market Research, Topical Issues Brief* (National Renewable Energy Laboratory, July 1999).

Last, we found it possible to minimize our own risk. Because our analysis demonstrates that wind is not a least cost resource for our needs, we were concerned with the disparity between the length of a customers' commitment (1-3 years) and a utility's typical commitment to acquire the necessary resource typically consigned to a green pricing program (15-20 years). We were able to overcome this concern, however, by negotiating a short-term agreement with NAE.

B. Renewable Purchase Power Agreement.

In December 2000, Otter Tail signed a five-year agreement under which it will purchase the energy produced from a 900 kilowatt ("kW") wind turbine owned and operated by Lakeview Ridge, LLC, (the "Wind Agreement" and "Lakeview Unit," respectively).² Under the Wind Agreement, Otter Tail will purchase the unit's full output beginning as of July 1, 2001. The Lakeview Unit, located in Lincoln County, Minnesota, will be commercially operational no later than July 1, 2001.³ The five-year agreement establishes a fixed price on a \$/MWh basis with options to extend the term beyond its initial five years. There is no separate charge for capacity under the Wind Agreement. Otter Tail purchases only the energy actually produced, i.e., when the wind blows. When the wind doesn't blow or the Lakeview Unit is idle for other reasons, Otter Tail has no payment obligation.

² Lakeview is a subsidiary company of NAE.

³ The team considered various sites in Minnesota, North Dakota and South Dakota that would allow direct interconnection to the Otter Tail system. In each case, Minnesota's renewable energy production incentive made the Minnesota sites the least cost sites, even with inferior wind resources.

C. Summary of Key Tariff Terms and Conditions.

1. General.

Otter Tail proposes to implement a green pricing program through adoption of its proposed Voluntary Renewable Energy Rider ("Rider"), included as Attachment No. 1. Under the Rider, customers have the option of purchasing energy produced by the Lakeview Unit and, when the Lakeview Unit is idle, from other available wind resources.

Otter Tail views the Rider as experimental. The primary reason in proposing a green pricing program is to obtain a more accurate gauge of our customers' actual appetite for renewable energy. While we recognize that the Lakeview Unit represents a supply-side resource addition, the unit's small size causes no impact on any of our identified short-term or long-term capacity additions. Based on customer demand, Otter Tail will investigate the addition of other renewable resources under the Rider, in a manner consistent with system load growth. At this point, however, the Rider contemplates using only energy from the Lakeview Unit or from alternative wind units.

Otter Tail proposes that the term of the Rider match the initial term of the Wind Agreement. Accordingly, we request that the Rider be effective from July 1, 2001 through midnight, June 30, 2006.

2. Availability.

The Rider is available on a purely voluntary basis on a first-come, first-served basis. The energy available is based on the amount of available blocks of energy we expect to purchase from the Lakeview Unit. Once all of the energy expected from the Lakeview Unit is fully subscribed, no

more energy will be sold.⁴ The Rider offers energy in blocks of 100 kWh per month. Customers may purchase as many 100 kWh blocks of renewable energy as they desire, but no more than their average monthly energy consumption (based on the most recent twelve-month period). In order to assure that no customer purchases more wind energy than they actually consume, reviews will occur at initial sign-up, on the Rider's anniversary date, and when the customer discontinues service. In the event that a customer purchases more wind energy than its total average usage, we will credit the customer's account.

We intend to receive requests for service through the Company's website www.otpc.com, telephone, and mail-in sign-up cards sent as bill-stuffers. We also intend to maintain a "waiting list" of customers who expressed interest in purchasing the wind energy, but because the energy had already been fully subscribed by earlier participants, were unable to participate.

3. Certain Tariffs are Unavailable.

Because the energy will be sold in 100 kWh increments, the Company proposes to make the Rider available only to customers who use an average of more than 100 kWh per month. This means that small energy users taking service under tariffs such as the Outdoor Lighting Tariff, Outdoor Lighting Energy-Only Tariff, Fire Siren Tariff, etc., are ineligible.

4. Rate.

The rate is fixed at \$2.60 per 100 kWhs throughout the Rider's term and is based on the following formula:

⁴ Based on estimates from Lakeview Ridge, LLC, the Lakeview Unit will deliver approximately 2,939,000 kWh/year to the Otter Tail system, excluding transmission and distribution losses.

Renewable Energy Rate = $(RPPC - EGC) + RPC / REP$, where

RPPC = Renewable Purchased Power Cost

EGC = Embedded Generation Cost

RPC = Renewable Program Costs (marketing/promotion costs)

REP = Renewable Energy Production (expected annual generation in kWhs)

The purchased power component of the rate is tied directly to Otter Tail's cost of wind energy under the Wind Agreement.

The rate will be shown as a separate line item on the customer's monthly statement.

5. General Terms and Conditions.

(a) In order to minimize transaction costs, the Rider requires no less than 12 consecutive months of service. After the first full year of service, the customer may cancel service by providing oral or written notice to the Company no less than 30 days prior to the customer's normal monthly billing date.

(b) The Rider is unavailable to customers where the customer has any of the following: (1) a time-payment agreement in effect, (2) received one or more disconnect notices within the last twelve months, or (3) has been disconnected within the last twelve months.

(c) Where Otter Tail is unable to purchase renewable energy for more than 30 consecutive days, e.g., when the Lakeview Unit is off-line, the Company will provide an appropriate credit on the customer's next monthly statement. This assures that customers don't pay for renewable energy that was not delivered to Otter Tail.

D. Program Tracker.

Otter Tail proposes keeping the renewable energy rate fixed throughout the term of the Rider. This presents two issues. First is making sure that customers receive what they sign up for - wind energy. We anticipate that the Lakeview Unit will produce close to the amount of energy its owners have estimated (approximately 2.9 million kilowatt-hours per year). In the event the unit becomes unavailable, however, we intend to fill our customer's order of wind energy by purchasing on the open market wind energy produced from other turbines. These purchases may be above or below the cost of energy under the Wind Agreement. This presents the second issue - that Otter Tail establish a mechanism to appropriately track the costs of the green pricing program. In order to monitor program revenue and expense, Otter Tail proposes to develop a Renewable Energy Tracker Account.

To help explain the tracker, consider the following example. Assume in year one the program is fully subscribed - i.e., all 2.9 million kilowatt-hours are spoken for. Assume also, however, Lincoln County experiences little wind. Instead of the 2.9 million kilowatt-hours Otter Tail expects to purchase from the Lakeview Unit in year one, it will actually purchase something less than that. As a result, all else being equal, Otter Tail's green pricing program revenues will exceed its expenses under the Wind Agreement (since we pay only for energy actually produced, and since there was little wind, little energy). Customers, however, having agreed to pay a fixed price for 2.9 million kilowatt-hours of wind energy, expect to actually receive the energy. To meet customers' expectations, Otter Tail will purchase wind energy on the market from another turbine or set of turbines. The market price for this energy may be above or below the price of energy under the Wind Agreement. Where the market price exceeds the Wind Agreement price,

year one of the program becomes unprofitable. Conversely, where the market price is less than the Wind Agreement price, year one of the program is profitable.

In year two, assume the reverse – that wind in Lincoln County is stronger than expected and, as a result, Otter Tail purchases more than 2.9 million-kilowatt hours from the Lakeview Unit. This time, again all else being equal, Otter Tail's revenues from green pricing customers will be less than its expenses under the Wind Agreement. It will also have more wind energy than program customers are able to purchase (since the limit is 2.9 million kilowatt hours). This time, instead of purchasing energy to make up for an energy shortfall, Otter Tail will sell the excess (energy not needed by program customers) at the wholesale market price, again at prices above or below the price paid under the Wind Agreement. Where the market price happens to exceed the price paid by Otter Tail under the Wind Agreement, year two of the program is profitable. Where the market price is below the Wind Agreement price, year two of the program is unprofitable.

In both cases, Otter Tail assumes the risk of profit and loss – where program revenues are higher or lower than program expenses. Customers, on the other hand, assume no risk. By paying a fixed rate for a fixed amount of energy, customers are kept whole.

4. CONCLUSION.

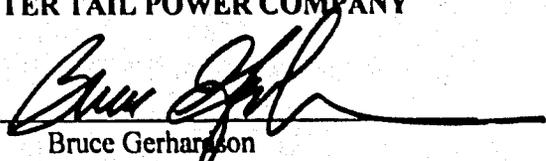
For the foregoing reasons, Otter Tail respectfully requests that the Commission approve at the earliest possible date the enclosed Voluntary Renewable Energy Tariff, to be effective July 1, 2001.

Dated: February 20, 2001.

Respectfully submitted,

OTTER TAIL POWER COMPANY

By:



Bruce Gerhartson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

David G. Prazak,
Supervisor, Pricing
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8289

VOLUNTARY RENEWABLE ENERGY RIDER
Rate Zones 1 & 9

Voluntary Renewable Energy Rider 42-720

Rider Start Date: July 1, 2001 Rider End Date: June 30, 2006

AVAILABILITY: This Rider is available to all customers on a purely voluntary basis. The renewable energy service provided under this schedule is subject to the availability of renewable energy designated to it, as determined by the Company, and is made available on a first-come, first-serve basis.

CERTAIN TARIFFS UNAVAILABLE : This Rider is unavailable to customers who uses less than an average of 100 kWhs of energy per month. Some examples may include, but is not limited to, the following tariffs: Outdoor Lighting Energy-Only Tariff - Rate Designation M-41S, Outdoor Lighting Tariff - Rate Designation M-42S, Fire Siren - Rate Designation M-59S, and other tariffs where the customer uses less than 100 kWh per month or are otherwise inapplicable as determined by the Company.

TYPE OF SERVICE: Single or three phase, 60 hertz at a voltage level defined by the applicable rate schedule currently serving the customer.

RATE:

The charge for the renewable energy under this schedule is \$2.60 per 100 kWhs

All charges under existing tariffs remain in effect.

PAYMENT: Payments will be subject to the Payment provisions in the Customer's applicable rate schedule.

RULES AND REGULATIONS: Service under this schedule is subject to orders of the South Dakota Public Utilities Commission and to the Company's General Rules and Regulations - Electric, currently on file with the South Dakota Public Utilities Commission.

TERMS AND CONDITIONS:

1. Service under this schedule shall be for a period not less than 12 consecutive months, automatically renewed monthly. After the first full year of service, customers may cancel service under this schedule by providing oral or written notice to the Company of their intent to no longer take service no less than 30 days prior to the customers' normal monthly billing date.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Approved:
Docket No.

EFFECTIVE for services rendered on
and after July 1, 2001, in SD

APPROVED: Doug Kjellerup
Vice President, COO
Energy Delivery

2. The schedule is unavailable to customers where the customer: (1) has a time-payment agreement in effect, (2) has received one or more disconnect notices within the last twelve months or (3) has been disconnected within the last twelve months.
3. Where the renewable energy under the schedule is unavailable to the Company for more than 30 consecutive days, the Company will provide an appropriate credit on the customer's next monthly statement.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Approved:
Docket No.

EFFECTIVE for services rendered on
and after July 1, 2001, in SD

APPROVED: Doug Kjellerup
Vice President, COO
Energy Delivery

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of February 22, 2001 through February 28, 2001

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing. Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINTS

CT01-007 In the Matter of the Complaint filed by Agnes Huebner, Pierre, South Dakota, against Talk.com Holding Corp. d/b/a The Phone Company Regarding Unauthorized Switching of Services.

The complainant indicates that her service was switched through deceptive tactics in October 2000. The complainant is seeking \$1000.00 as a penalty against the company to prevent them from doing this to others.

Staff Analyst: Charlene Lund
Staff Attorney: Karen Cremer
Date Docketed: 02/27/01
Intervention Deadline: N/A

CT01-008 In the Matter of the Complaint filed by David and Rhonda Schwiert, Rapid City, South Dakota, against Broadwing Telecommunications, Inc. and PowerNet Global Communications Regarding Unauthorized Switching of Services.

The Complainants claim that their telecommunications services were switched without authorization. During an informal investigation of this complaint, neither PowerNet Global Communications nor Broadwing Telecommunications could provide authorization of services. Neither company accepts responsibility for the switch. The Complainants are requesting \$1000 plus expenses from each company.

Staff Analyst: Leni Healy
Staff Attorney: Kelly Frazier
Date Docketed: 02/28/01
Intervention Deadline: N/A

ELECTRIC

EL01-004 In the Matter of the Filing by West River Electric Association, Inc. for Approval of an Electric Service Territory Agreement with Black Hills Power & Light Company.

to an Interconnection Agreement between Qwest Corporation (Qwest) and Sprint Communications Company L.P. (Sprint) was filed with the Commission for approval. According to the parties the Amendment is for the states of Idaho, Iowa, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah and Wyoming. It is an amendment to the interconnection agreement approved by the Commission effective November 21, 1997 in Docket No. TC97-149. The Amendment addresses Sprint's desire to offer a new Dial IP product in the aforementioned states. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 15, 2001. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly D. Frazier
Date Docketed: 02/23/01
Initial Comments Due: 03/15/01

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You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc/>

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VIA FACSIMILE & OVERNIGHT MAIL

April 16, 2001

Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

Mr. Jon Mielke
Executive Secretary
North Dakota Public Service Commission
600 E. Blvd. Ave., Dept. 408
Bismarck, ND 58505-0480

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suit 350
St. Paul, MN 55101-2147

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APR 18 2001

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

FAX Received APR 16 2001

**Re: In the Matter of the Filing by Otter Tail Power Company for
Approval of a Voluntary Renewable Energy Rider.**

**South Dakota-Docket EL01-005
North Dakota-Docket PU-401-01-95
Minnesota-Docket E017/M-01-199**

Otter Tail is before each of the above-referenced Commissions seeking approval of a Renewable Energy Rider. This Rider will allow Otter Tail to offer renewable energy to customers and to recover the costs of such energy through the Rider's pricing mechanism.

Otter Tail has recently communicated to each Commission (or staff members) that the start date of the program offering will likely be delayed. As we have discussed, our program is built around a Wind Purchase Power Contract between Otter Tail and a subsidiary of Navitas/NAE. Because Navitas/NAE has been unable to construct the wind turbine within the originally agreed upon timeline, Otter Tail cannot make purchases as originally intended.

Otter Tail is aggressively pursuing a firm construction schedule from Navitas/NAE, albeit revised from the original schedule. Furthermore, Otter Tail has communicated to Navitas/NAE that these delays are creating complications in the regulatory process and the effective marketing of the program.

In pursuit of a firm schedule, Otter Tail had a conference call with Navitas/NAE, during which was discussed a revised timeline for the construction of the wind turbine. Below is a summary of the firm commitments to which Navitas/NAE could agree:

Order of Wind Turbine: On or before April 30, 2001.

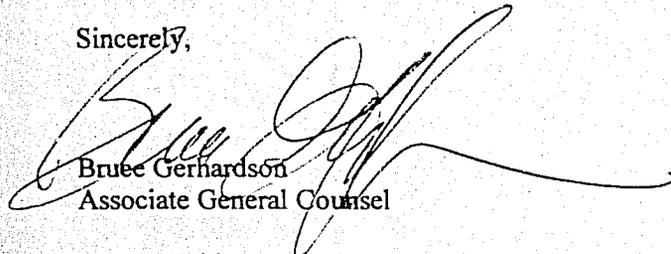
Expected Delivery of Turbine: 20-24 weeks after order.

Preliminary Construction: Will begin when road restrictions are lifted for the area (Minnesota Department of Transportation reports a May 13 restriction removal date on their website <http://www.mrr.dot.state.mn.us/research/thawindex/thawindex.asp>)

Construction Completed/In Service Date: October 23, 2001 (subject to normal and unavoidable construction delays).

Notwithstanding this delay, Otter Tail requests that the Commissions approve the Rider on the originally proposed timeline. While the delay may prevent Otter Tail from enrolling customers as originally planned, approval of the Rider now will allow implementation of the program as soon as possible.

Sincerely,



Bruce Gerhardsen
Associate General Counsel

cc: Keith Senger, SDPUC
Jerry Lien, NDPSC
Christopher T. Davis, MN DoC
Greg Jaunich, Navitas/NAE
Dave Prazak
Brian Draxten

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY OTTER) ORDER APPROVING TARIFF
TAIL POWER COMPANY FOR APPROVAL OF) REVISIONS
A VOLUNTARY RENEWABLE ENERGY RIDER) EL01-005

On February 23, 2001, the Public Utilities Commission (Commission) received an application from Otter Tail Power Company (OTP) requesting approval of a tariff sheet for service designated "Voluntary Renewable Energy Rider. OTP is requesting an effective date of July 1, 2001. OTP asked for approval of the following tariff sheet of its Electric Rate Schedule:

Section No. 3, Volume 1, Original Sheet No. 92, Rate Designation M-15S, pages 1 of 2 and 2 of 2.

OTP's Petition in this matter states, in part, that "[t]he proposed Rider allows eligible customers to purchase renewable wind energy in addition to the energy they already purchase from other Otter Tail resources."

At its regularly scheduled April 17, 2001, meeting, the Commission considered approval of the application. OTP appeared via teleconference. Commission Staff recommended approval.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-34A. The Commission voted unanimously to approve the tariff sheet. The Commission finds the filing is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that OTP's aforementioned tariff sheet as described above is approved and shall be effective for service rendered on and after July 1, 2001.

Dated at Pierre, South Dakota, this 24th day of April, 2001.

<p style="text-align: center;">CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: <u><i>Neiline Kelbo</i></u></p> <p>Date: <u>4/24/01</u></p> <p style="text-align: center;">(OFFICIAL SEAL)</p>
--

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

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

May 25, 2001



Ms. Debra Elofson
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

RECEIVED

MAY 29 2001

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

**RE: SD PUC Docket EL01-005
Otter Tail Power Company's Approved Voluntary Renewable Energy Rider**

Dear Ms. Elofson:

Enclosed you will find an approved copy of Otter Tail Power Company's Voluntary Renewable Energy Rider with the rate designation of M-15S and an updated Index for your files.

The rate schedule, with an approved date of April 24, 2001, is effective for service rendered on and after July 1, 2001.

Sincerely yours,

A handwritten signature in cursive script that reads "Bernadeen Brutlag".

Bernadeen Brutlag
Manager, Regulatory Services

Enclosures

RECEIVED

MAY 29 2001

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

ELECTRIC SERVICE - SOUTH DAKOTA

COMMUNITIES SERVED

	<u>Rate Designation</u>	<u>Sheet No.</u>
<u>RESIDENTIAL AND WATER HEATING SERVICE</u>		
Residential Service	R-01S	1
Residential Service (Controlled Demand)	R-03S	5
Water Heating, Controlled Service (Off-Peak)	R-91S	7
Water Heating (Cancelled)	R-93S	14
Retired Employee Rate (Closed)	R-95S	15
Controlled Service - Less Than 80 kw Capacity	I-02S	15.1 Transf. to Sheet 50.1
Controlled Service - Interruptible Load 80 kw Capacity & Greater	I-01S	15.2 Transf. to Sheet 50
Controlled Service - Deferred Load	I-03S	15.3 Transf. to Sheet 50.2
<u>FARM SERVICE</u>		
Farm Service	F-61S	16
<u>GENERAL AND COMMERCIAL SERVICE</u>		
General Service	G-01S	20
General Service (Controlled Demand)	G-02S	20.1
Rider Applicable to General Service Rate (Closed)	G-21S	22
Electric Climate Control (Non-Residential General Service) (Closed)	G-93S	29
Large General Service	C-02S	30
Large General Service (Off-Peak Rider)	C-04S	30.2
Interruptible Service Rider to Large General Service Rate (Cancelled)	C-08S	38

ELECTRIC SERVICE - SOUTH DAKOTA (Continued)

	<u>Rate Designation</u>	<u>Sheet No.</u>
<u>INTERRUPTIBLE SERVICE</u>		
Controlled Service - Interruptible Load		
80 kw Capacity & Greater	I-01S	50
Controlled Service - Less Than 80 kw Capacity	I-02S	50.1
Controlled Service - Deferred Load	I-03S	50.2
Fixed Time of Delivery - (Less Than 100 kw)	I-04S	50.3
Fixed Time of Delivery - (100 kw or More)	I-04S	50.4
Fixed Time of Delivery - (Primary Service)	I-04S	50.5
Bulk Interruptible	I-06S	50.7

PURCHASE POWER RATE SCHEDULES

Small Power Producer Rider - Occasional Delivery Energy Service	P-09S	70.8
Small Power Producer Rider - Temperature-Time of Delivery Energy Service	P-10S	70.9
Small Power Producer Rider - Dependable Service	P-11S	71
Standby Service	P-14S	71.3

MISCELLANEOUS SERVICE RATE SCHEDULES

Irrigation Service	M-03S	90
Released Energy	M-10S	91
Voluntary Renewable Energy Rider	M-15S	91.5
Outdoor Lighting - Energy Only	M-41S	93
Outdoor Lighting	M-42S	94
Municipal Pumping Service	M-54S	95
Municipal Pumping Service (Closed)	M-56S	95.2
Fire Sirens	M-59S	96
Fuel Adjustment Clause	M-60S	98
Customer Connection Charge	M-61S	98.1
Deposits - Meter Tests at Customer Requests	M-64S	98.4
General Rules and Regulations - Electric		99.9
		(6 pages)

VOLUNTARY RENEWABLE ENERGY RIDER
Rate Zones 1 & 9

Voluntary Renewable Energy Rider 42-720

Rider Start Date: July 1, 2001 Rider End Date: June 30, 2006

AVAILABILITY: This Rider is available to all customers on a purely voluntary basis. The renewable energy service provided under this schedule is subject to the availability of renewable energy designated to it, as determined by the Company, and is made available on a first-come, first-serve basis.

CERTAIN TARIFFS UNAVAILABLE: This Rider is unavailable to customers who uses less than an average of 100 kWhs of energy per month. Some examples may include, but is not limited to, the following tariffs: Outdoor Lighting Energy-Only Tariff - Rate Designation M-41S, Outdoor Lighting Tariff - Rate Designation M-42S, Fire Siren - Rate Designation M-59S, and other tariffs where the customer uses less than 100 kWh per month or are otherwise inapplicable as determined by the Company.

TYPE OF SERVICE: Single or three phase, 60 hertz at a voltage level defined by the applicable rate schedule currently serving the customer.

RATE:

The charge for the renewable energy under this schedule is \$2.60 per 100 kWhs

This charge per 100 kWhs is in addition to the applicable rate schedule currently serving the customer. All charges under existing tariffs remain in effect.

PAYMENT: Payments will be subject to the Payment provisions in the Customer's applicable rate schedule.

RULES AND REGULATIONS: Service under this schedule is subject to orders of the South Dakota Public Utilities Commission and to the Company's General Rules and Regulations - Electric, currently on file with the South Dakota Public Utilities Commission.

TERMS AND CONDITIONS:

1. Service under this schedule shall be for a period not less than 12 consecutive months, automatically renewed monthly. After the first full year of service, customers may cancel service under this schedule by providing oral or written notice to the Company of their

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Approved: April 24, 2001
Docket No. EL01-005

EFFECTIVE for services rendered on
and after July 1, 2001, in SD

APPROVED: Doug Kjellerup
Vice President, COO
Energy Delivery

intent to no longer take service no less than 30 days prior to the customers' normal monthly billing date.

2. The schedule is unavailable to customers where the customer: (1) has a time-payment agreement in effect, (2) has received one or more disconnect notices within the last twelve months or (3) has been disconnected within the last twelve months.
3. Where the renewable energy under the schedule is unavailable to the Company for more than 30 consecutive days, the Company will provide an appropriate credit on the customer's next monthly statement.

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

June 7, 2001



Mr. Keith Senger
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Re: Revised Renewable Energy Rider EL01-005

Dear Keith:

Enclosed is a revised copy of the Renewable Energy Rider, page 2 of 2, as you requested.
The revision corrects the pagination on the second page.

Please call me if you have any questions.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "David G. Prazak", written over the typed name.

David G. Prazak
Supervisor, Pricing

Enclosure

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JUN 11 2001

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

intent to no longer take service no less than 30 days prior to the customers' normal monthly billing date.

2. The schedule is unavailable to customers where the customer: (1) has a time-payment agreement in effect, (2) has received one or more disconnect notices within the last twelve months or (3) has been disconnected within the last twelve months.
3. Where the renewable energy under the schedule is unavailable to the Company for more than 30 consecutive days, the Company will provide an appropriate credit on the customer's next monthly statement.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY OTTER)
TAIL POWER COMPANY FOR APPROVAL OF)
A VOLUNTARY RENEWABLE ENERGY RIDER)

ERRATA NOTICE

EL01-005

Due to an error in Otter Tail Power Company's filing in the above captioned matter, which was included in the Order dated April 24, 2001, the following is provided as a correction of that error. The Voluntary Renewable Energy Rider was erroneously filed as follows:

Section No. 3, Volume 1, Original Sheet No. 92, Rate Designation M-15S, pages 1 of 2 and 2 of 2.

The correct description is as follows:

Section No. 3, Volume 1, Original Sheet No. 91.5, Rate Designation M-15S, pages 1 of 2 and 2 of 2.

Dated at Pierre, South Dakota, this 11th day of June, 2001.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Delaine Kelsos

Date: 6/11/01

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

EL01-005

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpeco.com (web site)

December 14, 2001



Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Mr. Jon Mielke
Executive Secretary
North Dakota Public Service Commission
State Capitol - 600 East Boulevard
Bismarck, ND 58505-0480

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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

✓ Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: Otter Tail Power Company's Voluntary Renewable Energy Rider
MN Docket No. E017/M-01-199, approved June 8, 2001
ND Docket No. PU-401-01-95, approved May 23, 2001
SD Docket No. EL01-005, approved April 24, 2001

Earlier this year, each of the state commissions approved a voluntary renewable energy rider under which Otter Tail Power intends to offer wind energy to its customers. On April 16, while approval was pending, Otter Tail wrote to each commission to inform you that the contractor engaged by Otter Tail to construct the turbine would be unable to meet its original schedule to have the turbine operational by July 1, 2001. In that letter, Otter Tail gave a new estimated in-service date of October 23, 2001. A copy of that letter is attached for your convenience.

Problems with the contractor have persisted. In a filing required by recent Minnesota legislation, Otter Tail informed the Minnesota PUC that we were pressing forward to have the turbine operational by year-end.

This letter is to update the commissions on the status of Otter Tail's wind turbine project.

The original wind turbine contractor, a subsidiary of Navitas/NAE, did not fulfill its contract. Otter Tail was unable to locate another contractor that could meet our timetable to have the turbine installed by year-end. Therefore, in the short-term, Otter Tail has elected to make the necessary investment to complete the project.

The turbine, blades, tower, and assembly crane are expected to arrive at the site early next week. Weather permitting, tower erection is to begin on December 21. The turbine has a short construction time and we expect it to be operational by December 31 of this year.

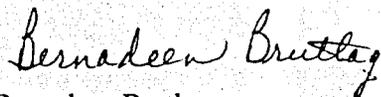
Because of the construction delays, we suspended our marketing efforts to enroll customers in the renewable energy program. Therefore, the output of the turbine will not be fully subscribed by retail customers. Through the use of a tracker account, we will ensure that the cost of the renewable energy does not affect retail customers who have not enrolled in the program.

Otter Tail is keeping our customers informed about the delay in the program. And, of course, we will not charge enrolled customers for renewable energy until it is actually delivered to them.

Otter Tail is continuing to seek third-party ownership of the turbine with terms similar to the contract with Navitas/NAE. When final ownership has been resolved, we will review the cost structure to determine whether we should request a change in the renewable energy rate. The rider carries an effect date of July 1, 2001, through June 30, 2006. At a minimum, we will request a change in the effective dates.

This letter is for informational purposes only. We are not requesting any action by the commissions at this time. If you have questions, feel free to contact me at (218) 739-8289 or bbrutlag@otpc.com.

Yours very truly,



Bernadeen Brutlag
Manager, Regulatory Services

Enc.

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpcu.com (web site)

Wave Energy



VIA FACSIMILE & OVERNIGHT MAIL

April 16, 2001

Mr. Jon Mielke
Executive Secretary
North Dakota Public Service Commission
600 E. Blvd. Ave., Dept. 408
Bismarck, ND 58505-0480

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suit 350
St. Paul, MN 55101-2147

Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

**Re: In the Matter of the Filing by Otter Tail Power Company for
Approval of a Voluntary Renewable Energy Rider.**

**South Dakota-Docket EL01-005
North Dakota-Docket PU-401-01-95
Minnesota-Docket E017/M-01-199**

Otter Tail is before each of the above-referenced Commissions seeking approval of a Renewable Energy Rider. This Rider will allow Otter Tail to offer renewable energy to customers and to recover the costs of such energy through the Rider's pricing mechanism.

Otter Tail has recently communicated to each Commission (or staff members) that the start date of the program offering will likely be delayed. As we have discussed, our program is built around a Wind Purchase Power Contract between Otter Tail and a subsidiary of Navitas/NAE. Because Navitas/NAE has been unable to construct the wind turbine within the originally agreed upon timeline, Otter Tail cannot make purchases as originally intended.

Otter Tail is aggressively pursuing a firm construction schedule from Navitas/NAE, albeit revised from the original schedule. Furthermore, Otter Tail has communicated to Navitas/NAE that these delays are creating complications in the regulatory process and the effective marketing of the program.

In pursuit of a firm schedule, Otter Tail had a conference call with Navitas/NAE, during which was discussed a revised timeline for the construction of the wind turbine. Below is a summary of the firm commitments to which Navitas/NAE could agree:

Order of Wind Turbine: On or before April 30, 2001.

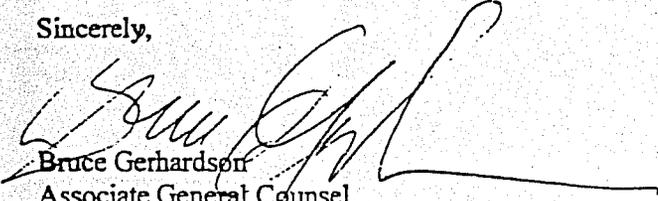
Expected Delivery of Turbine: 20-24 weeks after order.

Preliminary Construction: Will begin when road restrictions are lifted for the area (Minnesota Department of Transportation reports a May 13 restriction removal date on their website <http://www.mrr.dot.state.mn.us/research/thawindex/thawindex.asp>)

Construction Completed/In Service Date: October 23, 2001 (subject to normal and unavoidable construction delays).

Notwithstanding this delay, Otter Tail requests that the Commissions approve the Rider on the originally proposed timeline. While the delay may prevent Otter Tail from enrolling customers as originally planned, approval of the Rider now will allow implementation of the program as soon as possible.

Sincerely,



Bruce Gerhardson
Associate General Counsel

cc: Keith Senger, SDPUC
Jerry Lien, NDPSC
Christopher T. Davis, MN DoC
Greg Jaunich, Navitas/NAE
✓ Dave Prazak
Brian Draxten

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July 31, 2002

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AUG - 5 2002
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070



**Re: Update - In the Matter of Otter Tail Power Company's Request for
Approval of a Voluntary Renewable Energy Rider.
South Dakota Docket EL01-005**

Dear Ms. Elofson:

The purpose of this letter is to inform the Commission of recent activity regarding our renewable energy offering. In addition, Otter Tail will be filing an update to the Renewable Energy Rider in the near future.

Background

On April 24, 2001, the Commission approved Otter Tail Power's Voluntary Renewable Energy Rider (Rider), which was filed in anticipation of offering wind energy (marketed as "TailWinds") to Otter Tail Power's retail customers beginning in July of that year. On April 16, 2001, after our tariff request had been filed but prior to its approval, Otter Tail Power informed the Commission that we were encountering difficulty with the developer and the wind turbine construction was delayed. In the fall of 2001 after continued delays, it became clear that the developer would not be able to have the turbine in service by the end of that year. This put the success of Otter Tail's renewable energy program in jeopardy. At that time, certain tax credits for investments in wind turbines were only available to projects put in service by the end of 2001 (since then, the availability of these tax credits has been extended, but at that time Otter Tail Power could not know that they would be extended). If the tax credits were lost, the cost of the turbine's production would rise significantly and therefore the cost of energy to consumers would, in turn, rise

significantly. Otter Tail Power's marketing department was concerned that a rise in the cost of renewable energy would likely deter potential renewable energy customers from subscribing in the new program.

Upon the realization that the original developer was unlikely to have the project in service by the end of the year, Otter Tail Power initially looked for a new developer/investor who might take over the project. Those efforts were unsuccessful. In order to preserve the project, late in 2001 Otter Tail Power decided to move forward with construction on its own, and continue to search for credible buyers who would own and operate the turbine. Because Otter Tail intended to own the project for a very short time, it was decided that Otter Tail Realty Company, one of Otter Tail Corporation's wholly owned subsidiaries, would own and operate the project in the interim.

In late December 2001 the turbine was erected and began producing energy. Otter Tail Power continued to actively pursue interested parties to own the turbine and sell the energy back to Otter Tail Power, as had been originally contemplated. An investor was found, and we successfully completed sale of the turbine on May 15, 2002, to Hendricks Wind I, LLC.

Renewable Energy Rate

The Purchase Power Agreement (PPA) with the new owner contains essentially the same elements as the PPA with the previous, unsuccessful developer. The main difference between the new and previous PPA is the term. The previous PPA was for 5 years (with options to extend). The new PPA agreement is for 15 years. Most importantly, the cost estimates that were the basis for our rate are essentially unchanged. Therefore, the Renewable Energy Rider included in this filing is the same Rider that was approved by the Commission on April 24, 2001, with the exception of the effective dates, discussed below.

Term of the Rider

In our approved filing, the term of the Rider was tied to the length of the PPA, i.e., 5 years. Since the new PPA has a term of 15 years instead of 5 years, Otter Tail Power recommends eliminating any effective date restrictions from the Rider. Many things can change in the field of renewable energy in 15 years, and we would expect to update our rate and Rider as needed. We see no useful purpose for limiting the time of the Rider. Therefore, Otter Tail will file a rate change in the very near future.

Wind Turbine Ownership

As discussed above, Otter Tail Power decided to make the investment in the wind turbine in order to prevent further construction delays and preserve the project's eligibility for tax credits. It was never Otter Tail Power's intention to own the turbine in the long term.

The wind turbine was sold to a third-party investor on May 15, 2002. During the time that the turbine was operational and owned by Otter Tail Realty, Otter Tail Power suspended its marketing efforts on the TailWinds program. Otter Tail Power sold no renewable energy to its retail customers during that time (December 28, 2001, through May 15, 2002). Instead, Otter Tail Power has accumulated a record of the output of the turbine in the tracker account, which was discussed in our original filing as a way to compare energy produced with energy sold.

Current Status

With the successful sale of the wind turbine to a third-party investor, Otter Tail Power is now delivering renewable energy to retail customers who enrolled in the TailWinds program. The energy produced by the existing turbine has been fully subscribed by retail customers, and Otter Tail Power is considering the construction of a second turbine.

This letter is for informational purposes only. We will be filing a separate petition to update our Renewable Energy Rider in the near future.

Ms. Debra Elofson
Docket EL01-055
Page 4 of 4

If there are additional questions, please contact me at bbrutlag@otpc.com or (218) 739-8289.

Yours very truly,



Bernadeen Brutlag
Manager, Regulatory Services