

Wind generation is a non-dispatchable resource and will be utilized to provide significant amounts of energy in compliance with the RES. This energy will offset energy supplied by other non-renewable generation sources. However, wind generation does not eliminate the need for additional dispatchable capacity on the system, and the system currently needs additional transmission to accommodate forecast growth in system demand to satisfy the 4,500 MW and 6,300 MW levels.

B. Studies of this nature are on-going. Minnesota Transmission Owners are conducting or will be conducting several near-term preliminary studies in the near future, including: Vision 2025; RES 2016; 230 kV System Upgrade (Minnesota Valley – Blue Lake); G & T Optimization; and Dispersed Renewable Generation (“DRG”) Phases I and II. Each is described below:

Vision 2025

The objective of this study is to develop a long-range transmission plan that focuses on delivering 25 percent of the energy to consumers within Minnesota from renewable sources by the year 2025. Xcel Energy’s requirements are 30 percent by the year 2020. The study will test multiple conceptual transmission plans to determine the benefits these facilities provide in meeting the renewable energy requirements. The study will consider alternative scenarios for obtaining the resources necessary, alternative transmission scenarios, and the timing of potential projects in meeting the various renewable milestones. The Vision 2025 study is intended to be a high level study that can be used as input into future transmission studies involving specific transmission projects, just as was done with the CapX2020 Vision Plan Study.

The scope of the Vision 2025 transmission study will be to examine the projected transmission facilities necessary to serve 2025 load levels in and around the Minnesota area. This will include the support of renewable generation projects, and other generation projects needed to maintain system reliability in the region. Similar to the CapX2020 Vision Plan, this study will look at various generation scenarios. These scenarios will include a dispersed renewable generation scenario, renewable projects with high levels of concentration, and a scenario that assumes additional wind resources to address RES in the eastern portion of the Midwest Independent Transmission System Operator (“MISO”) footprint. Within each of these scenarios, various biases will be created, such as Minnesota concentric and western. Within each of these broad scenarios, these biases will be altered to determine which transmission projects best address future generation expansion. Scoping for this study began in 2007 and it is anticipated that the study will be completed by December 31, 2008.

RES 2016

The focus of the study will be to identify the transmission alternatives that need to be considered for the utilities serving Minnesota customers to meet their respective renewable energy targets. The scope of this transmission study will be to focus on identifying transmission needed to meet anticipated 2016 load levels in and around the Minnesota area, the support of the 2016 renewable energy standards, and other generation projects needed to maintain system reliability. The study will attempt to refine generation scenarios based on information gathered from the MISO generation queue, opportunities identified in the DRG studies, the 230 kV System Upgrade study, and the G&T Optimization Study, all described below. The study effort will consider stability analysis to determine impacts on known stability-constrained interfaces and to ensure no new stability-constrained interfaces are created. Scoping of this study has begun, and the study is anticipated to be completed in December 2008.

230 kV System Upgrade (Minnesota Valley – Blue Lake)

Past transmission studies continue to conclude that the Minnesota Valley - Panther - Blue Lake 230 kV transmission line limits transfer capability from the western portion of Minnesota to consumers. The objective of the 230 kV System Upgrade study will be to identify transmission alternatives that eliminate this constraint on the transmission network, thus allowing additional development of renewable generation to occur along the Buffalo Ridge area. With respect to scope, the study will focus on identifying the impacts associated with various transmission alternatives, including upgrades to existing transmission facilities. The study will involve steady-state, dynamic and voltage stability analysis. This study can be used to support permitting for specific transmission projects. Permitting for projects identified in this study are anticipated to begin by year end.

G & T Optimization

The objective of this study is to look at the tradeoffs between the economic benefit of siting wind projects in quality wind regions and the associated transmission costs compared with locations where wind resources are not ideal. The study will attempt to identify wind development models (dispersed versus concentrated) implications on the development of transmission to serve remote load centers. The economics of the wind output will be contrasted with the cost of the wind development and its associated transmission costs. With respect to scope, the study will identify locations in the upper Midwest that have high and marginal wind profiles from which transmission studies will be conducted to determine the transmission

needed to deliver the energy to load centers. As preliminary results become available, more detailed analysis may be warranted.

DRG Phase I and II

The objective of these studies is to explore whether up to 600 MW of dispersed renewable (sometimes referred to as C-BED) generation can be sited without major transmission expansions. Phase II will consider another 600 MW of C-BED generation. With respect to scope, the study will incorporate input from the public and the Department of Commerce's Technical Review Committee ("TRC") to identify specific sites to be studied in each phase of the study. Public meetings are being held to discuss interim results prior to the final report being submitted to the Public Utilities Commission. The Phase I study is to be completed by June 15, 2008 and the Phase II study is required to be completed by September 15, 2009.

C. These studies are underway. Results are not available.

D. Please see response to Part B.

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