

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

**IN THE MATTER OF THE APPLICATION OF)
OTTER TAIL CORPORATION TO FORM A NEW)
HOLDING COMPANY) ORDER APPROVING
APPLICATION TO FORM A
NEW HOLDING COMPANY
EL08-025**

On September 4, 2008, the Public Utilities Commission (Commission) docketed an application from Otter Tail Corporation (Otter Tail) pursuant to SDCL 49-34A-36 for approval to form a new holding company pursuant to an Agreement and Plan of Merger. As part of the transaction, a new, legally separate Otter Tail Power Company will become a subsidiary of the holding company. Other parties to the transactions are OT Holding Company and OT Merger Co. Otter Tail stated this restructuring will fulfill the Company's requirements for utilities under South Dakota Senate Bill 40, codified as SDCL 49-34A-107, which the Governor signed into law on March 17, 2008.

At its ad hoc meeting of October 30, 2008, the Commission considered the matter. Commission Staff recommended approval of the application, with the condition that this approval does not pre-determine a Commission decision on any issue concerning Otter Tail's South Dakota electric rates, the provision of services or its regulatory obligations, including but not limited to issues such as transaction cost allowance, jurisdictional assignment or allocation of debt or appropriate capital structure. The Commission voted unanimously to approve the application, with the condition that this approval does not pre-determine a Commission decision on any issue concerning Otter Tail's South Dakota electric rates, the provision of services or its regulatory obligations, including but not limited to issues such as transaction cost allowance, jurisdictional assignment or allocation of debt or appropriate capital structure.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, including 49-34A-107.

It is therefore

ORDERED, that Otter Tail's Application is approved, with the condition that this approval does not pre-determine a Commission decision on any issue concerning Otter Tail's South Dakota electric rates, the provision of services or its regulatory obligations, including but not limited to issues such as transaction cost allowance, jurisdictional assignment or allocation of debt or appropriate capital structure, effective as of October 30, 2008.

Dated at Pierre, South Dakota, this 13th day of November, 2008.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.
By: <u><i>Alaine Kolbo</i></u>
Date: <u>11/14/08</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Gary Hanson
GARY HANSON, Chairman

Steve Kolbeck
STEVE KOLBECK, Commissioner

Dustin Johnson
DUSTIN M. JOHNSON, Commissioner