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November 8, 2004

Pam Bonrud
 Executive Director
 South Dakota Public Utilities Commission
 500 East Capitol Ave.
 Pierre, SD 57501

RECEIVED
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 SOUTH DAKOTA PUBLIC
 UTILITIES COMMISSION



Dear Ms. Bonrud:

**SUBJECT: NOTIFICATION OF INTENT FILED PURSUANT TO SDCL 49-41B -5
 PROPOSED BIG STONE II PROJECT**

Otter Tail Corporation doing business as Otter Tail Power Company is filing this Notification of Intent (NOI) to submit an application for a Permit for an Energy Conversion Facility as required by the South Dakota Code of Law Chapter 41B-5 and the Administrative Rules of South Dakota Section 20:10:22:02. This filing is made on behalf of the following energy conversion facility project participants:

- Otter Tail Power Company, lead developer
- Central Minnesota Municipal Power Agency
- Great River Energy
- Heartland Consumers Power District
- Hutchinson Utilities Commission
- Missouri River Energy Services

The assumptions used in the preparation of this NOI represents the best judgment of the current project participants, but are considered to be preliminary at this stage. The final project participants, facility description, facility operation methods, quantities, and other items described herein will be modified as development progresses to the final stage of design.

FACILITY

The proposed electric generating facility, which the project participants have tentatively named Big Stone II, would be located on a brown field site adjacent to the existing Big Stone Plant unit I. The plant site is located in Grant County east of Milbank and northwest of Big Stone City, South Dakota. The Big Stone I project owns the existing approximately 2200-acre site. Otter Tail Power Company owns a 295-acre parcel adjacent to the existing site and has under option, on behalf of the Project, an additional 620 acres (See Exhibit A). Based on the preliminary project engineering, the Big Stone II project participants have legal access to all plant site property that is necessary to complete Big Stone II plant construction. The

existing plant road and rail spur would provide site access. No changes are expected to either of these features for purposes of accommodating Big Stone II.

Current plans are to construct a 600 MW (net) electric generating station utilizing a single pulverized coal (PC) fired steam generator (boiler) balanced-draft combustion and a single, reheat steam turbine. The unit would be designed to burn Powder River Basin sub-bituminous coal.

Subject to a final design and a regulatory Best Available Control Technology (BACT) determination, emissions control equipment will likely include selective catalytic reduction (SCR) for NO_x reduction, a spray dryer absorber for sulfur dioxide (SO₂) removal and a pulse-jet fabric filter (baghouse) for particulate collection. Pending the outcome of further industry research, activated carbon may be used for mercury emission reduction.

Steam generated by the boiler will be supplied to the steam turbine to complete the power generation cycle. The steam turbine will include eight stages of feedwater heating for the supercritical (3500 psig 1050 / 1050 °F) cycle. The supercritical pulverized coal technology offers about 6% greater over-all energy conversion efficiency as compared to the other conventional boiler technologies.

Treated cooling water for the water-cooled surface condenser will be provided from a closed loop circulating water system that includes a new mechanical draft cooling tower and circulating water pumps. Raw water for the cooling system will be supplied from the existing Big Stone Unit I cooling pond. The water for the cooling pond will be supplied from Big Stone Lake via an existing water line and lake intake structure.

The facility is expected to operate at base load. The project will be designed to normally operate at its maximum continuous rating output.

As noted above, Big Stone II is proposed as a "brown field" project. That is, it is slated for construction at the site of an existing facility, which considerably reduces the construction cost of a new plant. This approach enables Big Stone II to share existing infrastructure with the existing Big Stone Plant including the following:

- Cooling water intake structure, pumping system and delivery line
- Rail spur
- Coal unloading facilities
- Solid waste disposal facilities

PROJECT COSTS, SOCIAL AND ECONOMIC IMPACT

The project participants estimate the capital cost of the energy conversion portion of the Big Stone II project at approximately \$1 billion. Plant construction labor is projected to average 625 construction workers during its four-year construction period, with a peak work force of 1500.

Once online, the combined Big Stone Plant and Big Stone II site would likely require 30 to 40 operational workers in addition to those already employed at the existing Big Stone Plant. Big Stone II also anticipates needing periodic maintenance that will require the assistance of additional contract labor.

Transportation service needs will also increase for the region. Big Stone II will burn over 2.5 million tons of coal per year and will use significant quantities of other materials for general facility operation. The plant also plans to investigate selling its byproducts, thus creating additional transportation service needs.

The Big Stone facility has had a history of actively pursuing synergistic economic development opportunities for the region. Big Stone Plant provides steam and support services to the Northern Lights Ethanol Plant. The Commission and local community can be assured that the project participants will continue to evaluate future economic development opportunities. Those opportunities will be enhanced by the addition of Big Stone II.

Last of all, Big Stone II will bolster our national energy supply and provide dependable, low-cost, environmentally responsible electric energy to the State of South Dakota and the region.

LIST OF NAMES AND ADDRESSES OF ALL CHAIRMEN IN AFFECTED AREA

Please see Exhibit B.

TIMELINE

The construction of a coal-fired power generation plant entails a considerable amount of work, time and money, in both the development stage and the construction stage. The Big Stone II project participants plan to continue with project development by:

- Identifying transmission system needs following completion of the Midwest Independent Transmission System Operator system studies
- Negotiating fuel and rail contracts
- Completing project participant agreements
- Securing all necessary pre-construction permits

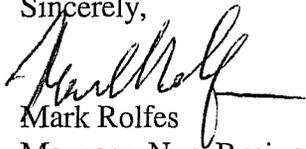
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All of the above tasks, including securing the Permit for Energy Conversion Facility, must be completed prior to the commencement of financial closing on the project, which is scheduled for the fall of 2006. Exhibit C provides a current list of Big Stone II permit requirements. Upon completion of financial closing, a notice to proceed will be given to the engineering firm to start detailed engineering. Construction is scheduled to start in the spring of 2007 with commercial operation targeted for the spring of 2011. Exhibit D is a graphical timeline of the major activities.

The project participants are very excited about fostering additional economic development in South Dakota by adding a second baseload electric generating unit at the Big Stone site. We look forward to working with the Commission and its staff in bringing the Big Stone II project to a reality.

The project contact person for the NOI and the application for the Permit for an Energy Conversion Facility is Mr. Terry Graumann. In the event of questions regarding this Notification or the application, please contact him at (218) 739-8407 or email him at tgraumann@otpc.com.

Sincerely,



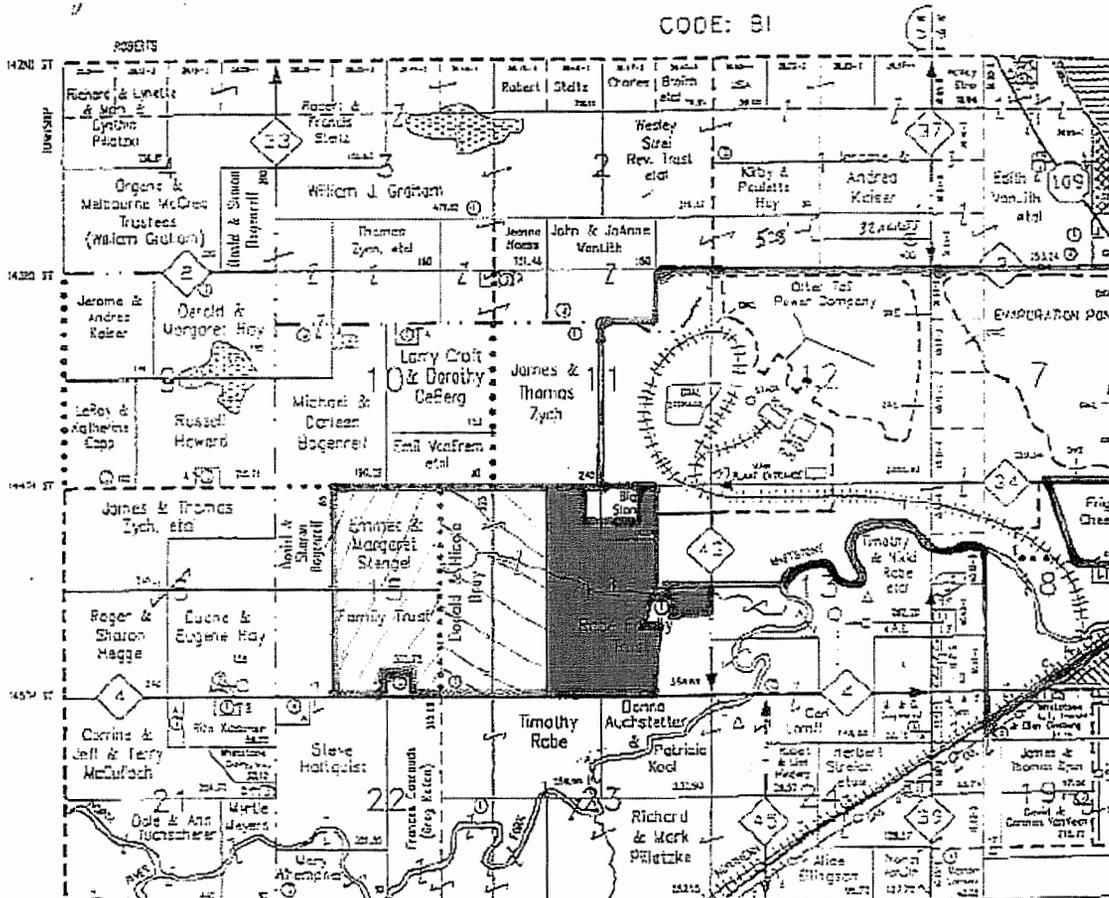
Mark Rolfes
Manager, New Business Development

Enclosures

EXHIBIT A

SITE LOCATION

BIG STONE TWP



Heavy Black Line – Current plant site boundary
 Turquoise – Property under Otter Tail Power Company ownership
 Yellow – Property under option

EXHIBIT B

LIST OF NAMES FOR AFFECTED AREA

<i>Tribal Council Chairperson</i>		
Sisseton/Wahpeton Tribe	J. C. Crawford	PO Box 509 Agency Village, SD 57262
<i>School Board Chairperson</i>		
Milbank	Malcolm Dirkson (Vice President)	520 S. Grant St. Milbank, SD 57252
Wilmot	Leon Kruse	RR1, Box 54 Wilmot, SD 57279
Big Stone City	Scott Schneider	14336 SD Hwy 109 Big Stone City, SD 57216
Summit	Frank Redlin	RR1, Box 93 Summit, SD 57266
Revilla	Randy Kruse	RR1 Box 11 Revilla, SD 57259
<i>County Commission Chairperson</i>		
Grant Co. - reorganization and reassignment in January	Paul Dumann	45745 149 th Street Summit, SD 57266
Roberts Co. - reorganization and reassignment in January	Truman Nelson	12601 BIA Hwy 700 Sisseton, SD 57262
<i>Mayors</i>		
Milbank	Dale Aesoph	209 S. Viola St. Milbank, SD 57252
Revilla	Paulette Levison	204 W 1 st St. Revilla, SD 57252
Wilmot	Harlan Hanson	PO Box 75 Wilmot, SD 57259
Big Stone City	Jim McFarlane	657 Main St. Big Stone City, SD 57216
Stockholm	Melvin Dragt	414 E. Johnson Ave. Stockholm, SD 57264
Strandburg	Mike Rufer	PO Box 32 Strandberg, SD 57265
Summit	Lloyd Christofferson	PO Box 726 Summit, SD 57266
<i>Utility Representative</i>		
Big Stone II Project	Mark Rolfes	Otter Tail Power Company P.O. Box 218 Big Stone City, SD 57216

Exhibit C

Big Stone Plant Required Permits and Approvals

[WORKING DRAFT- October 8, 2004]

Timing	Gov't Level	Agency	Type of Permit/Approval	Authority	Contact	Description
1 - Prior to Financial Close	1-Federal	Western Area Power Administration	Environmental Impact Statement	10 CFR 1021		Transmission line interconnection at one or more Western substations requires a federal action that triggers a project EIS
1-Prior to Financial Close	1-Federal	Corps of Engineers	404 Dredge and Fill			Work in Protected Waters
1-Prior to Financial Close	1-Federal	FAA	Stack height and lighting approval			
1-Prior to Financial Close	1-Federal	Federal Land Managers	Class I Area Analysis	40 CFR 52.21(p)		National Park Service, U.S. Forest Service, U.S. Fish & Wildlife Service review of impact on parks and wilderness areas - Request for applicability determination
1-Prior to Financial Close	1-Federal	FERC	(To Be Determined)			
1-Prior to Financial Close	1-Federal	USFWS	Threatened and Endangered Species			Also SD GFP and MN DNR (for transmission line only)
1-Prior to Financial Close	2-State	SD Aeronautics Commission	Aeronautical Hazard Permit			
1-Prior to Financial Close	2-State	SD DENR	401 Certification	ARSD 74:51:01:11		Wetland Mitigation. Also includes Corps of Engineers review
1-Prior to Financial Close	2-State	SD DENR	PSD (Air) Permit	ARSD 74:36:09		Required for new air emissions that exceed PSD permitting thresholds. Includes BACT, monitoring, modeling, RMP Additional Impacts Analysis: Assesses impacts of air, ground, and water pollution, and from associated growth, on: - Soils, - Vegetation - Visibility
1-Prior to Financial Close	2-State	SD PUC	Notification of Intent to file Energy Conversion Facility Permit application	SDCL 49-41B -5		Filed with the SD PUC at least 6 months prior to filing the Energy Conversion Facility Permit application
1-Prior to Financial Close	2-State	SD PUC	Plant Siting	ARSD 20:10:22		
1-Prior to Financial Close	2-State	SD PUC	Transmission Facility Route Permit	ARSD 20:10:22		

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[WORKING DRAFT- October 8, 2004]

Timing	Gov't Level	Agency	Type of Permit/Approval	Authority	Contact	Description
1-Prior to Financial Close	2-State	MN PUC	Certificate of Need for High Voltage Transmission Line	MN Rule Chapter 7849		Certificate of Need for the MN portion of the High Voltage Transmission Line
1-Prior to Financial Close	2-State	MN EQB	MN Transmission Line Route Permit	MN Rule Chapter 4400		Route permit for the MN portion of the High Voltage Transmission Line
1-Prior to Financial Close	2-State	SD – Water Rights Program	Water Appropriation	SDCL 46A-16-4 and 16-3		Increased Water Appropriation
1-Prior to Financial Close	2-State	SD State Historic Preservation Office	Cultural and Historic Resources Review			Cultural Resources Review; State and National Register of Historic Sites Review
1-Prior to Financial Close	3-Local	Grant County	Zoning Approval			
1-Prior to Financial Close	4-Other (Non-Gov't)	Bank	Phase I Property Assessments	ASTM-		
2-For Construction	3-Local	Grant County	Building Permits			
2-For Construction	3-Local	Grant County	Plumbing/Boiler Permits			
2-For Construction	2-State	SD DENR	Acid Rain Permit	ARSD 74:36:16		Permit application
2-For Construction	2-State	SD DENR	NPDES Stormwater Permit for Construction			
2-For Construction	3-Local	Grant County	Erosion and Sediment Control			
2-For Construction	3-Local	Grant County	Construction debris disposal permit resolution of approval	SDCL 34A-6-103		
2-For Construction	3-Local	Grant County or Big Stone Township	Driveway Permit for Construction Lay Down Area			Construction of property access
2-For Construction	2-State	MN DNR	Work in waterfowl or wildlife management areas?	?		Transmission line crossing of public waters
2-For Construction	2-State	MN DNR	State-listed Endangered Species			Presence of any endangered, threatened, or special concern species, or rare communities within transmission corridor should be coordinated.
2-For Construction	2-State	MN DNR	License to cross			Transmission line crossing of public waters

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Big Stone Plant Required Permits and Approvals

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Timing	Gov't Level	Agency	Type of Permit/Approval	Authority	Contact	Description
2-For Construction	2-State	MPCA	NPDES Construction Stormwater			Erosion control during construction
2-For Construction	2-State	MNDOT	Work in ROW	?		
2-For Construction	3-Local	Multiple LGU's	Wetland filling or excavation for transmission line	MN Rule Chapter 8420		Any replacement of transmission towers or work on the beds of wetlands to install new wires or towers should get permits. The Big Stone LGU is the SWCD, Grant and Stevens Counties are the LGUs, and it is not clear who is the LGU in Traverse County.
2-For Construction	3-Local	County Highways	Work in ROW	?		
3-For Operation	1-Federal	DOE	Fuel Use Act Certification??			
3-For Operation	1-Federal	DOE	ORIS code number designation			
3-For Operation	1-Federal	EPA	SPCC Plan	40 CFR 112.3		Spill plan; oil pollution prevention
3-For Operation	2-State	SD DENR	Acid Rain Allowances	ARSD 74:36:09		Documentation of sufficient allowances on hand to cover actual SO2 emissions
3-For Operation	2-State	SD DENR	AST certification	ARSD 74:56:03		DENR
3-For Operation	2-State	SD DENR	Solid waste disposal permit.	ARSD 74:27:09		Amend existing disposal site permit
3-For Operation	2-State	SD DENR	NPDES Storm Water Permit			
3-For Operation	3-Local	Grant County	Sanitary waste disposal??			
NOT REQUIRED AT THIS TIME						
If required: 3 – For Operation	2-State	SD Legislature	Large Scale Solid Waste Disposal Facility	SDCL 34A-6-53		Based on information from the DENR, this will not be required unless the location of the landfill changes. – Written confirmation to be provided by DENR

