

**SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
CASE No. EL05-022**

IN THE MATTER OF THE APPLICATION BY OTTER TAIL POWER COMPANY

ON BEHALF OF THE BIG STONE II CO-OWNERS

FOR AN ENERGY CONVERSION FACILITY SITING PERMIT FOR THE

CONSTRUCTION OF THE BIG STONE II PROJECT

DIRECT TESTIMONY

OF

DICK EDENSTROM

EXECUTIVE DIRECTOR

FIRST DISTRICT ASSOCIATION OF LOCAL GOVERNMENTS

MARCH 15, 2006



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BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF DICK EDENSTROM

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1 **BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

2 **DIRECT TESTIMONY OF DICK EDENSTROM**

3 **I. INTRODUCTION**

4 **Q: Please state your name and business address.**

5 A: Dick Edenstrom, 1st Dist. Association of Local Governments, Watertown, South Dakota.

6 **Q. By whom are you employed and in what capacity?**

7 A: I am the Executive Director, First District Association of Local Governments (First
8 District), Watertown, South Dakota

9 **Q: Describe your educational background.**

10 A: I obtained BS and MS degrees from Northern State University. I have also completed
11 post-graduate work in business administration at the University of North Dakota and the
12 University of Minnesota.

13 **Q. What is your employment history?**

14 A. I was appointed to my current position in December of 2001. I previously spent
15 approximately 15 years in education teaching at the secondary and university levels. I also spent
16 15 years in manufacturing serving as a first line supervisor to a production manager and then to
17 plant manager.

18 **Q. What work experience have you had that is relevant to your testimony?**

19 A. I have been involved in numerous research projects, as a consultant to private business,
20 and research projects while serving in current position. I have also served as a Reader for the
21 U.S. Department of Education.

1 **Q. What professional organizations do you belong to?**

2 A. I belong to American Planners Association, South Dakota Planners Association, South
 3 Dakota Chamber and Economic Development Council, and I serve on the Board of Directors of
 4 the National Association of Development Organizations (NADO). In conjunction with NADO, I
 5 serve as the Chairman of the NADO Research Foundation, serve on the Audit Committee, and
 6 also serve on the Nominating Committee.

7 **Q. What classes and other training have you taken relating to regional planning and
 8 development, community impact and employment issues?**

9 A. A number of 1st District staff were involved in our study: our GIS Coordinator, our
 10 Senior Planner, one of our Economic Development Officers, the two individuals I hired to do the
 11 study, and myself. All of us have had numerous classes, training sessions, and have attended
 12 numerous conferences related to the study. As the Executive Director of 1st District, some of the
 13 more relevant and/or compelling classes and training I have taken are SD Community
 14 Assessment Facilitator Training, Leadership Plenty Facilitator Training, and have served as a
 15 facilitator between factions in various communities. I have also been involved with various
 16 community development corporations in projects ranging from housing issues to obtaining
 17 financial packages.

18 **II. PURPOSE AND SUMMARY OF TESTIMONY**

19 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to address issues concerning regional planning,
2 particularly community impact and employment issues, as they relate to the construction and
3 operation of the proposed Big Stone II unit.

4 **Q. Please summarize your testimony.**

5 A. First District Association of Local Governments (First District) sees no material adverse
6 effect on the region's social and community factors as a result of the proposed Big Stone II unit.
7 The affected communities are capable and willing to absorb and serve the housing, health,
8 schooling, transportation, government services, commercial and industrial, and land use effects
9 that may be related to the construction and operation of the proposed Big Stone II unit.

10 **III. COMMUNITY IMPACT SURVEY**

11 **Q: What is the purpose and mission of First District?**

12 A: First District Association of Local Governments (First District) is a voluntary association
13 of local governments working cooperatively for the benefit of East Central South Dakota.
14 Established in 1971, First District's purpose and mission is the encouragement of a regional
15 approach to planning and development, the improvement of the quality of governmental services,
16 and the attainment of great savings from the technical assistance the District provides. First
17 District was the first of six districts to be started in South Dakota and originally served a ten
18 county area.



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2 Today the District serves 11 counties and 75 communities within the counties of Brookings,
 3 Clark, Codington, Deuel, Grant, Hamlin, Kingsbury, Lake, Miner, Moody, and Roberts.

4 Over the years, First District has been involved in numerous projects from planning, zoning, and
 5 community project development to housing development, geographic information systems, and
 6 direct loans for businesses. As the needs of the District's counties and communities change, so
 7 does the work direction of the District.

8 **Q: Describe your job duties.**

9 A: I am responsible for establishing and maintaining communication with and between local,
 10 State, and Federal governments for the benefit of the District. I direct day-to-day activities,
 11 formulate internal management practices, prepare budgets, and speak on behalf of the District on
 12 all matters pertaining to policy recommendations. I am also responsible for the development and
 13 execution of the District's work program and the administration of programs and policies of the
 14 District Governing Body, including: investigations of District potentials and District problems;
 15 preparation of development strategies, and initiation, assistance, and implementation of
 16 suggested plans and programs. I also provide direct technical assistance to local units of
 17 government. It is my responsibility to direct all staff activities, personally or through
 18 subordinates, to provide overall direction to the work of all District staff, to determine staffing

1 levels, to hire, assign, perform employee evaluations, promote staff, and prepare and administer a
 2 fair and impartial personnel policy.

3 **Q: Were you involved in evaluating the potential community impacts of the proposed**
 4 **Big Stone Unit II?**

5 A: Yes.

6 **Q: Please describe your involvement.**

7 We were contracted by Barr Engineering, Minneapolis, MN, to do a community impact study.
 8 We worked in close alliance with Otter Tail Power Company to research possible community
 9 impact that construction and operation of the proposed facility could have on communities
 10 generally located within a 20-mile radius of the proposed Big Stone II Power Plant. I retained
 11 the consulting services of Mr. Ron Souter and Mr. Paul Engelhart to conduct a survey and
 12 evaluate the data. The study encompassed both primary research (personal contacts and
 13 interviews) and secondary research (various documents). In addition, the study encompassed
 14 qualitative research (opinions) and quantitative research (statistical analysis of data).

15 **Q: When was the community impact study performed?**

16 A: During the late winter and early spring of the year 2005, the District collected data and
 17 conducted surveys from eleven communities regarding specific community factors that may
 18 potentially be realized as a result of the proposed Big Stone II facility.

19 **Q: Did you prepare any written studies/work product that is reflected in the**
 20 **Application?**

21 A: The Community Impact Study involved the following indices: housing; health; schools;
 22 transportation; recreation; fire; ambulance; law enforcement; commercial and industrial; labor;

1 energy; sanitary sewer; water; land values; taxing jurisdictions; population, income, occupational
 2 distribution, cohesion of communities; agricultural production/land use; solid waste, and other
 3 government facilities. These topics are considered in Section Five (5) of the Application.

4 **Q: What was the nature of the study First District consultants conducted?**

5 A: Two South Dakota counties (Roberts County and Grant County) and two Minnesota
 6 counties (Big Stone County and Lac qui Parle County) provided the general basis of the study.
 7 Communities of the above counties that are within a 20-mile radius of the proposed Big Stone
 8 Unit II provided the specific basis and data for the study.

9 The communities are as follows:

10

11 South Dakota (Roberts and Grant Counties)

12

- | | | |
|----|---|------------------|
| 13 | Big Stone City, SD | (Grant County) |
| 14 | Corona, SD | (Roberts County) |
| 15 | LaBolt, SD | (Grant County) |
| 16 | Marvin, SD | (Grant County) |
| 17 | Milbank, SD | (Grant County) |
| 18 | Reville, SD | (Grant County) |
| 19 | Stockholm, SD | (Grant County) |
| 20 | Strandburg, SD | (Grant County) |
| 21 | Summit, SD | (Roberts County) |
| 22 | (Summit added to study per request/Otter Tail Power Co./March 2005) | |

- 1 Twin Brooks, SD (Grant County)
- 2 Wilmot, SD (Roberts County)
- 3
- 4 Minnesota (Big Stone and Lac qui Parle Counties)
- 5
- 6 Barry, MN (Big Stone County)
- 7 Beardsley, MN (Big Stone County)
- 8 Bellingham, MN (Lac qui Parle County)
- 9 Clinton, MN (Big Stone County)
- 10 Correll, MN (Big Stone County)
- 11 Graceville, MN (Big Stone County)
- 12 Louisburg, MN (Lac qui Parle County)
- 13 Nassau, MN (Lac qui Parle County)
- 14 Odessa, MN (Big Stone County)
- 15 Ortonville, MN (Big Stone County)

16 The study identified and analyzed the effects the construction, operation and maintenance of the
 17 proposed Big Stone Unit II would have on selected communities and community infrastructure.

18 **Q: Did you refer to or rely on other studies or work product in making your evaluation**
 19 **and/or conclusions?**

20 A: The First District consultants considered both primary and secondary research.
 21 Secondary research included the following: information supplied to the District from Otter Tail
 22 Power Company, Stuefen Research & Business Research Bureau, South Dakota Labor Market

1 Information Center, South Dakota Housing Development Authority, Sioux Falls Development
 2 Foundation, Grant County Review, National Association of Counties, Burns and McDonnell,
 3 Watertown Public Opinion, and Regional Resource Analysis (a study by the District for the
 4 Proposed Northern Corn Processors Progold Corn Wet Milling Facility).

5 **Q: How did you obtain and analyze information relevant to your work?**

6 A: Between the dates of February 14 and April 12, 2005, First District conducted surveys via
 7 phone calls and direct contacts with individuals identified in communities regarding specific
 8 community impact as a result of the proposed Big Stone Unit II.

9 The two-part survey dealt with specific survey questions regarding communities and community
 10 infrastructure and a “weighted” survey questionnaire designed specifically for the impact item
 11 being surveyed.

12 **Q: What persons were contacted?**

13 A: Real estate agents, rental housing agents, mobile home park managers, apartment
 14 complex owners/managers, moteliers, hospital and clinic administrators, school administrators,
 15 fire chiefs, city and county law enforcement officers, highway superintendents, city and county
 16 equalization directors, school administrators, sanitary water and sewer administrators, rural water
 17 administrators, solid waste recyclers, and ambulance services.

18 **Q: How many communities did you contact?**

19 A: First District consultants contacted 12 communities in South Dakota and ten communities
 20 in Minnesota for a total of 22 communities.

21 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 22 **impact on housing?**

1 A: Within the housing impact area, First District measured available motel beds, houses for
 2 sale and rent, apartments, mobile homes and mobile home pads and RV pads for rent. In our
 3 study, First District discovered that there were a total of 2,775 availabilities.

4 The influx of an estimated peak of 1,400 labor personnel for the proposed Big Stone II
 5 Power Plant provides a unique opportunity for the citizens of the primary and secondary housing
 6 impact communities. The First District's February 2005 to April 2005 housing impact study
 7 indicated there is sufficient vacancy and absorption rate for motels, rental properties, or
 8 residential real estate for sale. At an estimated 50% moteliars impact, the motels could
 9 accommodate 1,121 of the new labor personnel. This would enable, in most cases, the surveyed
 10 moteliars to carry on "business as usual" and provide service and accommodations for their other
 11 new and regular customers. "Moteliars impact" means, for example, that during hunting/tourist
 12 seasons, only 50% of the motel rooms in the 60-mile radius would typically be occupied. There
 13 would still be 50% of the rooms available to accommodate the expected labor supply. Also, we
 14 would expect that a lot of the workers will be bringing in RV/campers, or driving to work at Big
 15 Stone II, depending on who the contractors will be and from where they are based.

16 The additional regional accommodations are as follows: 140 houses for sale, 23 houses
 17 for rent, 140 apartments for rent, 10 mobile homes for sale, 18 mobile homes for rent, 119
 18 mobile home pads for rent, and 83 RV pads for rent should provide adequate buffers to any
 19 perceived or real housing impact issues.

20 The South Dakota and Minnesota weighted survey housing questionnaire had an average score
 21 of 4.28, on a scale with the highest positive score being 5 maximum. No adverse impact in
 22 housing is anticipated from the proposed Big Stone II project.

1 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 2 **impact on health facilities?**

3 A: The nine surveyed health facilities within the 20-mile radius of First District's March
 4 2005 health facilities impact survey provide a variety of total health services and technology for
 5 the area's citizens. All health facilities, including satellite clinics operated by Milbank and
 6 Ortonville, provide a network of outreach physicians and technology.

7 An interesting proposal suggested by the Ortonville, Minnesota medical community is the
 8 exploration and planning of a Big Stone II Power Plant mobile, on-site outreach clinic. If this
 9 concept comes to fruition, it would be a tremendously valuable asset by providing immediate
 10 emergency on-site medical services to project personnel.

11 There were no real or perceived health facilities impacts indicated from this survey. The
 12 South Dakota and Minnesota weighted survey health facilities questionnaire had an average
 13 score of 4.77, on a scale with the highest positive score being 5 maximum.

14 **Q: What were the sources for information regarding the impact on health facilities?**

15 A: The sources for information were hospitals, clinics, and chambers of commerce. We
 16 considered or asked about: (1) what medical services are available? (2) What is the current staff
 17 level—physicians, nurses, etc.? (3) Any recollection of the last project having an impact on
 18 health facilities? (4) Any perceived impacts? – Weighted survey questions; and (5) If there are
 19 any impacts, real or perceived, what can be done to ameliorate those impacts?

20 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 21 **impact on school facilities?**

1 A: Due to the critical reduction of county populations and the fewer number of school-aged
 2 children in the individual survey area, all of the South Dakota and Minnesota schools answered
 3 favorably to the school impact question: "Does your school have the capability to accommodate
 4 new students?"

5 While it is difficult to determine the specific demographic and "family unit" data on the
 6 projected increased labor force, depending on geographical distribution and location, it would be
 7 prudent to assume that the majority of new students could be enrolled in one of the three
 8 following attendance centers: Milbank, Ortonville, and Big Stone City. Based upon information
 9 obtained via phone surveys to the respective superintendents of schools in March 2005 by First
 10 District Association of Local Governments, these three schools have the projected ability to
 11 accommodate an additional 510 new students. The projected new student maximum peak could
 12 be expected to be in the 300 range. These three schools alone, from the survey basis of nine
 13 combined South Dakota and Minnesota school districts, should be capable of providing more
 14 than adequate educational opportunities and accommodations for new students.

15 The South Dakota and Minnesota weighted survey school facilities questionnaire had an average
 16 score of 4.77 on a scale with the highest positive score being 5 maximum.

17 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 18 **impact on transportation facilities?**

19 A: The surveyed South Dakota and Minnesota agencies average score was 3.916 on the
 20 weighted questionnaire, which had a scale with the highest positive score being 5 maximum.
 21 Specific comments and concerns regarding transportation impacts were noted by community or
 22 agency in the "comments" section of the survey.

1 Specific concerns for traffic issues and transportation were not a priority as revealed by
 2 previous law enforcement agency surveys. And, as indicated in this special transportation survey
 3 segment, possible transportation issues and problems are not significant with law enforcement,
 4 the Grant County Highway Superintendent, or a private enterprise traffic facilitator.

5 The transportation corridors are sound and vastly improved from the Big Stone I era.
 6 County corridors have recently been improved, are being improved, and are scheduled for long-
 7 term maintenance and improvement.

8 The number of trains passing through the community of Milbank, South Dakota will
 9 increase from the current three to four per week to six to eight per week. Milbank's overpass and
 10 underpass system will negate any transportation impact.

11 Anticipated truck traffic to the proposed Big Stone II Power Plant construction site will
 12 peak and ebb during the various phases of construction. Additional truck traffic would consist of
 13 various periodic "waves," rather than an average 24/7 75-80 trucks per day at the adjacent
 14 ethanol plant. Construction timetable deliveries and drop-offs from contractors and vendors
 15 would ultimately flow with the evolution of the project.

16 The existing corridor network, as previously mentioned, is sound, well maintained, and
 17 improved on a proactive maintenance schedule. As such, these existing corridors are "ready for
 18 business."

19 At the peak of the project (approximately May-June of 2009), it is estimated that the
 20 worker force will reach the projected 1,400 maximum personnel. Otter Tail has committed to
 21 reduce any possible parking impacts by designating "on-site" parking facilities. The site, as

1 previously mentioned in this study, has ample land available for utilization as designated parking
 2 areas.

3 It is highly unlikely that 1,400 workers' vehicles would arrive en mass on site at any one
 4 time. Work shift schedules would help diffuse and "install" a traffic and parking buffer.

5 It is highly likely that the labor force will practice some method of car-pooling, which
 6 would once again help negate any traffic or parking impacts.

7 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 8 **impact on recreation facilities?**

9 A: Northeastern South Dakota is blessed with a plethora of recreational opportunities. The
 10 area lakes provide yearly recreational opportunities to residents and visitors alike. Swimming,
 11 boating, open water fishing, ice fishing, hiking, camping, hunting, exploring, biking, sightseeing,
 12 photography, or just "lounging on the beach" on a warm, sunny day help make for the "good
 13 life" in northeastern South Dakota.

14 A variety of non-lake recreational opportunities are provided, not only in the primary study
 15 communities, but also in the secondary study communities. Many communities in the primary
 16 and secondary survey areas provide special events. There appears to be something happening—
 17 somewhere—most of the time.

18 First District does not believe that the construction or operation of the proposed Big Stone II will
 19 have any material adverse effect on the abundant recreational opportunities and events that
 20 prevail in the affected communities.

21 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 22 **impact on fire protection services?**

1 **A:** A total of 163 South Dakota volunteer firefighters and 150 Minnesota volunteer
 2 firefighters comprise the nucleus of fire services/fire protection for the survey area.

3 The individual community volunteer fire departments work closely with one another and,
 4 through mutual aid agreements, have the ability to augment and “team” firefighting
 5 emergencies that would tax the resources and personnel of an individual agency. 62.30% of the
 6 total 313 firefighters in the survey area are trained firefighters. There were no real or perceived
 7 fire services impacts indicated from this survey.

8 The South Dakota and Minnesota weighted survey fire services questionnaire had an average
 9 score of 4.25, on a scale with the highest positive score being 5 maximum.

10 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 11 **impact on ambulance services?**

12 **A:** The survey impact communities are provided with ambulance services by three different
 13 agencies. Two of the providers are located in Minnesota (Ortonville and Graceville). The other
 14 ambulance service provider is located in Milbank, South Dakota.

15 The three ambulance service providers are a combination of volunteer and commercial
 16 operations. The existing personnel and equipment are able to provide the necessary services
 17 required by the various communities. There were no real or perceived ambulance service impacts
 18 indicated from this survey. Any possible ambulance service amelioration issues would ultimately
 19 be determined and resolved by the operating authority of the private entities and the local and
 20 county governments.

21 The South Dakota and Minnesota weighted survey ambulance facilities questionnaire had an
 22 average score of 4.33, on a scale with the highest positive score being 5 maximum.

1 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 2 **impact on law enforcement?**

3 A: First District gathered data from county sheriff departments, local police departments,
 4 and South Dakota Highway Patrol. First District looked at the existing staff (patrolmen,
 5 deputies), 24-hour protection, capability to accommodate potential expanding caseloads, as well
 6 as any perceived impacts. We surveyed seven law enforcement agencies who employed 36 full-
 7 time and part-time law enforcement officers. The additional labor personnel required by the
 8 proposed Big Stone II Power Plant will probably result in a minimal short-term increase in
 9 workload. Six out of the seven (85.7%) of the surveyed law enforcement agencies responded
 10 “yes” to the question, “Does the department have the capacity to accommodate potential
 11 expanding caseloads?”

12 South Dakota agencies via the new South Dakota State Radio System, now have the
 13 capability to communicate directly with other emergency responders. Emergency situations
 14 which may require additional law enforcement personnel, such as the South Dakota Highway
 15 Patrol, are as close as the “mike switch.”

16 The South Dakota and Minnesota weighted survey law enforcement questionnaire had an
 17 average score of 3.79, on a scale with the highest positive score being 5 maximum.

18 **Q. Do the law enforcement agencies have the ability and resources to coordinate**
 19 **addressing a situation involving the accidental release of contaminants?**

20 A. Yes, First District believes the local and state law enforcement agencies to be capable of
 21 coordinating disaster services should there be such a need. In addition, the cities and counties

1 have emergency management directors, and emergency response teams specifically trained to
 2 handle such matters.

3 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 4 **impact on labor?**

5 A: Otter Tail Power Company estimates that the proposed Big Stone II Power Plant will
 6 peak at approximately 1,400 workers on-site at any one time. The duration of the 1,400 on-site
 7 workers could probably be up to, but probably not exceeding, one year. This projected peak of
 8 1,400 construction personnel is anticipated to occur in approximately the 28th and 29th months of
 9 the construction phase. The average number of on-site workers for the duration of the project
 10 (2007-2011) is estimated to be 625. During any phase of the construction project, there is
 11 expected to be a heterogeneous profile of the workforce. This profile would include unskilled
 12 labor, skilled labor, technical and advanced technical.

13 Burns and McDonnell estimates that the unskilled for the project will constitute
 14 approximately 5 percent of the estimated manpower. The projected range for unskilled labor
 15 during the various stages of the construction project, based upon B&M estimates, would be
 16 31.25 to 70 on-site unskilled labor.

17 The total four-county unemployment level based upon current data and an estimated 3%
 18 unemployment rate is 495 persons.

19 **Q. Do you see any reason to disagree?**

20 A. No.

21 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 22 **impact on energy?**

1 A: First District believes that the proposed Big Stone II Power Plant will not detract from the
 2 energy needs in the area. The Big Stone II Plant would only enhance power production and, thus,
 3 by the nature of the project, be part of the solution for the anticipated energy consumption in the
 4 region, rather than part of the problem.

5 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 6 **impact on sanitary sewer services?**

7 A: First District investigated existing sanitary sewer collection/treatment systems and the
 8 ability of communities to handle additional wastewater. Otter Tail Power Company utilizes an
 9 on-site sanitary sewer facility. This system is a self-contained site facility and, as such, has no
 10 hookups with existing sanitary sewer system.

11 Port-a-potties could be utilized for the warmer construction periods, but the current
 12 proposal is to significantly expand the current on-site sanitary sewer system to accommodate
 13 additional personnel.

14 The three primary communities (Milbank, South Dakota, Big Stone City, South Dakota,
 15 and Ortonville, Minnesota) all have the capacity to accommodate new users.

16 Any influx of additional labor personnel to these communities would not, from the survey
 17 results, have an impact on existing sanitary sewer services.

18 The South Dakota and Minnesota weighted survey sanitary sewer questionnaire average was a
 19 score of 4.67, on a scale with the highest positive score being 5 maximum.

20

21 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 22 **impact on water services?**

1 A: Otter Tail's water comes from two sources: Grant-Roberts Rural Water and Big Stone
 2 Lake. Grant-Roberts Rural Water supplies all of the water needs for plant personnel. As such,
 3 local municipal water systems, wells, aquifers, etc., will not be impacted. Planned expansions
 4 and improvements by Grant-Roberts Rural Water will provide increased capacity to meet the
 5 needs of new customers and, potentially, have the ability to meet new water requirements of the
 6 proposed Big Stone II Power Plant.

7 Otter Tail Power Company is exploring the feasibility and possibility of adding a future
 8 water-holding pond near the proximity of the proposed Big Stone II Power Plant. Conceptually,
 9 the possible addition of a future water-holding pond facility would lessen or negate any possible
 10 Big Stone Lake water impact issues due to low water levels. Water from the lake would be used
 11 to fill the pond at previously agreed upon "safe water levels" with the participating water
 12 authorities, and would provide an emergency buffer.

13 The South Dakota and Minnesota weighted survey sanitary sewer questionnaire average score
 14 was 4.75, on a scale with the highest positive score being 5 maximum.

15 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 16 **impact on land values?**

17 A: At this juncture, there appears to be no significant requirement on behalf of Otter Tail
 18 Power Company to purchase additional land for the proposed Big Stone II Power Plant project.
 19 The current land acquisitions of 2,200 acres, of which only approximately 1,000 acres are
 20 utilized, and the current option for the purchasing of an additional 625 acres appear to provide
 21 the necessary "buffers" for expansion without impacting land values. If Otter Tail Power were to

1 purchase ag-land for over 150 percent assessed value, it could not be used in the process of
 2 assessing other agricultural land.

3 The Grant County Director of Equalization expects no particular changes in land values
 4 and provided a weighted questionnaire rating of 5, on a scale with the highest positive score
 5 being 5 maximum.

6 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 7 **impact on commercial and industrial services?**

8 A: Based upon Stuefen Research and Business Research Bureau data, which we considered,
 9 the impact upon the commercial and industrial sector is extremely positive.

10 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 11 **impact on taxing?**

12 A: Local municipalities, county government and state government should anticipate
 13 additional revenue from the proposed construction of the Big Stone II Power Plant. Final
 14 fiduciary resolutions should enable taxing jurisdictions the capability to more accurately predict
 15 and estimate future tax revenues. The possibility of an additional post-2011 mill levy decrease is
 16 a positive factor in future budget proposals and considerations.

17 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 18 **impact on population and income?**

19 A: The three primary communities of Milbank, South Dakota, Big Stone City, South Dakota,
 20 and Ortonville, Minnesota have each had past experiences with the various phases of large
 21 construction projects. The proposed Big Stone II Power Plant, in all probability, will not present
 22 any new challenges that the primary communities have not dealt with in the past.

1 A past North Dakota State University study, which indicated an 88 percent “friendly
 2 relationship” between community members and construction personnel can serve as a baseline
 3 benchmark upon which similar future projects could probably be measured.

4 The 2004 study by Stuefen Research & Business Research Bureau, entitled Economic
 5 Impact of Constructing the Big Stone II Power also has considered economic and employment
 6 factors. We at First District do not believe that the proposed Big Stone II unit will cause any
 7 material adverse effect on the population or income of the primary communities; in fact any
 8 effect in all likelihood would be a boon for these communities.

9 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 10 **impact on agricultural land use?**

11 A: With the current on-site available 1,200-project expansion acres, and the existing option
 12 to purchase an additional 625 acres, current and future agricultural land use issues arising from
 13 the proposed construction and operation of the Big Stone II Power Plant appear to be remote.

14 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 15 **impact on solid waste?**

16 A: Otter Tail Power Company has a sound, current solid waste management plan. The
 17 proposed construction of the Big Stone II Power Plant should not impact regional landfills. The
 18 removal of solid waste products to North Dakota, the on-site ash facility, the intended contracts
 19 with vendors of recyclable materials, and the stipulations put upon contractors regarding solid
 20 waste disposal all contribute to a solid and responsible solid waste management philosophy.

21 **Q: What did the First District survey reveal regarding the proposed Big Stone II**
 22 **impact on other government facilities?**

1 A: The cumulative South Dakota and Minnesota weighted survey average regarding other
 2 government facilities was 4.16, on a scale with the highest positive score being 5 maximum.

3 **Q: What does this mean?**

4 A. It means that the Mayors, Finance Officers, Economic Development Directors, and
 5 Chamber of Commerce Directors surveyed felt that the building and development of the Big
 6 Stone II power plant would have a positive impact on their communities.

7 **Q. Based on the First District survey, do you believe that local municipalities, county
 8 government and state government have the means to ameliorate any negative social
 9 impact that might occur from the development of the proposed Big Stone II?**

10 A. We don't expect there will be any negative social impact, but to the extent there might,
 11 we do believe our local communities, county government, and state government are capable of
 12 addressing any such concern.

13 **Q. Is there anything else you would like to add about the proposed Big Stone II's
 14 impact on social or community factors?**

15 A. First District researched the possible community and social impact that construction and
 16 operation of the proposed facility could have on communities generally located within a 20-mile
 17 radius of the Big Stone II Power Plant.

18 Based upon survey data received, it is our opinion that the construction and operation of
 19 the proposed facility will not negatively impact any of the specific impact areas addressed by the
 20 study. On the contrary, all indices indicated a positive effect.

21 **Q: Does this conclude your testimony?**

22 A: Yes.