

OTTER TAIL POWER COMPANY

Docket No: EL10-011

Response to: Otter Tail Power Company

Analyst: Bryan D. Morlock

Date Received: 02/25/2011

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Date of Response:

Responding Witness:

Question No. : SD-OTP-02

On page 5 of your testimony (lines 22-25) you state that the purpose of an IRP is to identify future capacity needs and select additional generating resources and demand-side management resources that will serve the needs of customers in a cost effective and reliable manner. Is it your testimony that an IRP should not also look at resources that might reduce energy costs or other costs if there is not need for new capacity? If so, please provide all support that states that an IRP should not look at alternatives that might reduce energy costs or overall costs.

RESPONSE:

No. An IRP should also look at resources that can reduce energy costs or other costs even when there is no need for new capacity. However, the construction of new generation is a risky endeavor. Once the facility is constructed, it cannot be undone. Generally speaking, electric utilities only construct new generation when there is a clearly defined need for additional generating capacity.