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January 8, 2018



Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East
Suite 350
St. Paul, MN 55101-2147

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of a
Transfer of Property
Docket No. E017/PA-18-**

Dear Mr. Wolf:

Pursuant to Minnesota Statute § 216B.50 and Minnesota Rules 7825.1700 and 7825.1800, Otter Tail Power Company (Otter Tail) files this petition for approval of Otter Tail's proposed acquisition from East River Electric Power Cooperative, Inc. (East River) of certain substation facilities and substation-related assets located at East River's F.L. Blair Substation located in Deuel County, South Dakota. Otter Tail has included a Summary with this filing. As reflected in the attached Certificate of Service, the Summary has been served on all parties on Otter Tail's General Service List.

Please contact me at 218-739-8722 or kdahl@otpco.com if you have any questions regarding this filing.

Very truly yours,

/s/ KRISTIAN M. DAHL
Kristian M. Dahl
Associate General Counsel
KMD: jch

Enclosures
By electronic filing
cc: Service List

January 8, 2018

NOTICE TO ALL INTERESTED PARTIES

SUBJECT: Otter Tail Power Company's Petition for Approval of a Transfer of Property
Docket No. E017/PA-18-

Enclosed is a Summary of Otter Tail Power Company's Petition for Approval of a Transfer of Property, specifically its petition for approval of Otter Tail's proposed acquisition from East River Electric Power Cooperative, Inc. (East River) of certain substation facilities and substation-related assets located at East River's F.L. Blair Substation located in Deuel County, South Dakota, which was filed today.

A copy of this document is available for public inspection at the locations listed below:

Otter Tail Power Company
215 South Cascade
Fergus Falls, MN 56537

Division of Energy Resources, MN Dept. of Commerce
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Please contact me at 218-739-8722 if you wish to receive a copy of the above document or have any questions.

Very truly yours,

/s/ KRISTIAN M. DAHL
Kristian M. Dahl
Associate General Counsel
KMD

Enclosures

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of a
Transfer of Property
Docket No. E017/PA-18-**

I, Jana Hrdlicka, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class Mail.

**Otter Tail Power Company
Initial Filing**

Dated this 8th day of **January, 2018**

/s/ JANA HRDLICKA

Jana Hrdlicka
Regulatory Filings Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8879

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Petition of
Otter Tail Power Company
for Approval of a Transfer of Property

Docket No. E017/PA-18-

SUMMARY OF FILING

Please take notice that on January 8, 2018, Otter Tail Power Company (Otter Tail) filed a petition with the Minnesota Public Utilities Commission pursuant to Minnesota Statute § 216B.50 and Minnesota Rules 7825.1600 – 7825.1800, for Commission review and approval of petition for approval of Otter Tail’s proposed acquisition from East River Electric Power Cooperative, Inc. (East River) of certain substation facilities and substation-related assets located at East River’s F.L. Blair Substation located in Deuel County, South Dakota.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Nancy Lange	Chair
Dan Lipschultz	Vice-Chair
Matt Schuerger	Commissioner
John Tuma	Commissioner
Katie Sieben	Commissioner

In the Matter of the Petition of
Otter Tail Power Company
for Approval of a Transfer
of Property

Docket No. E017/PA-18-

**PETITION FOR APPROVAL OF A
TRANSFER OF PROPERTY**

I. INTRODUCTION

Pursuant to Minnesota Statute § 216B.50 and Minnesota Rules 7825.1700 and 7825.1800, Otter Tail Power Company (Otter Tail) hereby petitions the Commission for approval to acquire from East River Electric Power Cooperative, Inc. (East River) certain transmission system-related substation facilities and assets on site at East River's F.L. Blair Substation located northwest of Gary, South Dakota in Deuel County, South Dakota (Blair Substation). Otter Tail submits that the proposed acquisition is consistent with the public interest, pursuant to subd. 1 of Minnesota Statute § 216B.50, for the reasons set forth in this petition. Otter Tail requests that the Commission give its consent and approval by order in writing, upon investigation without public hearing.

II. DESCRIPTION OF THE TRANSACTION

Otter Tail is an electric utility company that provides retail electric service in the states of Minnesota, North Dakota, and South Dakota. The property involved in the transaction (the Transfer) consists of 230 kV breakers, switches, current transformers, potential transformers, a terminal structure, relays, system protection & controls, and associated bus work and structural material at the site at East River's F.L. Blair Substation (Blair Substation Facilities).

The Transfer is the result of Otter Tail's contractual right and obligation to purchase the Blair Substation Facilities pursuant to Section 10 of Supplement No. 2 of an Interconnection and

Transmission Service Agreement (ITSA), dated June 10, 1983 between East River and Otter Tail.¹
Section 10 of Supplement No. 2 of the ITSA states, in pertinent part:

“Upon termination of this contract ... Otter Tail shall have the right and obligation to purchase the facilities in the Blair Substation and the easements and other rights hereinafter described which are necessary to continue the transmission interconnection with Western [the Western Area Power Administration (“WAPA”)] ... The purchase price thereof shall be the “Blair Substation Investment” less depreciation at the rate of 2.75% per year, but in no event shall the price be less than 25% of the “Blair Substation Investment” ...

In accordance with the ITSA (Supplement 2, § 10), as a result of the termination of the ITSA, East River and Otter Tail have agreed that the purchase price of the Blair Substation Facilities will be \$128,889, as determined by applying 25% to East River’s “Blair Substation Investment” of \$515,554 (the original cost of the Blair Substation assets).

Closing is contingent upon final regulatory approvals of the Commission and the FERC. Otter Tail and East River presently envision closing within 30 days of these regulatory approvals.

III. COMMISSION APPROVAL

Minnesota Statute § 216B.50, subd. 1 provides in part: “No public utility shall ... acquire ... any plant as an operating unit or system in this state for a total consideration in excess of \$100,000 ... without first being authorized to do so by the commission.” Section 216B.50 further authorizes the Commission to investigate an application for approval and consent without public hearing. Section 216B.50 further provides that “[i]f the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval by order in writing.”

¹ The original ITSA between East River and Otter Tail was signed on January 8, 1973. Supplements 1-6 were executed in subsequent years in order to address system changes and to address further expansions of the interconnections between Otter Tail and East River over time. The final such supplement to the ITS, Supplement No. 6, was signed August 16, 2011. Otter Tail provided East River with a notice of termination of the ITSA pursuant to the terms for such termination with an effective date of December 31, 2017, after which the Parties will continue their existing interconnections via separate interconnection agreements with transmission service over these interconnections arranged in accordance with the applicable Regional Transmission Organization’s tariff.

Minnesota Rules 7825.1700 provides, in part: “A public utility, prior to entering into a transaction, shall petition for and receive from the commission by formal written order approval for such transaction.” In the context of mergers, the Commission in 1997 established that the phrase “consistent with the public interest” under Minn. Stat. 216B.50 does not require an affirmative finding of public benefit, just a finding the transaction is compatible with the public interest. *In the Matter of the Proposed Merger of Minnegasco, Inc., Docket G-008/PA-96-950.*

In 1986 the Commission established that it has jurisdiction when property subject to a proposed transaction would be part of the integrated operating system serving Minnesota ratepayers. *In the Matter of the Application of Interstate Power Company for Authority to Increase its Rates for Electric Service in Minnesota, Docket E-001/GR-86-384.* This property would become part of Otter Tail’s integrated operating unit or system serving customers in three states, including Minnesota.

The proposed acquisition resulting from the Transfer is compatible with the public interest because it minimizes cost impacts to Otter Tail’s customers. The Blair Substation’s location and connectivity to the rest of the regional transmission system will provide Otter Tail with an ownership interest and operational capability on both ends of an existing transmission outlet for one of its major generating facilities, the Big Stone Plant, providing a benefit to Otter Tail’s customers. By owning and operating the Substation Assets on East River’s substation site, Otter Tail will have an improved ability to manage the facilities and coordinate transmission flows over its system. The Transfer may also have the added benefit in that it will add eligibility for Otter Tail to receive facility credits from the SPP which would in turn help reduce rates for Minnesota customers of Otter Tail when credited against SPP transmission service expenses currently being accumulated in its Commission-approved SPP Tracker. Based on maintenance records provided by East River and an on-site inspection by Otter Tail, the Substation Assets are in working condition.

Minnesota Rules 7825.1800 also requires that a petition for approval of a transfer of property be accompanied by all information required in Minnesota Rules 7825.1400, items A to J, which primarily relates to capital structure approval. Otter Tail believes that it has provided all relevant information called for by Minnesota Rules 7825.1400, items A to J. At the time of filing of the petition, Otter Tail does not know of any person who is an “affiliated interest”

within the meaning of Minnesota Statutes § 216B.48, subd. 1. Furthermore, there are no securities associated with the proposed transfer of property.

IV. MISCELLANEOUS INFORMATION

In support of this Petition, Otter Tail respectfully states and represents as follows:

A. The exact name of the petitioner and the address of its principal business office.

Kristian M. Dahl	Otter Tail Power Company
Associate General Counsel	215 South Cascade Street, PO Box 496
Otter Tail Power Company	Fergus Falls, MN 56538-0496
215 South Cascade Street, PO Box 496	
Fergus Falls, MN 56538-0496	

B. Notices.

Pursuant to Minnesota Rules Part 7829.0700, Otter Tail requests the following person be placed on the Commission's service list for this matter:

Kristian M. Dahl
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street, PO Box 496
Fergus Falls, MN 56538-0496
Telephone: (218) 739-8922

JoAnn Thompson
Vice President Asset Management
Otter Tail Power Company
215 South Cascade Street, PO Box 496
Fergus Falls, MN 56538-0496
Telephone: (218) 739-8594

V. REQUEST FOR ORDER

Otter Tail respectfully requests the Commission approve the proposed transaction as consistent with the public interest for the reasons set forth in this petition. Otter Tail further requests that the Commission give its consent and approval by order in writing, upon investigation without public hearing.

Dated: January 8, 2018

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ KRISTIAN M. DAHL

Kristian M. Dahl

Associate General Counsel

Otter Tail Power Company

215 South Cascade Street

P. O. Box 496

Fergus Falls, MN 56538-0496

(218) 739-8722

VERIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF OTTER TAIL)

I, JoAnn Thompson, being duly sworn on oath, says that she is the Vice President Asset Management of Otter Tail Power Company, the company making the foregoing Petition for Approval of a Transfer of Property, that she has read the foregoing Petition and knows the content thereof, and that the same is true and correct to the best of her knowledge, information and belief.

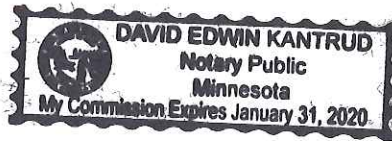


JoAnn Thompson
Vice President Asset Management
Otter Tail Power Company

Subscribed and sworn to before me this 4th day of Jan, 2018.



Notary Public



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
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James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST