

Summary of Testimony

Mike McDowell, General Manager and CEO

Applicants' Exhibit 4

HEARTLAND
CONSUMERS POWER DISTRICT



Heartland Consumers Power District was organized under South Dakota law 37 years ago to provide electric power to municipalities and state agencies. Heartland is governed by a ten person Board of Directors elected on a nonpartisan basis from districts in eastern South Dakota.

The law under which Heartland operates provides that the purpose of the District is to supply electric power and energy to public power entities within South Dakota as well as other states. The law also provides that the District is to extend and encourage the use of electricity

All of Heartland's initial customers held federal hydropower allocations. Heartland has worked with these customers on an individual basis to maximize their use of the renewable federal hydropower resource.

The initial Heartland customers exceeded their federal hydropower allocations less than ten years after the District was organized. In order to meet this load growth, Heartland became a participant in the Laramie River Station in Wyoming as well as a co-owner of the Integrated Transmission System, a high voltage transmission system operating in South Dakota and five neighboring states.

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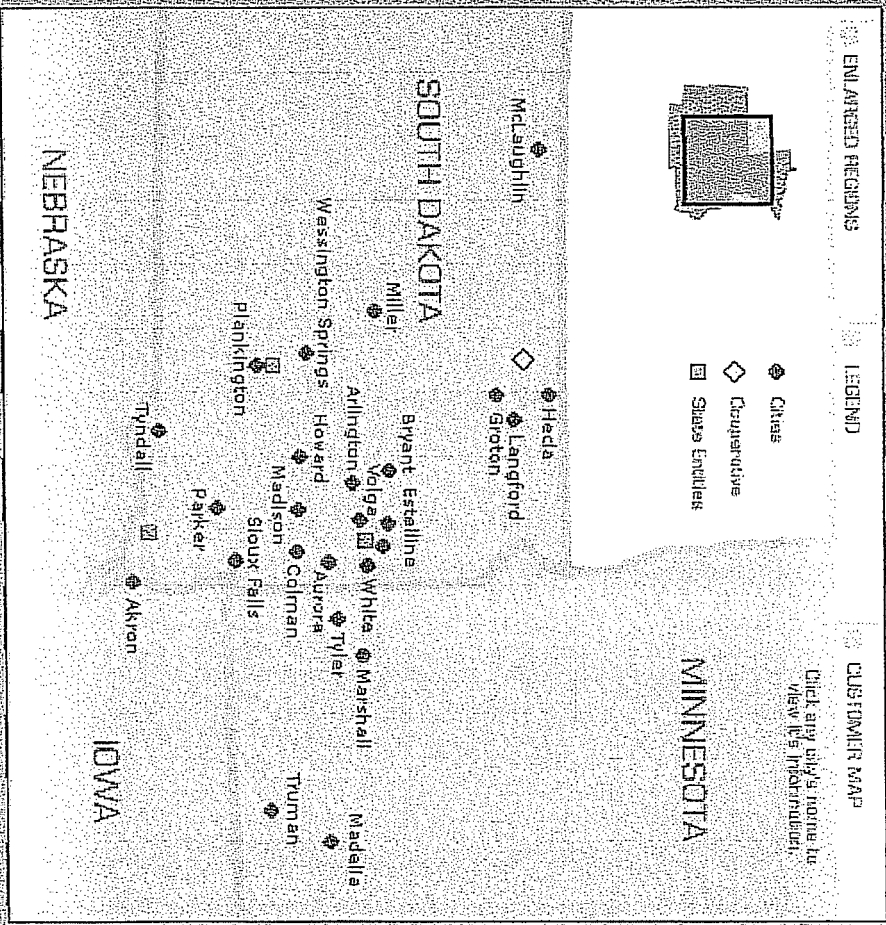
Heartland currently serves municipalities located in South Dakota, Minnesota, and Iowa as well as three South Dakota state agencies and one South Dakota rural electric cooperative under long term power supply contracts. Heartland serves its loads with a diverse resource base. Heartland's resources are detailed in the testimony of John Knofczynski, Manager of Engineering for Heartland.

Customers currently served by Heartland include:

South Dakota – Arlington, Aurora, Bryant, Colman, Estelline, Groton, Hecla, Howard, Langford, Madison, McLaughlin, Miller, Parker, Plankinton, Sioux Falls, City Electric Light Division - provides public power throughout defined service territories in the city of Sioux Falls to approximately 2,400 customers including governmental entities, private residences and businesses.) Tyndall, Volga, White, Northern Electric Cooperative, University of South Dakota, South Dakota State University, State Training School (Plankinton).

Minnesota – Madelia, Marshall, Truman, Tyler

Iowa – Akron



Heartland operates on two basic principles when considering power supply options: reliability and affordability.

Heartland must be able to provide reliable power to meet both peak summer and winter usage. Reliability issues have been addressed in the testimony of Peter Koegel and Brian Morlock.

Affordability is important to Heartland as most of the end use consumers of our wholesale customers, according to published demographic records, do not have the incomes seen in urban communities. High energy rates would further limit the disposable income of these consumers.

Heartland continuously examines adding more renewable resources including wind power. However Heartland cannot replace firm base load supply with wind generation. A base load resource must be available for dispatch on a firm basis. Wind cannot be dispatched on a firm basis due to variable availability.

Heartland considered several base load options, including purchasing power from other utilities. Big Stone Unit II was one of two best options available that met anticipated base load resource needs in the necessary time frame.

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The geographic location of the proposed project is ideal for Heartland's service territory, as is the experienced operating agent Otter Tail Power Company

Heartland has committed to 25 MW of the project and will finance this share with long term tax exempt bonds.

An investment in the Big Stone Unit II project is consistent with Heartland's goal to provide long term stable rates to customers. The Big Stone Unit II project will be a reliable and economic part of Heartland's diversified power resources.