

**SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**CASE NO. EL05-022**

**IN THE MATTER OF THE APPLICATION BY OTTER TAIL POWER COMPANY**

**ON BEHALF OF THE BIG STONE II CO-OWNERS**

**FOR AN ENERGY CONVERSION FACILITY SITING PERMIT FOR THE**

**CONSTRUCTION OF THE BIG STONE II PROJECT**

**PREFILED REBUTTAL TESTIMONY**

**OF**

**RICHARD R. LANCASTER**

**VICE PRESIDENT, GENERATION**

**GREAT RIVER ENERGY**

**JUNE 9, 2006**



**PREFILED REBUTTAL TESTIMONY OF RICHARD R. LANCASTER**

**TABLE OF CONTENTS**

I. INTRODUCTION .....1

II. DR. DENNEY TESTIMONY .....1

1           **BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**  
2           **PREFILED REBUTTAL TESTIMONY OF RICHARD R. LANCASTER**

3   **I.     INTRODUCTION**

4   **Q:     Please state your name and business address.**

5   A:     Richard R. Lancaster, 17845 East Highway 10, Elk River, Minnesota, 55330-0800

6   **Q:     By whom are you employed and in what capacity?**

7   A:     Vice President, Generation, Great River Energy.

8   **Q:     Did you provide direct testimony in this proceeding?**

9   A:     Yes, My direct testimony has been marked as Applicants' Exhibit 2.

10   **Q:     In rebuttal, to whose direct testimony are you responding?**

11   A:     I am responding primarily to the direct testimony of Olesya Denney offered by the staff  
12   of the South Dakota Public Utilities Commission.

13   **II.    DR. DENNEY TESTIMONY**

14   **Q:     Dr. Denney testified that GRE's forecast is inaccurate because of the manner in**  
15   **which DSM impacts are included in its forecast. Do you agree?**

16   A:     No. GRE is confident that the 2004 Long-Range Load Forecast (LRLF) is accurate. The  
17   2004 LRLF used the best available methodology for forecasting future growth of consumers. It  
18   is the growth of households that underlies GRE's forecast of growth and need for additional  
19   resources, including its share of the proposed Big Stone Unit II.

20   **Q:     Dr. Denney testified, p. 52, lines 16-8, that "the utilities participating in the Big**  
21   **Stone project can only recover the costs associated with the plant through appropriate**  
22   **filings with their respective state commissions." Do you have any comment?**

1 A: Great River Energy is a private cooperative, formed under the Minnesota cooperative  
2 corporation statute and is owned by its distribution members, who are in turn owned by its  
3 customer-members on a patronage basis. As a member-owned cooperative, our rates are set by  
4 our board of directors, which is elected by our owner-members. The Minnesota Public Utilities  
5 Commission is not involved in setting Great River Energy's rates, nor is any other public service  
6 commission.

7 **Q: Does this conclude your testimony?**

8 A: Yes it does.

9