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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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June 13, 2011

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

Re: EL10-015 - In the Matter of the Petition of Otter Tail Power Company to Establish a Transmission Cost Recovery Tariff

Dear Ms. Van Gerpen:

On November 5, 2010, the Commission received a petition from Otter Tail Power Company (Otter Tail) requesting approval to establish a Transmission Cost Recovery Tariff. The tariff mechanism provides for the automatic adjustment of charges to recover the jurisdictional costs of new or modified transmission facilities and federally regulated costs to increase regional transmission capacity or reliability.

In order to properly analyze OTP's request, Commission Staff (Staff) finds it necessary to retain the services of expert witness consultation. Some primary issues to be reviewed include rate of return, rate design, and cost recovery methodology.

To facilitate the retention of an expert witness, Staff requests the Commission to provide the Executive Director with authority to enter contracts for such services. Staff recommends a total allowable contract amount of \$40,000 to be expended on expert services. Any amounts expended will be taken from the filing fee assessed by the Commission in its order dated November 30, 2010.

In accordance with South Dakota Codified Law, Staff seeks Commission approval of the foregoing action. For the reasons stated above, it is proper for the Commission to grant an order in favor of this request.

Sincerely,

Ryan Soye