

Exhibit ____ (GWE-11)

George Evans

From: George Evans [gwe@slater-consulting.com]
Sent: Thursday, December 02, 2010 4:49 PM
To: 'BMorlock@otpco.com'
Cc: 'Jon.Thurber@state.sd.us'; 'PBeithon@otpco.com'; 'sdratecase@otpco.com'
Subject: RE: SDPUC1 SCENARIO

OK – in that case, if it's possible, I'd like to see a run in which the CT that is in-service in the winter of 2016 is moved forward to the summer of 2015, and a new CT is added in the winter Of 2020. Is that doable?

Thanks.
George

From: BMorlock@otpco.com [mailto:BMorlock@otpco.com]
Sent: Thursday, December 02, 2010 4:37 PM
To: gwe@slater-consulting.com
Cc: Jon.Thurber@state.sd.us; PBeithon@otpco.com; sdratecase@otpco.com
Subject: RE: SDPUC1 SCENARIO

George,

The vast majority of people who intervene/participate in our IRP process in MN do not understand the complexities of the load and capability calculations and what gets treated as a firm purchases vs a participation purchase and how conservation and load management get treated. After struggling through a number of IRP cycles on this, we set up our IRP filing so that they could simply take the amount of deficit from Table III, and compare it to the capacity additions in Table IV. In other words, all resources contained in Table IV could simply be added together. In order to accomplish that, the transmission loss reduction and the conservation impacts already have 15% reserve impact added onto their MW values. You would need to reduce those values by 15% in order to properly use them in a valid load and capability calculation as you have done.

I am sorry for the confusion that we have caused with your understanding. I did not look over your spreadsheet in great detail, but with just a quick scan it appears to be working properly. The values for transmission loss reduction and conservation just need to be lowered by 15%.

In the IRP we do not include the 15 MW cushion for two reasons. The first and primary reason is that there isn't a way to get it into the IRP-Manager model in a manner that would work properly. So in most cases we have ignored it because when we did get to a point where we were below the safety margin it was usually so far out into the future it wasn't a critical item. Things would change by the time we got to the next IRP. The second reason is that it just confuses a lot of people and some say that we shouldn't plan for it and others say we should. I just wanted to point out that we cannot play it quite that close on reserve margin because of the number of unknowns and the high penalty for failure.

Bryan D. Morlock, P.E.
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From: George Evans [mailto:gwe@slater-consulting.com]
Sent: Thursday, December 02, 2010 2:44 PM
To: Morlock, Bryan
Cc: Jon.Thurber@state.sd.us; Beithon, Pete; Regulatory Services_SD Rate Case
Subject: RE: SDPUC1 SCENARIO

OK – a couple of problems:

I understood from an earlier email that the DSM additions and transmission loss improvement should reduce load in the reserve computation.

Attached are my computations of the reserves using your base case expansion plan, and your base case expansion plan less Luverne.

This shows a capacity deficit of 3 MW in the summer of 2015, without Luverne. And also, reserves as low as 5 MW with Luverne.

From your computations, it seems that with your base case expansion plan, reserves go as low as 1.4 MW, violating the 15-20 MW cushion you mention below.

Am I missing something?

George

From: BMorlock@otpc.com [mailto:BMorlock@otpc.com]
Sent: Thursday, December 02, 2010 3:18 PM
To: gwe@slater-consulting.com
Cc: Jon.Thurber@state.sd.us; PBeithon@otpc.com; sdratecase@otpc.com
Subject: RE: SDPUC1 SCENARIO

George,

Without the Luverne Wind Farm, the first capacity deficit would occur during the summer of 2015, if we could plan to the exact MW. The attached spreadsheet shows the summer season capacity status. Without the Luverne Wind Farm capacity, OTP is deficit beginning in the Summer 2015 season. While the shown deficit is only 6 MW, this is assuming perfect forecasting knowledge and perfect wind generation accreditation. In MAPP, at that time, actual wind farm accreditation was based on historical performance. OTP estimated wind farm capacity accreditation at 15% Summer and 20% winter, but it varied from site to site. Also, OTP is a highly integrated system with over 200 interconnections with other utilities. We have distribution subs served from transmission lines owned by other utilities and other utilities have distribution subs served by OTP transmission lines. Many of these sites do not have real-time metered data telemetered back to the control center, so OTP does not know its real-time load exactly. OTP also does not know exactly how much load reduction it will receive when it activates the radio load management control system, as the controllable loads vary by time-of-day, day-of-week, and temperature conditions. As a result, OTP typically planned on a 15-20 MW safety cushion because the penalty for being deficit was about \$100,000 per MW per season. And the MAPP reserve requirement is based on actual load served, with no consideration for abnormally hot or cold weather.

OTP would not have been able to do without the Luverne Wind Farm and not add some other capacity resource. The LM6000 CT that I added in 2015 in the SDPUC1 scenario would cover the deficit and the safety margin. The OTP winter seasons were all sufficient so that the Luverne Wind Farm was not a capacity issue. For this IRP OTP is Summer season capacity driven, although almost perfectly balanced for winter and summer peak demands out in the long term. The MAPP Pool (and now MISO) are heavily summer peaking so the cost and availability of purchased capacity out in that time frame is a consideration.

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From: George Evans [mailto:gwe@slater-consulting.com]
Sent: Thursday, December 02, 2010 1:22 PM
To: Morlock, Bryan
Cc: Jon.Thurber@state.sd.us; Beithon, Pete; Regulatory Services_SD Rate Case
Subject: RE: SDPUC1 SCENARIO

Bryan:

It appears to me that, without the 40 MW of wind that you are removing (representing Luverne), there is no capacity need through 2020. That is, assuming your base plan additions, but without that 40 MW of wind, there is no capacity deficit in future years. Am I wrong on this?

George

From: BMorlock@otpc.com [mailto:BMorlock@otpc.com]
Sent: Wednesday, December 01, 2010 5:57 PM
To: gwe@slater-consulting.com
Cc: Jon.Thurber@state.sd.us; PBeithon@otpc.com; sdratecase@otpc.com
Subject: SDPUC1 SCENARIO

George,

It took me a few days to create the requested scenario to the extent that I can. The present-worth revenue requirements of the original Scenario UPNONEXT are \$3,594.96 (millions) and Scenario SDPUC1 are \$3,616.44. Scenario SDPUC1 removes 40 MW of wind generation (represented by 20 MW wind blocks FPL20G and FPL20H) from implementation in 2008. Instead, an LM6000 CT (represented by LM6-D) is installed in the year 2015 for capacity purposes. I did not fine-tune the installation of the CT for the capacity needs later in the planning period since we would not be able to have perfect timing in the real world. The attached EXCEL files has the annual revenue requirements and PW calculation.

Please note that these revenue requirements cannot be compared to any of the other scenarios that I provided since there are other changes in those scenarios.

Please let me know what information you might like to see from this run. The input files I would only provide the ones that have changed, since it requires a manual process to convert from binary to ASCII format. The output files are already in text format.

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George Evans

From: BMorlock@otpc.com
Sent: Friday, December 03, 2010 10:23 AM
To: gwe@slater-consulting.com
Cc: Jon.Thurber@state.sd.us; PBeithon@otpc.com; sdratecase@otpc.com
Subject: SCENARIO SDPUC2 RESULTS
Attachments: SDPUC Cases PW analysis.xlsx

George,

The attached EXCEL file contains the results of the second run that you requested. It came much closer to the base IRP plan in cost, between \$5 million and \$6 million higher cost in 2003\$. Do you want the input and output files? I have to have the hard drive pulled if you do.

I should give you one note for your consideration. In the process of setting up for these runs, I did not escalate the conservation program costs out for those programs that were selected in later years. This was just to shorten up the amount of time I spent getting ready for the runs. I don't believe that it is a greatly significant difference. It might amount to a few million dollars in the PW analysis at the most. There are also transmission and distribution savings benefits tied to the conservation programs that would need to be escalated as well which would offset the increased costs. If you wish, I can recalculate those and redo the SDPUC1 and SDPUC2 runs. It might take 2-3 hours or so to accomplish, more if I have to have IT pull the hard drive to get you the output files.

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George Evans

From: BMorlock@otpc.com
Sent: Thursday, December 09, 2010 9:27 PM
To: gwe@slater-consulting.com
Cc: Jon.Thurber@state.sd.us; PBeithon@otpc.com; sdratecase@otpc.com
Subject: RERUN OF SDPUC1 AND SDPUC2

George,

As I expected, doing the escalation of the conservation program costs did not add significantly to the PW costs. It added about \$1 million in 2003 dollars.

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