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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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December 4, 2011

Patricia Van Gerpen
Executive Director
SD Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

Re: EL11-027 - In the Matter of the Joint Request for an Electric Service Rights Exception between Lake Region Electric Association and Otter Tail Power Company

Dear Ms. Van Gerpen:

On October 14, 2011, Lake Region Electric Association (Lake Region) and Otter Tail Power Company (Otter Tail) jointly filed a request for Commission approval of an electric service territory exception. This agreement would allow Lake Region to provide electric service for a new home located within Otter Tail's service territory. On November 30, 2011 Lake Region and Otter Tail submitted a revised joint filing to correct a clerical error discovered in the agreement.

Commission Staff (Staff) has reviewed the filing and all issues have been resolved. Staff recommends Commission approval of the request for territorial exception.

During review of this filing, a clerical error was found in the agreement signed by Otter Tail and Lake Region. The section identified in the initial filing listed the customer location as Lot One of Gaikowski Hill Top Subdivision in the SE Qtr. of the SE Qtr. of Section 14 Waubay Township 122 N, Range 53 in Day County, South Dakota. It was determined the correct customer location was Section 15 and not Section 14. The revised filing corrected this error through a revised agreement to accurately reflect the desired location for this exception.

According to 49-34A-55, electric utilities may exchange electric distribution service rights by mutual agreement if approved by the Commission. Commission approval of exchange agreements is to be based on the public interest. The factors to consider include; (i) the elimination or avoidance of unnecessary duplication of facilities, (ii) providing adequate electric service to all areas and customers affected, and (iii) the promotion of the efficient and economical use and development of the electric systems of the contracting electric utilities.

Approval of the exception satisfies the requirements of SDCL 49-34A-55. The exception will avoid unnecessary line extension on part of Otter Tail to reach the customer location. Lake Region has existing infrastructure very near to this location and the exception will result in substantial cost savings. By receiving service from Lake Region, the customer identified in the filing will realize an approximate cost saving of eighty percent (80%) for electric service interconnection. As such, it is appropriate to grant the requested territory exception.

Sincerely,

/s/ Ryan Soye
Ryan Soye
Staff Attorney