

EL97-010

EL97-010

DOCKET NO.

In the Matter of

IN THE MATTER OF THE FILING BY  
OTTER TAIL POWER COMPANY AND  
WHETSTONE VALLEY ELECTRIC  
COOPERATIVE FOR APPROVAL OF  
EXCHANGE OF RIGHTS AND  
PROPERTY

*file fee*

Public Utilities Commission of the State of South Dakota

DATE

MEMORANDA

5/16/97 Filed and Docketed;  
5/28/97 Received Exhibits to be attached to Petition;  
7/1/97 Order approving agreement for Exchange of Rights and Property;  
7/3/97 Docket Closed  
7/31/97 Customer Consent Form.  
7/23/97 Errata Notice

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56548-0496  
218 749-8200  
www.otpc.com (web site)

EL97-010

RECEIVED

MAY 16 1997



May 13, 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

William Bullard, Jr.  
Executive Secretary  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

**Re: In the Matter of the Joint Request of Otter Tail Power Company  
and Whetstone Valley Electric Cooperative for  
the Exchange of Rights and Property Under S.D.C.L. § 49-34A-55**

Dear Mr. Bullard:

Enclosed for filing are an original and ten copies of the Joint Petition of Otter Tail Power Company and Whetstone Valley Electric Cooperative for the Exchange of Rights and Property pursuant to South Dakota Codified Laws § 49-34A-55. Also enclosed is an Affidavit of Service.

Should you have any questions with respect to this filing, please contact me at your convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "T. Guerrero".

Todd J. Guerrero  
Associate Attorney  
TJG:dm

Enclosures

c: Kevin Kouba  
Steve Ahles

EL97-010

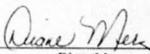
STATE OF MINNESOTA )  
 ) SS  
COUNTY OF OTTER TAIL )

AFFIDAVIT OF SERVICE  
BY MAIL

Diane Merz, being first duly sworn, deposes and says that on May 13, 1997, the Joint Request of Otter Tail Power Company and Whetstone Valley Electric Cooperative for the Exchange of Rights and Property under S.D.C.L. § 49-34A-55 was deposited in the United States mail at the City of Fergus Falls, postage prepaid thereon, for delivery to the following names.

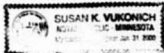
William Bullard, Jr.  
Executive Secretary  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

Steve Ahles, General Manager  
Whetstone Valley Electric Cooperative  
P. O. Box 512  
Milbank, SD 57252

  
\_\_\_\_\_  
Diane Merz

Subscribed and sworn to before me this  
13th day of May, 1997.

  
\_\_\_\_\_  
Notary Public



STATE OF SOUTH DAKOTA  
BEFORE THE PUBLIC UTILITIES COMMISSION

Docket No. \_\_\_\_\_

In The Matter of the Joint Request of Otter Tail  
Power Company And Whetstone Valley  
Electric Cooperative For The Exchange Of  
Rights And Property Under S.D.C.L. § 49-34A-55

JOINT PETITION

1. Otter Tail Power Company ("Otter Tail Power") and Whetstone Valley Electric Cooperative ("Whetstone"), pursuant to South Dakota Codified Laws ("SDCL") § 49-34A-55 and the Public Utilities Commission's General Rules of Practice and Procedure, Chapter 20:10-01, hereby petitions the Commission for approval of an agreement whereby Otter Tail will convey its electric distribution properties, service, and other rights, property, and assets in the City of Troy, South Dakota in exchange for Whetstone's rights to serve a cable communications head-end building located in Whetstone's current service territory, located just south of Milbank, South Dakota. The head-end building houses cable television equipment and is owned by an Otter Tail affiliate, Otter Tail Communications, S.D., Inc.

2. Under SDCL § 49-34A-55, the Commission shall approve the agreement if it finds it in the public interest. In evaluating the public interest, the Commission shall consider, among other factors, the following:

- a. To what extent the agreement (i.e., trade) eliminates or avoids unnecessary duplication of existing facilities;
- b. How the agreement affects the adequacy/reliability of electric service to the area and customers affected; and
- c. To what extent the agreement promotes the efficient and economical use and development of the parties' electrical systems.

Because the agreement proposed herein will avoid unnecessary duplication, improve the quality of electric service received by the affected customers, and promote the economical use of the parties' electrical systems, the Commission should approve the proposed agreement.

3. Persons to be Served.

The names, titles and mailing addresses of the persons to be served with communications concerning this filing are:

Mr. Kevin Kouba  
Division Manager  
Otter Tail Power Company  
404 South 2<sup>nd</sup> Street  
Milbank, SD 57252  
Ph. (605) 432-4579

Mr. Todd J. Guerrero  
Associate Attorney  
Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Ph. (218) 739-8350  
Fax (218) 739-8218

Mr. Steve Ahles  
General Manager  
Whetstone Valley Electric Cooperative  
P.O. Box 512  
Milbank, SD 57252  
Ph. (605) 432-5331  
Fax (605) 432-5951

4. Identity of Otter Tail Power Company.

The exact legal name of Otter Tail is Otter Tail Power Company. Otter Tail is a corporation organized and existing under the laws of the State of Minnesota and is duly authorized to do business in the States of Minnesota, South Dakota, and North Dakota. Otter Tail is an investor-owned public utility headquartered in Fergus Falls, Minnesota. Otter Tail serves retail electric service to approximately 124,000 thousand customers throughout the three states in which it serves, approximately 11,450 of which reside in the State of South Dakota.

5. Identity of Whetstone Valley Electric Cooperative.

Whetstone Valley Electric Cooperative is a rural electric distribution cooperative organized under the laws of the state of South Dakota. Whetstone Valley serves approximately 2,900 residential and farm customers.

6. Background.

a. Reason for the request to exchange properties.

On or about July 1<sup>st</sup>, 1997, a wholly-owned subsidiary of Otter Tail Power Company, Otter Tail Communications, S.D., Inc., ("Otter Tail Communications") purchased the assets and properties of Great Plains Cable TV, Inc., which are used in the operation of a cable television system serving the city of Milbank, South Dakota. Since that time, Otter Tail Communications has been competing for the provision of cable television services in the city of Milbank with TCI, Inc. Included within the assets purchased by Otter Tail Communications was a small head-end building located just south of the Milbank city limits that was used by Great Plains to store receivers, transmitters, cable, and other equipment that are integral to the proper and efficient provision of cable service. The old head-end building was located in the service territory of Whetstone Valley and had been served by Whetstone Valley for its electrical energy needs for approximately ten years.

As part of upgrading its newly acquired system, many parts of which were outdated and in poor condition, Otter Tail Communications decided that it was necessary to construct a new, approximately 16' by 30' aluminum head-end building to house the newly upgraded system equipment. The new head-end building is also located just south of Milbank, only several yards from the original head-end building. The new head-end building is also located in the service territory of Whetstone Valley.

Before constructing the head-end facility, representatives of Otter Tail Communications inquired of Otter Tail Power and Whetstone Valley about the possibility of having Otter Tail Power, instead of Whetstone Valley, serve the new facility. Otter Tail Communication's primary reason for the request was that power outages and the ensuing response necessary to restore electric service often disrupted the Great Plain's (now Otter Tail Communication's) cable service in Milbank. This is because the equipment housed within the head-end facility is very sensitive to electrical outages. Outages of seconds or less cause the equipment to trip off-line. Most of the cable equipment then must be reset manually. Because Whetstone Valley had originally provided service to the head-end building, Otter Tail Communications (whose office is located in the Milbank), was often unsure of whether an outage on the Whetstone Valley electric system had occurred, whether the electric outage was the culprit of the cable outage, or at what point any electric service (and hence cable service) would be restored.

With the affiliate relationship existing between Otter Tail Communications and Otter Tail Power, Otter Tail Communications believed that if Otter Tail Power were to serve the head-end building instead of Whetstone Valley, Otter Tail Communications might have quicker access to information regarding the Otter Tail Power electrical system. Where an electric outage causes disruption in cable service, Otter Tail Communications could better respond to customer inquiries and complaints about cable service, thereby providing better service to its customers.

b. Mechanics of the trade.

Under the proposed petition, Whetstone Valley has agreed to allow Otter Tail Power to serve the head-end building. The exact location of the head-end facility is marked in red on the attached Exhibit No. 1. In exchange, Otter Tail Power has agreed to relinquish its rights, privileges, and obligation to provide service to the present and future residents located within the

city limits of Troy, South Dakota, believed to be an incorporated municipality. The city limits of Troy are set forth in the Boundary Agreement 2C<sup>1</sup> and attached map, attached hereto as Exhibit No. 2.

i. The head-end building.

In order for Otter Tail Power to serve the new head-end building, it was necessary to build an approximate 400-foot extension of 7,200 kV line, running north/south and connected to Otter Tail Power's existing 12,500 kV line, which runs parallel along the east/west township road shown on Exhibit No. 1. In addition, it was necessary to install and connect approximately 130 feet of 7,200 kV line to a new Otter Tail Power transformer located south of the head-end building. Exhibit No. 1 shows the location of the head-end building, the construction of the new lines, and the location of the transformer. The cost of the construction to Otter Tail Power was approximately Three Thousand Five Hundred Dollars (\$3,500). Otter Tail expects to receive approximately \$2,000 per year in electric revenues from the head-end facility.

ii. City of Troy.

Presently, there are only five residents within the city of Troy who are being served with electricity by Otter Tail Power. For 1996, Otter Tail received Two Thousand Fifty-nine and 81/100 Dollars (\$2059.81) in revenues from its Troy customers. Under the proposed trade, Otter Tail Power will assign its right, title, and interest in the distribution properties which it has within the city limits of Troy. The facilities are for the most part in need of repair. Because of the age of the facilities, combined with particularly harsh weather over the past several years, the reliability of the Troy system has been problematic for Otter Tail Power, and for the Troy

<sup>1</sup> The Boundary Agreement 2C is part of the original service area maps filed with the Commission under Chapter 49-34A

residents. Whetstone Valley, on the other hand, has excellent existing facilities which surround the city's borders.

Upon approval of this Petition by the Commission, Otter Tail Power will work with Whetstone Valley to establish a process and a date by which Otter Tail Power can disconnect its service to Troy and Whetstone can immediately connect its service. The residents of Troy will not receive any loss of service or experience any outages as a result of the switch-over. As part of the switch-over, Otter Tail Power will remove the resident's existing meter and Whetstone Valley will install its own meters. From where it will tap off its existing 7,200 kV distribution system, Whetstone Valley will need to extend approximately 150 feet of 7,200 kV line to the point where it can connect to the facilities which it will take control of within the city. The cost of the extension to Whetstone Valley will be approximately One Thousand Dollars (\$1,000).

7. Approval of the Agreement Is In The Public Interest.

Approval of the agreement between Otter Tail Power and Whetstone Valley is in the public interest. Under the agreement, Otter Tail Power will serve a head-end facility located just south of its franchised municipality of Milbank, South Dakota. The revenues from the head-end building will be more than sufficient to make up its revenue requirement to serve the facility. In addition, Otter Tail Power will be relieved of the responsibility of investing in necessary upgrades to serve the City of Troy. Whetstone Valley, on the other hand, will take over the right to serve within the municipal borders of Troy, and will be in a position to strengthen the integrity of the Troy electric system, giving better service to its residents. Last, attached as Exhibit No. 3 to this Petition are Consent Forms signed by four out of the five Troy residents served by Otter

Tail.<sup>2</sup> As the Exhibit No. 3 shows, the majority of residents consent to the agreement between the utilities.

a. The agreement avoids unnecessary duplication.

Because it is more economical for Whetstone, with its existing facilities already surrounding Troy, to upgrade the electrical system around the Troy area, unnecessary duplication of systems is avoided. In addition, by reaching an amicable agreement, the parties have tried to minimize drawing on the resources of the Commission and its Staff in reviewing this transaction.

b. The agreement improves the quality of service to the area and customers.

It is more than likely that the Troy residents will experience an improvement in the quality of electric service which they presently receive. In addition, the trade will likely result in better to service to Otter Tail Communications, S.D., Inc., which in turn will enable it to provide better service to its customers.

c. The agreement promotes efficient use of resources.

As stated above, Otter Tail Power will receive its revenue requirements from its new customer and will avoid having to invest in upgrades in its Troy system. Because it already has an excellent system nearby, any upgrading to the system can be done more economically by Whetstone.

10. Conclusion.

Otter Tail Power Company respectfully requests the Commission find that, for the purposes of this Petition, the proposed transfer of property between Otter Tail Power Company and Whetstone Valley Electric Cooperative is reasonable and proper and will not be detrimental to the interests of

<sup>2</sup> As of the date of this Petition, Otter Tail Power has been unable to get in touch with the fifth and last Troy resident.

the consumers and patrons affected thereby, and that the Commission issue its written Order granting the Commission's permission for Otter Tail to consummate the transaction proposed herein.

Date: 5/13/97

Respectfully submitted,

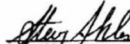
OTTER TAIL POWER COMPANY



Todd J. Guzzero  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Ph. (218) 739-8200  
Fax (218) 739-8350  
Email tguzzero@ottpco.com

Attorney for Otter Tail Power Company

WHETSTONE VALLEY ELECTRIC  
COOPERATIVE



Steve Ables  
General Manager  
P.O. Box 512  
Milbank, SD 57252  
Ph. (605) 432-5331  
Fax (605) 432-5951

12

13

14

15

16

17

GRANT CENTER  
TOWNSHIP

T-120-N R-49-W

GRANT COUNTY, SOUTH DAKOTA

Scale: 1" = 2,000'

Drawn 3 May 65

By C. W. Malmstrom

RECEIVED

MAY 28 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Service to building we  
now serve.

400' extension plus 130'  
service to transformer

Exhibit No. 1





## Boundary Agreement 2C

Territory boundary between Otter Tail Power Company and Whetstone Valley Electric Cooperative, Inc. Area 2C of Map C Grant County highway map. Starting from a center point between section 7, 8, 17, and 18 of Troy Township of Grant County R50W - T118N, thence due west 1980 feet ( $\frac{3}{8}$  mile), thence due north 2640 feet ( $\frac{1}{2}$  mile), thence due East 1980 feet ( $\frac{3}{8}$  mile), thence due North 1320 feet ( $\frac{1}{4}$  mile) thence due East 2640 feet ( $\frac{1}{2}$  mile), thence due South 2640 feet ( $\frac{1}{2}$  mile), thence due West 2640 feet ( $\frac{1}{2}$  mile), thence due South 1320 feet ( $\frac{1}{4}$  mile) to the starting point. Above stated area refers to the service-area boundaries of Otter Tail Power Companies service area around and including the town of Troy, South Dakota which is approximately 280 acres and designated as exhibit 2C on Map C. Territory surrounding marked areas shall be Whetstone Valley Electric Cooperative service area, unless so noted with another exhibit.

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District Manager  
Otter Tail Power Company

---

Manager  
Whetstone Valley Electric Cooperative, Inc

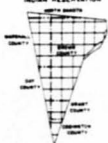


GTON COUNTY

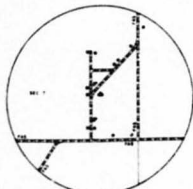
R 52 W

R 51 W

FORMER DISSETON WAMPETON  
INDIAN RESERVATION



THIS LINE PARALLEL TO  
AND 400' SOUTH OF  
THE SECTION LINE.



TROY

SEC 7 - T 18 N - R 50 W

SCALE - 1 MILE

T 18 N  
T 17 N  
T 16 N  
T 15 N  
T 14 N  
T 13 N  
T 12 N  
T 11 N  
T 10 N  
T 9 N  
T 8 N  
T 7 N  
T 6 N  
T 5 N  
T 4 N  
T 3 N  
T 2 N  
T 1 N



R 50 W

Customer Consent Form Pursuant To SDCL § 49-34A-55

I hereby consent to the change in assigned service areas between Otter Tail Power Company and Whetstone Valley Electric Cooperative and to be served by Whetstone Valley Electric Cooperative instead of my present supplier, Otter Tail Power Company.

Date: 4-3-97

Clayton Masteller

Customer Consent Form Pursuant To SDCL § 49-34A-55

I hereby consent to the change in assigned service areas between Otter Tail Power Company and Whetstone Valley Electric Cooperative and to be served by Whetstone Valley Electric Cooperative instead of my present supplier, Otter Tail Power Company.

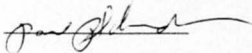
Date: Feb 22

Neil E. Lichte

Customer Consent Form Pursuant To SDCL § 49-34A-55

I hereby consent to the change in assigned service areas between Otter Tail Power Company and Whetstone Valley Electric Cooperative and to be served by Whetstone Valley Electric Cooperative instead of my present supplier, Otter Tail Power Company.

Date: 5/2/97

A handwritten signature in cursive script, appearing to read "James J. [unclear]", written over a horizontal line.

## Customer Consent Form Pursuant To SDCL § 49-34A-55

I hereby consent to the change in assigned service areas between Otter Tail Power Company and Whetstone Valley Electric Cooperative and to be served by Whetstone Valley Electric Cooperative instead of my present supplier, Otter Tail Power Company.

Date: March 8<sup>th</sup>/97

Bob Tuttle

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56580-0496  
218 739-8200  
www.otpc.com (web site)

EL97-010

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MAY 28 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

**OTTER TAIL**

Power Company

**VIA OVERNIGHT MAIL**

May 27, 1997

William Bullard, Jr.  
Executive Secretary  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

**Re: In the Matter of the Joint Request of Otter Tail Power Company  
and Whetstone Valley Electric Cooperative for  
the Exchange of Rights and Property Under S.D.C.L. § 49-34A-55**

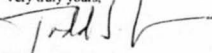
Dear Mr. Bullard:

Enclosed for filing please find eleven copies of Exhibit Nos. 1, 2, and 3, which were erroneously omitted when we filed the Petition in the above matter. I apologize for any inconvenience this may have caused the Commission.

Should you have any further questions, please call me at (218) 739-8350.

Thank you.

Very truly yours,



Todd J. Guerrero  
Associate Attorney  
TJG:dm

Enclosures

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

IN THE MATTER OF THE FILING BY OTTER ) TAIL POWER COMPANY AND WHETSTONE ) VALLEY ELECTRIC COOPERATIVE FOR ) APPROVAL OF EXCHANGE OF RIGHTS AND ) PROPERTY )	ORDER APPROVING AGREEMENT FOR EXCHANGE OF RIGHTS AND PROPERTY EL97-010
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On May 16, 1997, the South Dakota Public Utilities Commission (Commission) received a joint petition from Otter Tail Power Company (Otter Tail) and Whetstone Valley Electric Cooperative (Whetstone) for the exchange of rights and property pursuant to SDCL 49-34A-55. The petition stated that Otter Tail will convey its electric distribution properties, service, and other rights, property, and assets in the City of Troy, South Dakota, in exchange for Whetstone's rights to serve a cable communications head-end building located in Whetstone's current service territory. The head-end building houses cable television equipment and is owned by an Otter Tail affiliate, Otter Tail Communication, SD, Inc. The head-end building is located on the following described property:

The West 550 feet of the North 680 feet of the Northeast Quarter of Section 13,  
Township 120 North, Range 49 West, Grant County, South Dakota

The boundaries for the City of Troy are described as follows:

Starting from a center point between sections 7, 8, 17, and 18 of Troy Township of Grant County, R50W-T118N, thence due West 1980 feet (3/8 mile), thence due North 2640 feet (1/2 mile), thence due East 1980 feet (3/8 mile), thence due North 1320 feet (1/4 mile), thence due East 2640 feet (1/2 mile), thence due South 2640 feet (1/2 mile), thence due West 2640 feet (1/2 mile), thence due South 1320 feet (1/4 mile) to the starting point.

On June 24, 1997, at its regularly scheduled meeting, the Commission considered the matter, along with comments from an Otter Tail representative. Four out of five Troy residents have been contacted and have consented in writing to the exchange of rights and property.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically 49-34A-42 and 49-34A-55. Further, the Commission finds that approval of the agreement is in the public's interest. The Commission requested that the fifth resident of Troy be contacted regarding the matter. It is therefore

ORDERED that the request for approval of the agreement to exchange rights and property is hereby granted.

Dated at Pierre, South Dakota, this 2nd day of July, 1997.

<b>CERTIFICATE OF SERVICE</b>
<small>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.</small>
By: <u>Mildred Kaebo</u>
Date: <u>7/3/97</u>
<small>(OFFICIAL SEAL)</small>

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner



215 South Cascade Street  
PO Box 496  
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218 739-8200  
www.otpc.com (web site)

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JUL 21 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

**OTTER TAIL**  
Power Company

July 18, 1997

William Bullard, Jr.  
Executive Secretary  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

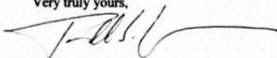
**Re: In the Matter of the Joint Request of Otter Tail Power Company  
and Whetstone Valley Electric Cooperative for  
the Exchange of Rights and Property Under S.D.C.L. § 49-34A-55**

Dear Mr. Bullard:

Enclosed for filing in the above matter is an original and ten copies of the Affidavit of the fifth and final Troy resident, Tim Malimanek, referred to in the Commission's July 3, 1997 Order.

Please do not hesitate to contact me at (218) 739-8350 with any questions.

Very truly yours,



Todd J. Guerrero  
Associate Attorney  
TJG:dm

Enclosures

c: Kevin Kouba

Customer Consent Form Pursuant To SDCL 49-34A-55

I hereby consent to the change in assigned service areas between Otter Tail Power Company and Whetstone Valley Electric Cooperative and to be served by Whetstone Valley Electric cooperative instead of my present supplier, Otter Tail Power Company.

Date: 7/14/97

Signature: Don Mahon

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY OTTER )  
TAIL POWER COMPANY AND WHETSTONE )  
VALLEY ELECTRIC COOPERATIVE FOR )  
APPROVAL OF EXCHANGE OF RIGHTS AND )  
PROPERTY )

ERRATA NOTICE

EL97-010

Due to an error in the above captioned order dated July 2, 1997, the following is provided as correction of that error. The legal description for the head-end building was erroneously stated as follows:

The West 550 feet of the North 680 feet of the Northeast Quarter of Section  
13, Township 120 North, Range 49 West, Grant County, South Dakota.

The correct legal description for the property is:

The West 550 feet of the North 680 feet of the Northeast Quarter of Section  
13, Township 120 North, Range 48 West, Grant County, South Dakota.

Dated at Pierre, South Dakota, this 23<sup>rd</sup> day of July, 1997.

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

Date

William J. Bullard, Jr.

7/23/97

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION.  
Commissioners Burg, Nelson and  
Schoenfelder

William J. Bullard, Jr.  
WILLIAM BULLARD, JR.  
Executive Director