

MOTION

I move that the Application by Otter Tail Power Company on behalf of Big Stone II Co-Owners for an Energy Conversion Facility Permit for the Construction of the Big Stone II Project be approved subject to the conditions approved by the Commission today. I further move that action on this motion be held in abeyance pending our action to finalize the conditions.

1. The Applicants shall comply with the recommendations made by the Local Review Committee in its report dated December 14, 2005, as modified by the Commission in these conditions, including but not limited to the following:
 - A. Applicants shall prepare a contingency housing plan for construction housing;
 - B. Applicants shall fund an additional officer to the Grant County Sheriff's office for three years, implement a program of drug testing of potential workers and advise law enforcement of peak employment months;
 - C. Applicants shall purchase for the Big Stone City Fire Department a high angle rescue kit and provide for the training of several of the Big Stone City Fire Department members in the use of the equipment; and
 - D. Applicants shall provide a public liaison officer to facilitate the exchange of information between the project owners, contractors and the local communities and residents and to promptly resolve problems that may develop for local communities and residents as a result of the project. Applicants shall also implement a web site and conduct periodic meetings to update the public. The public liaison officer shall be afforded immediate access to the Applicants' project manager and to contractors' on-site managers.
2. The Applicants shall comply with the following conditions recommended by Staff:
 - A. The Applicants shall obtain and shall thereafter comply with all applicable federal, state and local permits, including but not limited to the Water Appropriation Permit, PSD Air Quality Construction Permit, Solid Waste Permit and Section 404 Permit.
 - B. In the PSD Air Quality Construction Permit proceeding and at the hearing in this case, Applicants have agreed to limit mercury emissions from the combined Big Stone Unit I and Big Stone Unit II plants to no more than the emissions from Big Stone Unit I in 2004 which is 189 pounds per year, beginning three years after commercial operation commences of Unit 2. Applicants shall meet or exceed this standard.

C. The Applicants shall submit semi-annual progress reports to the Commission that summarize the status of the construction, the status of the land acquisition, the status of environmental control activities, the implementation of the other measures required by these conditions, and the overall percent of physical completion of the project and design changes of a substantive nature. Each report shall include a summary of consultations with DENR (the South Dakota Department of Environment and Natural Resources), and other agencies concerning the issuance of permits. The reports shall list dates, names, and the results of each contact and the company's progress implementing prescribed environmental protection or control standards. The first report shall be due for the period ending December 31, 2006. The reports shall be filed within 31 days after the end of each semi-annual period and shall continue until the project is fully operational;

D. The Applicants shall comply with all mitigation measures recommended as part of the Final EIS Record of Decision.

3. Applicants shall conduct an evaluation of alternative water supply options to provide water to the plant in the event that withdrawals from Big Stone Lake are curtailed for an extended period of time. Applicants shall file a report with the Commission detailing the findings of such study on or before September 1, 2007. Such study shall include (i) identification of particular potential source options, (ii) an assessment of the facilities which would be required to effectuate water delivery to the plant from such alternative sources, institutional and other impediments to contingent development of one or more of these options and the timing and logistics of implementing such options, (iii) a preliminary cost analysis of alternative supply options and (iv) a comparison of financial effects of development of one or more alternative supply options with the no-run option.

4. Beginning on July 1, 2007, Otter Tail Power and Montana-Dakota Utilities shall file annually a detailed report of their ongoing DSM and renewable programs and a forecast of their near- and long-term initiatives to optimize benefits related to demand-side management and renewable energy programs.

5. On or before the date Big Stone Unit II starts operation and every six months thereafter, the operating partner shall provide the Commission with an update on the mercury control efforts being undertaken by the partners, until such time as the combined plants meet the agreed level of mercury emissions set forth in Condition 2.B.

6. Because there does not yet exist any federal or state regulation of CO₂ emissions, and because we do not yet know what effect such regulation may have on ratepayers in the future, the Applicants shall submit an annual report to the Commission on CO₂ with the first such report to be filed on or before July 1, 2008. Such report shall review any federal or state action taken to regulate carbon dioxide, how the operator plans to act to come into compliance with those regulations, the expected costs of those compliance efforts and the estimated effect of such compliance on rate-payers. The report should

also evaluate operational techniques and commercially-available equipment being used to control CO₂ emissions at pulverized coal plants, the cost of those techniques or equipment, and whether or not the operator has evaluated the prudence of implementing those techniques or equipment.