

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye

Chair

Ken Nickolai

Commissioner

Marshall Johnson

Commissioner

Phyllis Reha

Commissioner

Thomas Pugh

Commissioner

Brian Carlson
Otter Tail Power Company
215 South Cascade Street
PO Box 496
Fergus Falls, MN 56438-0496

SERVICE DATE: NOVEMBER 23, 2004

DOCKET NO. E-017/S-04-247

In the Matter of a Petition by Otter Tail Power Company for Approval of its Capital Structure and Permission to Issue Securities for Calendar Year 2004

The above entitled matter has been considered by the Commission and the following disposition made:

Approved Otter Tail's request for an amended two-period capital structure, with the first period running from Commission approval of the Petition to the closing of the Company's proposed common stock offering (expected to cover a period of a few weeks in November 2004), and the second period running from the closing of the proposed common stock offering to the end of the Authorization Period on April 14, 2005;

Approved Otter Tail's October 31, 2004 estimated common equity ratio of 46.5 percent for the period covering from the approval date of the amended structure to the closing of the proposed offering of common shares, and its April 14, 2005 estimated common equity ratio of 57.0 percent for the period covering from the closing of the proposed offering to the end of the Authorization Period;

Approved Otter Tail's contingency range of \pm 10 percent around its estimated common equity ratios; i.e., a ratio range of 41.9 percent to 51.2 percent for the pre-closing period, and a ratio range of 51.3 percent to 62.7 percent for the post-closing period. Equity ratios outside these ranges may not be exceeded for a period more than 60 days without prior Commission approval;

Approved Otter Tail's October 31, 2004 estimated total capitalization of \$737,372,000 for the pre-closing period and the Company's estimated total capitalization of \$762,022,000 for the post-closing period;

Approved a contingency cap of 10 percent above Otter Tail's pre-closing total capitalization request, for a cap of \$811,109,200, and a contingency cap of 10 percent above the Company's post-closing total capitalization request, for a cap of \$838,224,000. The Company may not exceed these caps for a period longer than 60 days without prior Commission approval;

The Commission agrees to forego prior Commission approval of any issuance of securities in conjunction with the Rights Plan as long as all other provisions of the Rights Plan remain in place; and

Approved Otter Tail issuing long-term debt, preferred shares, preference shares, common shares, and short-term debt provided any such issue complies with the identified contingency ranges;

Clarified that this approval does not prejudice any issue in any future rate case.

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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