

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

IN THE MATTER OF THE APPLICATION BY)	EL12-
OTTER TAIL POWER COMPANY ON BEHALF)	
OF SEVEN REGIONAL UTILITIES FOR A)	PETITION FOR
PERMIT TO CONSTRUCT 5.43 MILES OF 230)	ORDER ACCEPTING
KV TRANSMISSION LINE, 33 MILES OF 345)	CERTIFICATION
KV TRANSMISSION LINE, THE BIG STONE)	
345 KV SUBSTATION AND MODIFICATION)	
OF THE BIG STONE 230 KV SUBSTATION)	

INTRODUCTION

Otter Tail Power Company (“Otter Tail Power” or “Company”) requests that the South Dakota Public Utilities Commission (“Commission”) accept this certification regarding the portions of the permit granted in docket EL06-002 in its January 16, 2007 Decision and Order Approving Stipulation and Granting Permit to Construct Transmission Facilities (“Original Permit”).

South Dakota Codified Law § 49-41B-27 requires that if construction has not commenced within four years after a permit has been issued, the utility must certify to the Commission that the facility continues to meet the conditions upon which the permit was granted. More than four years have passed since the Original Permit was granted in this case. Accordingly, and as further described below, the Company certifies to the Commission that the portions of the Original Permit which are presently being proposed to construct, namely , a) two 230 kV transmission lines, each 1.5 miles in length, b) the Big Stone South substation and c) approximately 28 miles of 345kV double circuit-capable transmission line, each continue to meet the conditions upon

which the Original Permit was granted. Further details of the Company's petition are provided below.

PROJECT HISTORY

The Original Permit issued in docket EL06-002 provided for the construction of several transmission and substation projects which provided multiple system benefits, including increased system capacity, reliability and additional generation outlets. The projects were complimentary to, but separate from, the construction of the then-proposed Big Stone II generating plant. In 2009, the Big Stone II generation plant was canceled. However, the need for transmission facilities in the region remains and is independent of any one generation facility.

On December 7, 2011 the Midwest Independent System Operator (MISO) approved a plan to seek the construction of 16 transmission projects across the Midwest designed to provide system benefits that include increased system capacity, greater reliability and more flexibility. One of the approved projects is a 70-mile line from Northern States Power Minnesota's (NSPM) Brookings County Substation to the Big Stone Plant Substation (the "Current Project"). The estimated costs for the Current Project including all of the 70-mile line, is \$227,000,000. On February 23, 2012, NSPM and Otter Tail Power gave notice to the Commission that they intended to jointly construct and operate the Current Project. Of the 70 miles of transmission required for the Current Project, approximately 30 miles of facilities have already been approved in the Commission's Original Permit.

CERTIFICATION

The Current Project does not require all of the facilities approved in the Original Permit. The Company seeks an order for only those facilities that are necessary for the Current Project.

Specifically, the Company is seeking to construct these three previously-approved facilities:

- Two 230 kV transmission lines, each 1.5. miles in length, from the Big Stone Plant substation to the located Big Stone South Substation, identified as the Morris Transmission line;
- The Big Stone South Substation; and
- Approximately 28 miles of double circuit-capable 345 kV line from the Big Stone South Substation to a point north of Gary, S.D., described as the Granite Falls Transmission Line.

The Company does not seek to use any of the other facilities previously approved in the Original Permit.

Certification of the above facilities is only part of the regulatory process necessary to permit this Current Project. The Company and NSPM will separately file a route permit application with the Commission for that portion of the 70 miles of transmission line which extends beyond the Original Permit. This southern portion of the Current Project will extend from just north of Gary, South Dakota to NSPM's Brookings County Substation. The Company expects to submit the permit application for this southern portion of the Current Project in the second quarter of 2013.

PERMIT CONDITIONS

The original project conception included the Big Stone II generating plant and contemplated connecting to Western Area Power Administration (Western) transmission lines, thereby creating a federal nexus and implicating the National Environmental Policy Act (NEPA). Western was the lead agency in the NEPA process that led the creation of an Environmental Impact Statement (EIS) and a Programmatic Agreement.

The Current Project no longer interconnects with federal facilities and no federal nexus exists for the Current Project. The Company has consulted with Western and other signatories to the Programmatic Agreement, and those agencies confirmed that no nexus exists; thus the EIS and Programmatic Agreement are not applicable. Given the fact that the stipulation submitted in the docket associated with the Original Permit was developed for the earlier, larger project and given that no federal nexus exists for the project now, parts of the stipulation and Commission's Order and Permit are surplus and inapplicable. The Company, therefore, does not certify as to those provisions of the Original Permit. The Company intends to develop proposed modifications to the stipulation.

The Company has reviewed the environmental information provided in the docket with regard to the Current Project, as well as conducted outreach with certain regulatory agencies. The Company has retained Environmental Resources Management (ERM) to review the original application (sections 10 through 17 and section 19) and provide updated/additional environmental information, where applicable or appropriate. Attached as Attachment A is ERM's summary of updates or additions to the environmental information provided in the application associated with the Original Permit.

Agency consultations have confirmed that mitigation and avoidance measures from the EIS and the Programmatic Agreement that are relevant to the Current Project remain appropriate and no significant detrimental environmental impacts are expected from construction or operation of the transmission facility. Agency letters are provided here as Attachments B, C, D and E.

The Original Permit application to the Commission included construction, environmental, archeological, economic and sociological information. The existing environment and estimates of changes to impacts are found in sections 9 to 18 of that application. The Company has not identified any substantive changes in the conditions that exist in the route area and certifies that the proposed facilities as described herein will continue to meet the applicable conditions upon which the Original Permit was granted.

PROJECT IMPLEMENTATION

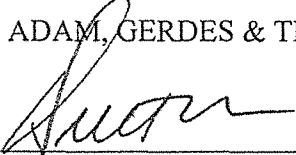
When the Original Permit was approved, the expectation was that H-frame or single pole steel construction would be used. The Original Permit recognized that alternate construction methods may be employed during construction, depending on the conditions. It is anticipated that the 1.5 miles of 230 kV line would use H-frame construction, and the nearly 30 miles of double circuit-capable portion of the transmission line would use predominantly single pole steel. The Company has acquired the vast majority of easements for the initial route to construct the line along the proposed facilities. As a result of the project being smaller than initially proposed in the original application, the Current Project's construction impacts will be generally smaller and lesser than previously indicated.

CONCLUSION

Whereupon, the Applicant seeks the Commission's order such that the portions of the Original Permit certified herein are deemed certified.

Dated this 19 day of December, 2012.

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CERTIFICATE OF SERVICE

19 Brett Koenecke of May, Adam, Gerdes & Thompson LLP, hereby certifies that on the day of December, 2012, he electronically mailed, a true and correct copy of the foregoing in the above-captioned action to the following at her last known address, to-wit:

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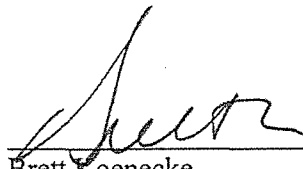
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