

ELU4-013

KC/DJ

EL 04-013

DOCKET NO. _____

In the Matter of — IN THE MATTER OF THE FILING BY
 OTTER TAIL POWER COMPANY FOR
 APPROVAL OF AN ELECTRIC
 SERVICE AGREEMENT FOR THE
 SUPPLY OF BULK INTERRUPTIBLE
 POWER BETWEEN OTTER TAIL
 POWER COMPANY AND VALLEY
 QUEEN CHEESE FACTORY, INC.

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
4/1 04	Filed and Docketed;
4/8 04	Weekly Filings;
5/11 04	Tariff Sheet;
5/13 04	Order Approving Contract with Deviations;



ELU4-013

Fargo office: 4334 18th Avenue S.W.
Suite 200, P.O. Box 9156
Fargo, ND 58106-9156
Fax: 701-232-4108

Fergus Falls office: 215 S. Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Fax: 218-998-3165

1-866-410-8780 • www.ottertail.com

April 1, 2004

Reply to Fergus Falls office
Direct: 218-739-8350

VIA FACSIMILE AND OVERNIGHT MAIL

Ms. Pam Bonrud, Executive Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070

RECEIVED

APR 05 2004

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

FAX Received APR 01 2004

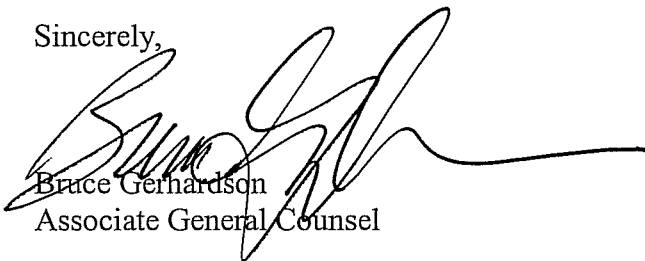
Re: Renewal of an Electric Service Agreement for the Supply of Bulk Interruptible Power Between Otter Tail Power Company and Valley Queen Cheese Factory, Inc.

Dear Ms. Bonrud:

According to South Dakota Codified Law §49-34A-10, enclosed for filing please find ten (10) copies of Otter Tail's Petition in the Matter of a Renewal of an Electric Service Agreement for the Supply of Bulk Interruptible Power between Otter Tail Power Company and Valley Queen Cheese Factory, Inc. The Agreement is entered into pursuant to Otter Tail's Bulk Interruptible Service Tariff, as on file with the Commission.

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

Sincerely,



Bruce Gerhardtson
Associate General Counsel

BG/dm

Enclosures

STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

RECEIVED

APR 05 2004

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

**In the Matter of a Renewal of an Electric Service Agreement
for the Supply of Bulk Interruptible Power Between Otter Tail
Power Company and Valley Queen Cheese Factory, Inc.**

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, a division of Otter Tail Corporation, hereby petitions the South Dakota Public Utilities Commission for re-approval of an Electric Service Agreement ("ESA") for the Supply of Bulk Interruptible Power Between Otter Tail Power Company and Valley Queen Cheese Factory, Inc.

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 Corporation
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 998-7108

C. Date of Filing and Date Electric Service Agreement Will Take Effect.

This ESA is being filed on April 1, 2004, and Otter Tail requests approval effective June 1, 2004. An effective approval date of June 1, 2004 will provide a seamless transition between contracts.

D. Statute Controlling Schedule for Processing the Filing.

Otter Tail is petitioning for a re-approval of the Electric Service Agreement, which will implement the existing Bulk Interruptible Service Tariff (Rate Designation I-06S) for Valley Queen Cheese Factory, Inc. Otter Tail believes ARSD part 20:10:13:15 controls this filing.

ARSD Part 20:10:13:15 requires 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
Senior Pricing Specialist
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.

The enclosed ESA allows Valley Queen Cheese Factory, Inc. to purchase electric energy under Otter Tail's Bulk Interruptible Service Tariff ("Tariff"), Rate Designation I-06S. Under the Tariff, customers are eligible to purchase power from Otter Tail on an interruptible basis if three conditions are met: (1) the load is 750 kW or greater; (2) there is a contract in place between the parties; and (3) the customer assumes responsibility for providing its own alternative backup power supply. The Tariff provides that the energy rate is to be negotiated separately between Otter Tail and the customer, with the condition that the minimum energy rate that will be accepted will cover Otter Tail's "energy cost of service plus a margin of \$0.002 per kwh." The Tariff further provides that the term of any contract be no longer than five (5) years. The term for this contract is one year.

B. Customer Information

Valley Queen Cheese Factory, Inc. is a dairy processor located at Milbank, South Dakota. Valley Queen Cheese Factory, Inc. is currently taking service on the Bulk Interruptible

(Rate Designation I-06S) for their boiler facility¹. Valley Queen Cheese Factory, Inc. utilizes an electric and natural gas boiler, depending on fuel prices.

4. CONCLUSION.

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve at the earliest possible date the enclosed ESA, to be effective June 1, 2004.

Dated: April 1, 2004.

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: 

Bruce Gerhardtson
Associate General Counsel
Otter Tail Corporation
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 998-7108

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

¹ In the Matter of Electric Service Agreement for the Supply of Bulk Interruptible Power Between Otter Tail Power Company and Valley Queen Cheese Factory, Inc.
Docket No. EL99-012

**ELECTRIC SERVICE AGREEMENT
FOR THE SUPPLY OF BULK INTERRUPTIBLE POWER**

This Agreement is entered into as of the 30th day of March, 2004, by and between Otter Tail Power Company, a division of Otter Tail Corporation, a corporation organized and existing under the laws of the State of Minnesota ("Otter Tail"), with its principal place of business located at 215 South Cascade Street, P.O. Box 496, Fergus Falls, Minnesota 56538-0496 and Valley Queen Cheese Factory, Inc., of (hereinafter Valley Queen or Customer), a South Dakota corporation with its principal place of business located at 200 Railway Ave. E., Milbank, South Dakota. The Effective Date of this Agreement is June 1, 2004.

Background

WHEREAS, uncommitted supplies of power are available to the Otter Tail system during periods of time when the system is not operating at or near its peak capacity, and such power supplies will be available during the period of 2004 through approximately 2005, and such power can be made available on an interruptible basis to Valley Queen without the system incurring any incremental capacity costs; and

WHEREAS, large power customers having loads of 750 kW or greater who assume responsibility for providing an alternative backup power supply are eligible to purchase power from Otter Tail on an interruptible basis under Otter Tail's Bulk Interruptible Service tariff, Rate Designation I-06s, as filed and approved by the South Dakota Public Service Commission (the "Bulk Interruptible Tariff"); and

WHEREAS, the costs of providing interruptible service includes the costs of energy plus a margin, along with the cost of necessary facilities that are installed, and is lower than the cost of non-interruptible, or firm, power, as firm power includes capacity costs; and

WHEREAS, Valley Queen desires to purchase bulk interruptible power from Otter Tail to serve the electric requirement needs of its electrode boiler that provides steam used in its dairy production processes and Otter Tail desires to sell such bulk interruptible power to Valley Queen for that purpose.

For the reasons recited above, and in consideration of the mutual covenants and agreements hereinafter stated, the parties to this Agreement mutually agree as follows:

1. **SERVICE.** Otter Tail agrees to sell and deliver to Customer, and Customer agrees to purchase from Otter Tail at its premises in Milbank, South Dakota, interruptible bulk electric power and energy to serve the electric needs of Valley Queen's electrode boiler in accordance with the Bulk Interruptible Tariff, which is specifically made a part of this Agreement, and in accordance with all other applicable rules and regulations of the South Dakota Public Utilities Commission.

2. **RATE.** For service under this Agreement, and in accordance with the Bulk Interruptible Tariff, Valley Queen shall pay to Otter Tail an energy charge, on a per kilowatt-hour of electricity consumed, \$.0364 per kWh. In addition to this charge for energy, Valley Queen

shall pay to Otter Tail a monthly fixed charge in the amount of \$1,000 to cover the cost of installations necessary to provide service. This fixed charge shall be rendered as part of Otter Tail's regular monthly billing, and shall apply irrespective of whether energy is taken or delivered under the Agreement.

3. ENERGY ESCALATION CLAUSE. The Parties agree that in lieu of the standard automatic fuel adjustment clause, a maximum energy escalation rate of 4% per six-month period shall apply. Escalation adjustments under this Section 3 may be applied six months following the effective date of this Agreement, and every six months thereafter.

4. TERM. This Agreement shall be binding on the Parties and each of them for a period of one (1) year from and after the Effective Date.

5. DETERMINING COST OF ALTERNATIVE FUELS. Under the Bulk Interruptible Tariff, Valley Queen is required to purchase electricity from Otter Tail as long the total cost of electric service offered by Otter Tail under this Agreement and the Bulk Interruptible Tariff is competitive with Valley Queen's existing alternate fuel. The factors required to determine the total cost of electric service and the energy conversion factors used to determine cost competitiveness of alternate fuels is set forth in Exhibit A, which is attached and specifically made a part of this Agreement.

6. NO GUARANTEE OF SUPPLY. Otter Tail makes no warranties and Valley Queen expressly agrees that no warranties or guarantees of any kind are made as to the availability of replacement power and energy after the expiration of the term of this Agreement.

7. DIRECT CUSTOMER INVESTMENT. Valley Queen shall, at its own risk and expense, furnish, install and maintain in good and safe condition, all electric lines, machinery and apparatus which may be required on its side of the point of interconnection and for distributing and utilizing such power and energy, and will indemnify Otter Tail against any and all loss, damage or liability, including liability to any third persons, occasioned or caused by any defect in the condition or construction of such lines, machinery, or apparatus, or any part thereof, or by reason of any negligence on the part of Valley Queen in installing, maintaining, using or operating such lines, machinery or apparatus. The point of delivery shall be the point of interconnection of the Otter Tail facilities and Valley Queen's facilities.

8. POWER DELIVERY. All electric energy to be delivered and received pursuant to the provisions of this Agreement shall be delivered at what is commonly designated as three-phase, approximately 12,500 volts and 60 hertz alternating current and shall be metered at primary voltage of approximately 12,500 volts. Otter Tail shall furnish and install all necessary meters to measure the electricity furnished by Otter Tail to Valley Queen.

9. INTERRUPTION. Interruption of electric service under this Agreement is at the sole discretion of Otter Tail and no liability shall attach to Otter Tail for any failure to deliver such electricity, whether it be for reasons either beyond or within its control and regardless of whether the interruption is scheduled or nonscheduled.

10. BACKUP SERVICE. Valley Queen hereby expressly agrees that upon any interruption of electric service under this Agreement it shall have the sole responsibility for providing any backup service necessary for its continued operations. Valley Queen expressly agrees to hold Otter Tail harmless and to indemnify Otter Tail against any and all loss, damage or liability, including liability to any third parties, arising out of or related to interruption of

electrical service. Otter Tail agrees to make every effort to provide at least one hour's notice prior to interruption of service.

11. RESALE. Purchases of electric energy by Valley Queen for resale to third parties, including affiliates, is strictly prohibited under the terms of this Agreement, and any resale or transmission to any third party shall constitute a breach of this Agreement.

12. RIGHTS-OF-WAY. All easements and rights of way necessary to provide and maintain service under this Agreement shall be and the same hereby are granted by Valley Queen to Otter Tail.

13. TITLE. Title and ownership of all electric lines, meters, related equipment owned and installed by Otter Tail shall be and remain the personal property of Otter Tail and shall not become a part of the real estate of Valley Queen.

14. RELATED AGREEMENTS. This Agreement replaces the "Electric Service Agreement, Large Customer Service dated March 4, 1981 (the "March 4, 1981 Agreement") by and between the parties as the March 4, 1981 Agreement relates to interruptible service. The March 4, 1981 Agreement shall continue in effect as it relates to firm service according to the terms of that agreement and it is the intent of the parties that there is to be no conflict between this Agreement and the March 4, 1981 Agreement, and where there are conflicts, the parties agree to amicably resolve the conflict without resort to any legal process if feasible within thirty (30) days of receipt of a written notice by one party to the other party of the existence of such conflict.

15. ASSIGNMENT. Neither Otter Tail nor Valley Queen shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other party. Such consent shall not unreasonably be withheld. However, Otter Tail may assign this Agreement and the rights and privileges herein granted to any of the following, without Valley Queen's consent, provided that such assignee assumes in full the obligations of Otter Tail under this Agreement: (a) any cooperative, corporation, partnership, or other entity that controls, is controlled by or is under common control with Otter Tail; (b) any corporation or other entity resulting from the merger, consolidation, or reorganization of Otter Tail; (c) any corporation, partnership, or other entity or person which acquires all or substantially all of the assets of Otter Tail. This Agreement shall inure to and bind the parties' successors and assigns.

16. INDEMNIFICATION AND HOLD HARMLESS.

16.1 Valley Queen to Indemnify Otter Tail. Valley Queen shall indemnify, defend, and save harmless Otter Tail from any liability, loss, or expense arising from or growing out of injury to persons, including death, or property damages incurred by persons other than the parties, which may occur on the electric system of Valley Queen or on its side of the point of delivery unless such loss is solely due to the negligence of Otter Tail.

16.2 Otter Tail to Indemnify Valley Queen. Otter Tail shall indemnify, defend, and save harmless Valley Queen from any liability, loss, or expense arising from or growing out of injury to persons, including death, or property damages for persons other than the parties, which may occur on the electric system of Otter Tail and on its side of the point of delivery unless such loss is solely due to the negligence of Valley Queen.

16.3 Damages in Proportion of Negligence. If such loss or injury is not due to the negligence of either party or is due to the negligence of both parties, any damages recovered therefore shall be borne by the parties in proportion to its negligence. If either party is required to satisfy any claim or judgment recovered for such damages, such party shall have the right of contribution against the other party.

16.4 Each Party Responsible for Actions. It is the intent of this Section 17 that each party be responsible for its own acts and omissions

17. MISCELLANEOUS.

17.1 Entire Agreement and Modification. All previous communications between the parties hereto, either verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Agreement shall be effective unless the same shall be in writing and signed by both parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

17.2 Savings Clause. If any provision of this Agreement shall be found invalid or unenforceable, in whole or in part, by a court of competent jurisdiction, then such provision shall be deemed to be modified or restricted to the extent and in a manner necessary to render the same valid and enforceable, or if that is not possible, such provision shall be stricken and deleted from this Agreement, as the case may require, and this Agreement shall then be construed and enforced to the maximum extent permitted by law and with the purpose to achieve the fundamental intent of the parties.

17.3 Waiver. Any waiver at any time by either party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall be in writing and shall not be deemed a waiver with respect to any subsequent default or other matter.

17.4 Choice of Laws. This Agreement shall be construed and interpreted in accordance with the laws of the State of South Dakota and excluding any choice of law rules which may direct the application of laws of another jurisdiction.

17.5 Subject to Regulation. This Agreement, along with the attached Exhibit which are made a part of this Agreement, shall be filed with and is subject to the approval of the South Dakota Public Utilities Commission, and to all applicable rules, regulations, and orders of the same.

17.6. Agreement Drafted Jointly. The Parties agree that both parties shared equally in the drafting of the Agreement and/or had full opportunity to provide suggestions and/or language that reflects the intent of the Parties.

WITNESS WHEREOF, the parties hereto have caused this Agreement to become effective as of the date set forth in the first paragraph.

OTTER TAIL POWER COMPANY

By:

Its: VP / Customer Ser.

VALLEY QUEEN CHEESE FACTORY, INC.

By:

Its: CEO

EXHIBIT A**DETERMINING COST OF ALTERNATIVE FUELS**

COST FACTORS. The factors used to determine whether the cost of alternative fuel is lower than electric service under the Agreement are:

A. Btu Conversion Factors

Electricity – 3413 Btu/kWh and 100% annual efficiency

#2 Fuel Oil – 140,000 Btu/gallon and 80% overall annual efficiency

Natural Gas – 1,000,000 Btu/MCF and 80% overall annual efficiency

B. Total Cost of Electricity

The Total Cost of Electricity is the sum of the energy charge in \$/kWh, plus the fixed charge based on 20,400,000 kWh/yr., which is \$12,000 divided by 20,400,000 kWh, or \$.000049/kWh.

The formula for the Total Cost of Electricity shall be:

$$\frac{\text{Energy Charge (\$/kWh)} + \text{Fixed Chare (\$/kWh)}}{\text{Btu/kWh} \times \text{Efficiency}}$$

C. Cost of Alternate Fuel

The cost of the Customer's existing alternate fuel is the delivered cost of natural gas to the Customer's premises in Milbank, South Dakota.

The formula for the Cost of Natural Gas shall be:

$$\frac{\$/\text{Btu} = \text{Delivered Natural Gas Cost (\$/MCF)}}{\text{Btu/MCF} \times \text{Efficiency}}$$

SUMMARY OF CONTRACTS WITH DEVIATIONS

<u>CUSTOMER</u>	<u>CLASS OF SERVICE</u>	<u>EXECUTION AND EXPIRATION DATES</u>	<u>NON-STANDARD RATES</u>
Town of New Effington New Effington	Street Light	5/1/2002 5/1/2012	Contract period of 10 years.
City of Oldham Oldham	Street Light	5/15/2002 5/15/2012	Contract period of 10 years.
City of Ortley Ortley	Street Light	6/1/1997 6/1/2007	Contract period of 10 years.
Town of Peever Peever	Street Light	8/1/1998 8/1/2008	Contract period of 10 years.
Town of Revillo Revillo	Street Light	12/1/1994 12/1/2004	Otter Tail Power Company owned - metered: \$4.25 per HPS9 fixture. Contract period of 10 years.
Town of Rosholt Rosholt	Street Light	1/11/1997 1/11/2007	Contract period of 10 years.
Town of Roslyn Roslyn	Street Light	10/28/1999 10/28/2009	Contract period of 10 years.
Valley Queen Cheese Milbank	Bulk Interruptible	6/1/2004 6/1/2005	See 1st Revised Sheet No. 50.7 Code 42-680
Town of South Shore South Shore	Street Light	7/1/1994 7/1/2004	Contract period of 10 years.
Village of Stockholm Stockholm	Street Light	6/1/1997 6/1/2007	Municipal Ownership: \$2.58 per month for energy - 150 watt floodlight. Contract period of 10 years.
Village of Strandburg Strandburg	Street Light	6/1/1997 6/1/2007	Contract period of 10 years.
City of Summit Summit	Street Light	6/1/1997 6/1/2007	Seasonal Light: \$24.14 per month for 400HPSF Municipal Ownership: \$3.07 for 150 watt incandescent light Contract period of 10 years.

C

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of April 1, 2004 through April 7, 2004

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 report. Phone: 605-773-3201

ELECTRIC

EL04-010 In the Matter of the Petition of Otter Tail Power Company for Approval of a Renewal of a Released Energy Tariff.

Otter Tail Power Company (Otter Tail) is requesting the Commission renew its Released Energy Tariff. This tariff will expire on June 7, 2004. This renewal would allow Otter Tail to purchase energy from its large customers who curtail their load.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer
Date Filed: 04/01/04
Intervention Deadline: 04/23/04

EL04-011 In the Matter of the Request for an Electric Service Rights Exception between the City of Pierre and Oahe Electric Cooperative, Inc.

On April 1, 2004, the City of Pierre and Oahe Electric filed a joint request for approval of a service rights exception for service to an outdoor sign located adjacent to Highways 14 and 83. The sign is located in Oahe Electric's service territory, but the City has services closer to the sign. Both companies agree the service rights exception will promote the efficient and economical use and development of the electric system.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Filed: 04/01/04
Intervention Deadline: 04/23/04

EL04-012 In the Matter of the Filing by the City of Pierre for Approval of its Revised Service Territory as a Result of Annexation.

On April 1, 2004, the City of Pierre filed a request for approval of a territory boundary change due to annexation. On November 4, 2003, the City of Pierre annexed the north 236.6 feet of Outlot F-1 and all of Outlot F2 in the SW 1/4 SE 1/4 of Section 2, Township 110, Range 79, Pierre, South Dakota. The City has elected to purchase the electric facilities in the area annexed in accordance with SDCL 49-34A-50 from Oahe Electric Cooperative, Inc.

Staff Analyst: Michele Farris
Staff Attorney: Karen Crèmer
Date filed: 04/01/04
Intervention Deadline: 04/23/04

EL04-013 In the Matter of the Filing by Otter Tail Power Company for Approval of an Electric Service Agreement for the Supply of Bulk Interruptible Power between Otter Tail Power Company and Valley Queen Cheese Factory, Inc.

Application by Otter Tail Power Company for re-approval of an Electric Service Agreement to service Valley Queen Cheese Factory, Inc. pursuant to Otter Tail's currently effective Bulk Interruptible Service Tariff. The current Electric Service Agreement between Otter Tail Power Company and Valley Queen Cheese Factory, Inc. expires June 1, 2004, and Otter Tail has requested approval of the new Agreement effective June 1, 2004. The term of the new proposed Electric Service Agreement is one year.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Filed: 04/01/04
Intervention Deadline: 04/30/04

NATURAL GAS

NG04-001 In the Matter of the Application of MidAmerican Energy Company for Authority to Increase Rates for Natural Gas Service.

Application by MidAmerican Energy Company for approval to increase rates for natural gas service in its service territory by \$1,559,963 or approximately 1.5% of pro forma test year revenue. MidAmerican states the proposed increase for an average residential customer would be approximately \$2.50 per month. The proposed rates may potentially affect approximately 73,100 customers in MidAmerican Energy Company's service territory in southeastern South Dakota.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Filed: 04/02/04
Intervention Deadline: 05/14/04

TELECOMMUNICATIONS

TC04-073 In the Matter of the Application of Hills Telephone Company, Inc. for a Certificate of Authority to Provide Local Exchange Services in South Dakota.

On April 5, 2004, Hills Telephone Company, Inc. filed an application for a Certificate of Authority to provide local exchange services in South Dakota. Hills intends to provide local telephone exchange services in the Valley Springs and North Larchwood, South Dakota local telephone exchanges. Hills has entered into an Agreement for the Purchase and Sale of Telephone Exchange, dated January 16, 2004, with Sioux Valley Telephone Company for acquisition of these exchanges. Hills and Sioux Valley have jointly requested the Commission's consent to and approval of that transaction in Docket TC04-040.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Filed: 04/05/04
Intervention Deadline: 04/23/04

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

IN THE MATTER OF THE FILING BY OTTER)	ORDER APPROVING
TAIL POWER COMPANY FOR APPROVAL OF)	CONTRACT WITH
AN ELECTRIC SERVICE AGREEMENT FOR)	DEVIATIONS
THE SUPPLY OF BULK INTERRUPTIBLE)	
POWER BETWEEN OTTER TAIL POWER)	EL04-013
COMPANY AND VALLEY QUEEN CHEESE)	
FACTORY, INC.)	

On April 1, 2004, the Public Utilities Commission (Commission) received a filing by Otter Tail Power Company (Otter Tail) for approval of a Contract with Deviations, pursuant to its bulk interruptible service tariff with Valley Queen Cheese Factory, Inc. (Valley Queen). The contract replaces an electric service agreement between the parties for bulk interruptible service effective June 1, 1999. Otter Tail filed the following tariff sheet for Commission approval:

Section No. 4, Fifth Revised Sheet No. 3, cancelling Fourth Revised Sheet No. 3

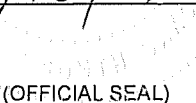
On May 11, 2004, at its regularly scheduled meeting, the Commission considered the request for approval of the Contract with Deviations. Commission Staff recommended approval.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-11. Further, the Commission finds that Otter Tail's request for approval of a Contract with Deviations is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that the request seeking approval of a Contract with Deviations is in the public interest and is hereby granted. It is further

ORDERED, that the above-referenced tariff sheet is effective for service rendered on and after June 1, 2004.

Dated at Pierre, South Dakota, this 13th day of May, 2004.

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: <u><i>Relaine Kolbo</i></u>
Date: <u>5/18/04</u>
 (OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner