

Applicants' Witness Ward Uggerud

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Summary
Applicants' Exhibits 1 and 29

Overview

- **Otter Tail Power Company**
 - Investor-owned utility with operations in South Dakota, North Dakota and Minnesota
 - 50,000 square miles of service territory
 - Serving 423 communities; one-half are smaller than 200 people
 - Lead developer of the Big Stone Unit II project
 - We propose to own a 116 MW share of the 600 MW Big Stone Unit II project

Overview (continued)

- Why Big Stone Unit II:
 - Customers' electricity needs continue to grow
 - The historical balance between regional generating capacity surpluses and demand is shifting. Surpluses are being replaced by deficits
 - Increasing and volatile prices for oil and natural gas
 - Existing capacity/energy purchases are expiring, and renewing them not feasible
 - Purchasing capacity from others is no longer a viable or cost-effective alternative to new construction of baseload facilities

The Project

- Big Stone Unit II Project
 - Joint project involving seven regional utilities
 - Representing a diverse mix of investor-owned, cooperative and municipal power utilities
 - Some are regulated by one or more Public Utilities Commissions, and others are self-regulated by their members
 - Each serves primarily rural areas, with lower personal incomes than large cities
 - Each has a retail load in the “footprint” of the plant

The Project (continued)

- **Big Stone Unit II Project**
 - Low cost and reliability are particularly important considerations to the Applicants' customers
 - Supports energy independence, by lowering our reliance on costly and increasingly undependable sources of oil and natural gas
 - Goes beyond the strict requirements of law and regulation to enhance environmental performance, consistent with stewardship of low costs for customers

Integrated Resource Planning

- Otter Tail and the other Applicants have done extensive, system-level planning studies
 - These studies show us that a combination of demand-side management (DSM), renewables, Big Stone Unit II and other resources is the best plan.
 - These studies show the region needs additional baseload capacity that can reliably produce large amounts of low-cost energy in 2011 and beyond

Environmental Stewardship

- We have developed a Big Stone Unit II project that, within our overall resource plans, is reliable, cost-effective and environmentally responsible
 - Project will double the electric energy output of the Big Stone site, but with no net increase in emissions of SO₂, NO_x and mercury
 - We also propose to add 1000 MW of additional transmission capacity to allow opportunity for future development of additional regional energy sources, including wind
 - The supercritical pulverized coal technology provides high efficiency compared to existing coal-fired units in the region,
 - Resulting in 18% less carbon dioxide (CO₂) emissions compared to existing plants.

Environmental (continued)

- We understand the debate on environmental issues, and take our stewardship responsibility seriously.

The Future

- Big Stone Unit II is only a piece of the overall puzzle to address the region's future energy needs; not the entire puzzle.
- The Applicants propose to enact demand-side management (DSM) and renewables and Big Stone Unit II.