209824

January 9, 2004

Via Hand Delivery

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K St. N.W.
Washington, D.C. 20423

RE: STB Docket No. 42071, *Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company*

Dear Secretary Williams:

Please find enclosed for filing the original and ten (10) copies of Complainant's Opening Supplemental Evidence in the above referenced proceeding. The Narrative is only in a Public version, because it contains no confidential information; and the Exhibits are only in a Highly Confidential version, because they contain no public information. Also enclosed are three (3) compact disks containing the electronic version of the written text in WordPerfect format, electronic version of the exhibits and workpapers in either Lotus format or Excel format.

Please note that the orginal and the copies contain COLOR IMAGES in Exhibit III-B-1, page 1 and Exhibit III-C-2, pages 1-5.

In addition, please note the Exhibits and the electronic Workpapers are to be filed under seal because they contain information designated HIGHLY CONFIDENTIAL by the parties pursuant to the protective order in this proceeding.

An extra copy of both the Narrative and Exhibits are enclosed for stamping and returning to our offices.

Should you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Sincerely,

Nicholas J. DiMichael
Jeffrey O. Moreno
Counsel for Complainant

cc: Counsel for Defendant

209824

BEFORE THE
SURFACE TRANSPORTATION BOARD

OTTER TAIL POWER COMPANY **Complainant,** **v.** **THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY,** **Defendant.**	**Docket No. 42071**

COMPLAINANT'S OPENING SUPPLEMENTAL EVIDENCE

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January 9, 2004

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SUMMARY AND ARGUMENT

PART I

COUNSEL'S ARGUMENT AND SUMMARY OF EVIDENCE

Pursuant to the Board's November 25, 2003 decision in this proceeding, as modified by a subsequent decision served on December 12, 2003, Otter Tail Power Company ("Otter Tail") hereby submits Opening Supplemental Evidence. In accordance with an agreement between Otter Tail and BNSF at the December 9, 2003 Technical Conference with Board staff, Otter Tail's Supplemental Evidence is limited to (1) the addition of 31.7 million tons of coal traffic to the Stand-Alone Railroad ("SARR"), (2) the changes in operation and investment directly associated with that additional traffic, and (3) the re-allocation of all cross-over traffic revenue according to the Modified Straight-Mileage Prorate ("MSP") methodology. In addition, as discussed and agreed to at the Technical Conference, Otter Tail has used its rebuttal evidence string model to determine the incremental impact of the 31.7 million tons on the SARR. Otter Tail submits this Supplemental Evidence as an alternative to, not a substitute for, the traffic base and market-based revenue allocation methodology presented in Otter Tail's June 13, 2003 Opening Evidence and July 14, 2003 Opening Evidence Errata. In addition, at the request of Board staff, Otter Tail has identified any errors that it has discovered in its Opening Evidence and Opening Errata that have not previously been disclosed to the Board.

A. Background to and Need for Supplemental Evidence

Otter Tail requested leave to file supplemental evidence in response to the Board's November 6, 2003 decision in STB Docket No. 42069, Duke Energy Corp. v. Norfolk Southern Ry. Co. In its Opening Evidence, Otter Tail had presented, for the first time ever in a stand-alone cost ("SAC") proceeding, evidence of cross-over revenue divisions based upon the actual, market-based divisions of the defendant-railroad. Otter Tail presented this evidence in response to a decade of Board

precedent stating that actual, market-based divisions are the best evidence of the appropriate division of cross-over revenues. In the absence of such evidence in prior proceedings, the Board instead had relied upon, first, a straight mileage prorate method, and then, in all subsequent cases, the modified mileage prorate ("MMP") method to allocate cross-over revenues.[1] In all of those cases, however, the Board clearly stated that these methods were only proxies for actual, market-based divisions.[2] Therefore, Otter Tail was completely surprised when the Board inserted *dicta* into the Duke Energy decision, stating that actual divisions would not be "particularly instructive" of the proper allocation of cross-over divisions.[3] The Board also replaced the MMP method with the new MSP method, but without referring to that method as a proxy for actual, market-based divisions.

The Board's abrupt and unexplained departure from a decade of precedent expressing a preference for actual, market-based divisions caused Otter Tail substantial prejudice. Otter Tail's Opening Evidence had developed an algorithm, based upon BNSF's actual divisions, to calculate appropriate divisions for cross-over revenues. In order to stay within the statistical boundaries of its regression algorithm, however, Otter Tail had established a 1.1% mileage floor for the coal traffic included on the SARR. In other words, an interline movement was included only if each railroad handled the traffic at least 1.1% of the total movement miles.[4] As a result, Otter Tail excluded from its traffic base 31.7 million tons of cross-over coal traffic that BNSF originates in the PRB.[5] It is not

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[1] See e.g., Bituminous Coal – Hiawatha, Utah to Moapa, Nevada, 10 I.C.C. 2d 259, 267-68, 280 (1994) (adopting straight-mileage method) ("Nevada Power II"); McCarty Farms, Inc. v. Burlington Northern, Inc., 2 S.T.B. 460, 472 (1997) (adopting MMP); FMC Wyoming Corp. v. Union Pac. R.R. Co., STB Docket No. 42022, Slip Op. at 27, note 62 (served May 12, 2000) (using MMP and affirming Nevada Power II and McCarty Farms); Texas Municipal Power Agency v. The Burlington Northern and Santa Fe Ry. Co., STB Docket No. 42056, Slip Op. at 31 (served March 24, 2003) (the last case to use MMP).

[2] Id.

[3] Duke Energy, slip op. at 20, note 29.

[4] OTP Opening Ev. at III-A-19, note 24.

[5] Id.

necessary, however, to exclude this traffic under the newly adopted MSP methodology. Therefore, if Otter Tail had any reason to anticipate that the Board was going to reverse ten years of precedent that expressed a preference for actual divisions, it would not have excluded 31.7 million tons of coal from its SARR traffic group. The purpose of this supplemental evidence, thus, is to add the 31.7 million tons of coal that Otter Tail excluded from its Opening Evidence traffic base, to reflect the incremental impact of those additional tons on the SARR's operation and investment, and to re-allocate total cross-over revenues using the new MSP methodology.

Otter Tail, however, is not abandoning its use of actual, market-based divisions to allocate cross-over revenues in its Opening Evidence. Otter Tail continues to vigorously contest the Board's departure from precedent in Duke Energy, since the Board decided to alter course in *dicta* that clearly had no bearing on the outcome of that case. As such, the issue of actual divisions was not squarely before the Board in Duke Energy, as it is in this proceeding, and thus arguments on that issue in Duke Energy could not have been fully developed. In contrast, the issue has been fully engaged in the Opening and Reply Evidence of both Otter Tail and BNSF in this proceeding,[6] and Otter Tail will further address the issue in its March 25, 2004 submission of Rebuttal Evidence, consistent with the standards for rebuttal evidence in Duke Energy.

Therefore, Otter Tail's Supplemental Evidence presents an alternative SARR, rather than a substitute SARR, to Otter Tail's primary case. The two SARRs are identical except for (1) the additional 31.7 million tons of coal that the Supplemental SARR originates in the PRB and interchanges with the residual BNSF at Donkey Creek and Converse, Wyoming, and (2) the limited

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[6] See, OTP Opening Ev. at I-16 and III-A-17 through 20; BNSF Reply Ev. at I-12 through 17 and III.A-59 through 65.

impact of those additional tons on the Supplemental SARR's operation and investment. If the Board accepts the use of actual, market-based divisions in Otter Tail's Opening Evidence, this Supplemental Evidence, which is based on the Supplemental SARR, will be moot and there will be no need for the Board to refer to this Supplemental Evidence at all. However, if the Board instead chooses to employ the MSP methodology, or any other methodology, to allocate cross-over revenue, it will need to incorporate this Supplemental Evidence, which has been developed from the Supplemental SARR.

B. Format of Supplemental Evidence Presentation

This Supplemental Evidence presents the incremental impact of the 31.7 million additional coal tons on operating and investment units and allocates cross-over revenue in accordance with the MSP methodology. This is the same presentation that Otter Tail outlined at the December 9, 2003 Technical Conference. In addition, Otter Tail's presentation follows the format the Board adopted in its March 12, 2001 decision in STB Ex Parte No. 347 (Sub-No. 3), General Procedures for Presenting Evidence in Stand-Alone Rate Cases.

The addition of the 31.7 million tons of coal impacts only quantities (*i.e.* units), not the cost per unit. Because the incremental tons do not affect the cost per operating or investment unit, Otter Tail has not repeated its opening evidence on unit costs in this Supplemental Evidence, but has referred the Board to the relevant discussion of each cost factor in its Opening Evidence. If, and to the extent, the Board desires to do so, it can apply the unit costs in Otter Tail's Opening Evidence to determine both the incremental and full impact of the additional coal tons on Otter Tail's opening DCF analysis.

Otter Tail will respond to BNSF's October 8, 2003 submission of Reply Evidence on unit costs for both operating expenses and investment costs in the March 25th submission of rebuttal

evidence, at which time Otter Tail may modify some of its opening cost evidence, consistent with the Board's standards for rebuttal evidence in Duke Energy. Otter Tail's rebuttal evidence also will include a full DCF analysis to reflect a SARR that uses market-based divisions (Otter Tail's primary case) and a SARR that is based on this Supplemental Evidence (Otter Tail's alternative case). Both SARRs will reflect changes made in response to BNSF's Reply Evidence, consistent with the Board's standards for rebuttal evidence in Duke Energy.

In modeling the supplemental SARR to determine the incremental impact of the additional coal on operating and investment units, Otter Tail has used its rebuttal evidence string model (even though the parties are not required to submit rebuttal evidence until March 25, 2004). Otter Tail has chosen to use its rebuttal string model, rather than its Opening Evidence string model, because the rebuttal string model, which already had been completed when the Board modified the procedural schedule in order to receive this Supplemental Evidence, has been adjusted to address BNSF's Reply Evidence criticism of the opening string model. It is more meaningful at this stage of the proceeding, therefore, to add the incremental tons to the rebuttal string model, which has greater relevance than the opening string model for determining the impact of the additional coal traffic on the SARR's operating and investment units.

In order to allow BNSF and the Board to distinguish which changes from Otter Tail's Opening string model are attributable to the incremental coal traffic and which changes have been made in response to BNSF's October 8, 2003 Reply Evidence, Otter Tail has presented its rebuttal string model both before and after adding the incremental coal traffic. The operating and investment differences between the two string models represent the changes that are directly attributable to the additional coal tons. Although both string models also reflect changes made in response to BNSF's

Reply Evidence, Otter Tail will address those changes in its submission of rebuttal evidence on March 25, 2004, consistent with the standards for rebuttal evidence in Duke Energy.[7]

A simplified hypothetical example will illustrate the above explanation of Otter Tail's presentation of this Supplemental Evidence. In this example, assume that Otter Tail's Opening Evidence identified a need for 10 operating crews, at a cost of $100 per crew, for a total crew cost of $1000. Next, assume that, in response to BNSF's Reply Evidence, Otter Tail added one additional crew for a total of 11 crews. Finally, assume that, in order to handle the 31.7 million additional tons of coal, Otter Tail added another crew for a total of 12 crews. Otter Tail's Supplemental Evidence includes one string model that determines the need for 11 crews and a second string model that determines the need for 12 crews. The difference between the two models is the one additional crew required to handle the 31.7 million coal tons. Because the additional tons have no impact on the unit cost of $100 per crew presented in Otter Tail's Opening Evidence, Otter Tail has not presented any further evidence on unit costs in this Supplemental Evidence, but instead has referred the Board to the relevant discussion of unit costs in its Opening Evidence. Nor has Otter Tail recalculated total costs or prepared a new DCF model, since the results would not be meaningful in light of changes that Otter Tail intends to make in its March 25th rebuttal submission in response to BNSF's October 8, 2003 Reply Evidence.[8] Thus, to the extent that Otter Tail intends to alter the $100 per crew unit cost in this example, it will present such evidence in rebuttal, consistent with the standards for rebuttal evidence in Duke Energy. At that time Otter Tail also will present full DCF analyses of both (i) a

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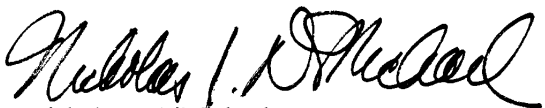
[7] As agreed upon at the December 9, 2003 Technical Conference, Otter Tail will make its expert witnesses available to answer questions from BNSF about the string models used in this Supplemental Evidence in order to permit BNSF to better understand the impact of the additional 31.7 million tons. Otter Tail invites Board staff to attend that meeting, so that they also may obtain the benefit of those explanations.

[8] As noted previously, however, Otter Tail has presented the Board with all the information it needs to re-run Otter Tail's opening DCF model, if the Board believes there is any merit in doing so.

SARR that uses market-based divisions to allocate cross-over revenue (the primary case), and (ii) a SARR that includes the additional 31.7 million tons of coal and uses the MSP method to allocate cross-over revenue (the alternative case).

Respectfully submitted,



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January 9, 2004

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of January, 2004, I served a copy of Complainant's Opening Supplemental Evidence by hand delivery to counsel for Defendant at the following address:

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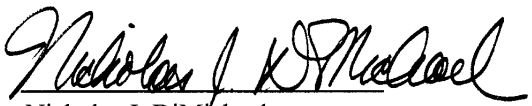

Nicholas J. DiMichael

III-A
STAND-ALONE TRAFFIC GROUP

III.A. TRAFFIC GROUP

Otter Tail's calculation of the maximum lawful rate under the Stand-Alone Cost ("SAC") constraint of the Surface Transportation Board's ("STB" or "Board") Coal Rate Guidelines-Nationwide ("Guidelines") is based upon a hypothetical rail carrier, named the Otter Tail Railroad ("OTRR"), which Otter Tail first presented on June 13, 2003 in its Opening Evidence. As described in detail in Section III-B of Otter Tail's Opening Evidence, the OTRR is designed (1) to transport coal from mines in the PRB and the Big Stone Generating Station, (2) to transport coal from PRB mines to interchange with BNSF for delivery to other destinations; and (3) to transport general freight trains in overhead service for interchange with the residual BNSF. The interchange points with the residual BNSF for coal and general freight are located at Donkey Creek, Wyoming; Moran Junction, Terry and Snowden, Montana; and Fargo, North Dakota.

1. OTRR Traffic

The OTRR's traffic group consists of coal movements in unit trains and general freight trains moving in overhead service. As discussed in Section I above, Otter Tail has added approximately 31.7 million tons of incremental coal traffic ("incremental traffic") that was not originally included in the OTRR traffic base. With the addition of the incremental traffic, Otter Tail is making no other changes to its traffic group. It is still originating coal at the PRB and Montana mines listed in Table III-A-1[1] for delivery to Otter Tail's Big Stone station, and for interchange with the BNSF, and is also still transporting non-coal traffic in overhead service.

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[1] Table III-A-1 to Table III-A-3 were included in Otter Tail's Opening Evidence.

2. The OTRR's Historical and Projected Traffic Volumes

a. Historical Volumes

Utilizing BNSF's traffic tapes for 2002, Otter Tail identified approximately 31.7 million additional net tons of incremental traffic that would originate and move over part of the OTRR system.[2] These incremental coal tons will move in unit-train service like other OTRR coal shipments, and will originate from five (5) PRB miles already served by the OTRR; Antelope, North Antelope, North Rochelle, Dry Fork, and Rawhide mines. Supplemental Opening Exhibit III-A-1 shows the origin destination pairs for the incremental traffic.

b. Projected Volumes

As Otter Tail discussed at pages III-A-10 to III-A-11 of its Opening Evidence, Otter Tail used a combination of BNSF documents provided in discovery and the EIA's AEO 2003 PRB coal production forecast to forecast OTRR coal traffic through 2021. Otter Tail uses the same methodology here to forecast the projected change in incremental coal traffic. Otter Tail adjusts the incremental traffic in 2003 based on the projected change in BNSF's Long Range Plan. Incremental traffic after 2003 is adjusted by the EIA's AEO 2003 PRB coal production forecast, with aggregate plant tons from both base and incremental traffic capped at 85 percent of plant capacity. The annual incremental volume over the DCF model life is shown in Supplemental Opening Exhibit III-A-2.

3. The OTRR's Historical and Projected Revenues

Otter Tail discussed OTRR historical and projected revenues at pages III-A-15 to III-A-26 of its Opening Evidence. The traffic handled by the OTRR system falls into four revenue categories:

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[2] See Otter Tail Supplemental Opening Evidence electronic file "Otter Tail Railroad Coal Traffic Forecast-Supplemental.xls."

1) traffic that originates and terminates on OTRR lines that replicate a BNSF single-line route; 2) traffic interchanged with a railroad other than BNSF that first moves over OTRR lines that replicate the BNSF system; 3) traffic interchanged with the BNSF that first moves over OTRR lines that replicate the BNSF; and 4) overhead traffic that moves over OTRR lines that replicate the BNSF system and that is interchanged with BNSF at both ends of the segments. The addition of the incremental coal traffic and its impact on each revenue category is discussed below.

a. Single Line Revenues

OTRR single line revenues were discussed at page III-A-16 of Otter Tail's Opening Evidence. As is discussed below, all incremental coal traffic is interchanged with the BNSF at Converse or Donkey Creek, WY, and, as such, there is no change in OTRR single line revenues due to the addition of the incremental traffic.

b. Divisions of Revenues–Existing Interchanges

OTRR's division of revenues at existing interchange points are discussed at page III-A-16 of Otter Tail's Opening Evidence. As is discussed below, all incremental coal traffic is interchanged with the incumbent BNSF at Converse or Donkey Creek, WY, and, as such, there is no change in OTRR's division of revenues at existing interchange points due to the addition of the incremental traffic.

c. Divisions of Revenues–"Cross-over" Traffic

Otter Tail discusses divisions on cross-over traffic at pages III-A-17 to III-A-23 of its Opening Evidence. As stated in its Opening Evidence, Otter Tail used a special study of actual BNSF divisions on coal movements to develop OTRR divisions on coal traffic. Specifically, using the BNSF supplied actual division data and a linear regression formula, Otter Tail determined the

statistical relationship between revenue divisions and miles traveled that BNSF, in fact, realizes for handling its actual interline coal movements. The resulting regression coefficients were then applied to the characteristics of the cross-over coal traffic as it moved on the OTRR to determine the portion of total revenues that the OTRR would receive by including the cross-over coal traffic in the stand-alone group. Under its Opening Evidence methodology and based on the regression study results, Otter Tail excluded coal traffic from its traffic group that did not move at least 1.1 percent of the total movement miles in each railroad involved in the movement. For non-coal traffic moving on the OTRR in Opening, Otter Tail used the modified mileage block prorate ("MMP") approach for dividing revenues between the OTRR and the residual incumbent BNSF for those movements where BNSF failed to provide actual revenue division information.

For its base case ("base traffic"), Otter Tail continues to determine revenue divisions for cross-over traffic on the basis of its special study of coal revenue divisions for coal traffic that moves at least 1.1 percent of the total miles on each railroad involved in the movement, its special study of non-coal revenue divisions for selected traffic, and the modified mileage block prorate methodology ("MMP") for the remaining non-coal traffic to determine OTRR revenues.

For its Supplemental Opening case, however, Otter Tail has modified its opening position of using special studies and the MMP approach, and instead uses the STB's new MSP revenue divisions approach for all traffic types.[3]

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[3] See Otter Tail Supplemental Opening electronic files "Otter Tail Railroad Coal Traffic Forecast-Supplemental.xls," and "ottertailsac02x-MSP.xls."

III-B
STAND-ALONE RAILROAD SYSTEM

III. B. OTTER TAIL RAILROAD

1. Route and Mileage

Otter Tail discusses the OTRR route and mileage at pages III-B-1 to III-B-4 of its Opening Evidence. The addition of the incremental traffic to the OTRR traffic base requires no change in the OTRR route or route mileage.

2. Track Miles and Weight of Rail

Otter Tail discusses OTRR track miles and weight of rail at pages III-B-4 to III-B-9 of its Opening Evidence. As described in Otter Tail's Opening Evidence, the OTRR is designed to provide maximum efficiency in the form of a modern heavy tonnage railroad, consisting of either a double-main track or a single-main track interspersed with sections of passing track, and is equipped with a Centralized Traffic Control ("CTC") system. The addition of the incremental traffic to the OTRR traffic base requires the addition of eight (8) miles of 132-pound new continuous welded rail ("CWR"), and 0.23 miles of 132-pound relay CWR between mileposts 24.0 and 32.0 in the OTRR's Orin Division. Otter Tail Supplemental Exhibit III-B-1 contains a detailed schematic or "stick diagram" showing the revised structure of this section of the OTRR system[1]

3. Yards

Otter Tail discusses the location and purpose of OTRR yards, and the yards' track miles and track weight specifications, at pages III-B-9 to III-B-13 of its Opening Evidence. The addition of the incremental traffic to the OTRR traffic base requires no change to the OTRR Yard locations, and

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[1] The changes in the OTRR track structure due to the addition of the incremental traffic are noted in green in Supplemental Opening Exhibit III-B-1.

also does not require the addition of any yard track or other infrastructure. As is discussed in section III-C, infra, Otter Tail has confirmed the adequacy of its track and yard infrastructure and capacity through the use of a string diagram model.

4. Other

Otter Tail discusses other aspects of the OTRR at pages III-B-13 to III-B-14 of its Opening Evidence, including track parameters and topography, signals and communication systems and track rights on the Red River Valley Railroad ("RRVW") between Brushvale and East Breckenridge, MN. The addition of the incremental traffic to the OTRR traffic base has no impact on any of these other OTRR items.

III-C
OPERATING PLAN

III.C. OPERATING PLAN

1. General Parameters

a. Traffic Flow and Interchange Points

i. Traffic Flow

Otter Tail discusses OTRR traffic flow at pages III-C-1 to III-C-8 of its Opening Evidence. The initial total annual incremental coal traffic volume to be transported by the OTRR in the 2002 "base year" is approximately 31.7 million tons.[1] The incremental coal traffic will originate at five (5) PRB mines already served by the OTRR, and will move to existing OTRR-BNSF interchange points at Donkey Creek and Converse. The incremental traffic is expected to grow on average by 0.7 percent per year between 2002 and 2021.[2]

The peak or heaviest one-day traffic period has been determined by forecasting the incremental traffic to each location in the year 2021, the peak traffic year on the OTRR, and extrapolating 2002 trains to their 2021counterparts on the basis of the increase in overall traffic volumes for the peak year compared to the base year.[3] On the peak incremental traffic day, 12 incremental loaded coal trains are interchanged with the BNSF at Converse, and one (1) incremental loaded coal train is interchanged with the BNSF at Donkey Creek. In this Supplemental Evidence, Otter Tail has built its facilities and operating plan to accommodate the 92 trains that operate on its Opening Evidence peak operating day of October 18, 2021, plus the additional 13 loaded coal trains that represent the

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1 See Supplemental Exhibit III-A-1.

2 See Otter Tail Supplemental Opening electronic file "Otter Tail Railroad Coal Traffic Forecast-Supplemental.xls."

3 "Peak" is defined in terms of the number of loaded trains moving over each of the OTRR's line segments. The peak incremental traffic day occurs twice, on May 24 and August 4, 2021 when 13 incremental loaded trains moved over the OTRR. See Otter Tail Supplemental Opening electronic file "added 2002 Trains v3.0.xls," Worksheet "2002 to 2021 Incremental Trains."

additional trains associated with the peak incremental coal traffic, or a total of 105 loaded trains entering the OTRR system. Designing the OTRR's infrastructure to accommodate the number of loaded trains traveling on the peak operating day for the OTRR system, plus the number of loaded coal trains needed to transport the incremental traffic's peak day provides an extremely conservative estimate of the OTRR's required infrastructure.[4]

ii. Interchange

Otter Tail discusses OTRR interchange points at pages III-C-7 to III-C-8 of its Opening Evidence. OTRR interchange points are unaffected by the addition of the incremental coal traffic.

b. Trains and Equipment

i. Train Sizes

Otter Tail discusses OTRR train sizes at pages III-C-8 to III-C-9 of its Opening Evidence. OTRR train sizes are unaffected by the inclusion of the incremental coal traffic in the OTRR traffic base. After the inclusion of the incremental traffic, the OTRR will continue to operate loaded and empty coal trains in run-through service using two-person crews and distributed power.

ii. Train Frequency

Otter Tail discusses OTRR train frequencies at pages III-C-9 to III-C-11 of its Opening Evidence. The OTRR will originate an average of 5.8 incremental trains per day from the Antelope, North Antelope and North Rochelle mines combined for delivery to Converse and interchange with

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[4] As a basis of comparison, the OTRR's peak operating day if the base and incremental traffic are combined is December 14, 2021 when 100 loaded trains enter the OTRR system. See Otter Tail Supplemental Opening electronic file "Added2002Trains v3.0.xls," worksheet "Train Count Summary," Column W. In other words, Otter Tail has designed its system to accommodate five (5) percent more loaded trains than are expected to move in its peak operating day.

the BNSF.[5] The OTRR will also originate an average of 0.2 incremental trains per day from the Dry Fork and Rawhide mines combined for delivery to Donkey Creek and interchange with the BNSF.[6]

iii. Locomotives

Otter Tail discusses OTRR locomotive specifications and requirements at pages III-C-11 to III-C-16 of its Opening Evidence. The OTRR will need a total of three (3) additional SD-70MAC's to handle its peak-day, incremental coal traffic volume. This figure was developed using a string-diagram analysis described in Section III-C-2, infra, and includes the helper units as well as a five (5) percent spare margin.[7] The OTRR will not require any additional Dash-9 or SD-40-2 locomotives to handle the incremental coal traffic.

iv. Railcars

Otter Tail discusses its railcar requirements at pages III-C-16 to III-C-18 of its Opening Evidence. Based on annual incremental tonnages and the expected cycle times for each customer's trains, the OTRR will need a total of one (1) coal car, including a five (5) percent spare margin, to transport its incremental coal traffic.[8] The number of non-coal cars and the time and mileage payments incurred by the OTRR for foreign cars operating on its system are unaffected by the incremental coal traffic added to the OTRR traffic base.

2. Capacity and Cycle Time

Otter Tail discusses OTRR capacity requirements and capacity testing at pages III-C-18 to III-C-21 of its Opening Evidence, and in its Opening Exhibit III-C-2. In this Supplemental Evidence, Otter

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5 See Otter Tail Supplemental Opening electronic file "Added2002Trains v3.0.xls," worksheet "2002 to 2021 Incremental Trains," Column BE.

6 Id.

7 See Otter Tail Supplemental Opening Exhibit III-C-1.

8 Id.

Tail tested the adequacy of the OTRR track configuration and operating plan to handle the incremental coal traffic by performing a string diagram analysis for the peak traffic one-day period on the OTRR during the peak year of the entire 20-year DCF period. The traffic included in this analysis was Otter Tail's Opening Evidence peak period traffic, plus the addition of the peak incremental coal trains.[9] The results of this string diagram analysis, shown graphically in Supplemental Opening Exhibits III-C-2, shows that the OTRR has the capacity to accommodate the combined opening and incremental peak period traffic.

As part of the process of developing the string diagram analysis, Otter Tail developed operating service units for both its opening traffic and opening plus incremental traffic flowing over the OTRR peak one-day period. Specifically, the number of locomotive unit-miles, locomotive hours, railroad provided car-miles, railroad provided car-hours, road train crew starts, road train crew overnight stays and taxi trips were determined for both the opening peak period traffic and the opening plus incremental traffic by sequential runs of the string diagram model.[10] The operating statistics produced by these sequential runs are shown in Supplemental Opening Exhibit III-C-1. The differences in operating units between the two models represents the incremental change in service units due to the addition of the incremental traffic.

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9 Otter Tail presented its Opening Evidence peak period traffic in its Opening Errata electronic file "Peak 2021 v3.0.xls." Otter Tail includes its peak incremental traffic in its Supplemental Opening electronic file "Added2002Trains v3.0.xls."

10 The string diagram models used to develop the operating units for both the opening peak period traffic and the peak period plus incremental traffic include adjustments to address criticisms raised by BNSF on pages III.B-10 to III.B-26 and pages III-C-22 to III.C-27 of BNSF's Reply Evidence. These adjustments will be discussed in detail when Otter Tail submits its Rebuttal Evidence on March 24, 2004. See Part I-B, supra.

III-D
OPERATING EXPENSES

III. D. ANNUAL OPERATING EXPENSES FOR THE OTRR

The annual operating and maintenance expenses for the OTRR were developed in the following manner. First, an operating plan was developed that identifies operating employee manpower and locomotive and railroad-owned freight car requirements. The peak traffic demand period of the OTRR was then identified and a string diagram was prepared to test the operational feasibility of the operating plan/engineering design. The string diagram identified the units of work that the OTRR had to perform to handle the traffic levels based on the peak traffic period. General and administrative requirements were developed based on the operating plan. In addition, the information technology system requirements necessary to handle the stand-alone traffic levels were determined.

1. Locomotives

Otter Tail discusses locomotive lease, operating, and maintenance expenses at pages III-D-2 to III-D-6 of its Opening Evidence.

a. Locomotive Leases

As stated in Section III-C-1 above, the OTRR will require an additional three (3) SD70MAC locomotives, and no additional Dash-9 or SD40-2 locomotives to handle the incremental coal traffic.[1] The incremental locomotive lease costs may be obtained by inserting the three (3) incremental SD70MAC locomotives into Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123," at cell D44, and eliminating the existing number of Dash-9 and SD40-2 locomotives from cells D46 and D52, respectively.

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[1] See Otter Tail Supplemental Opening Exhibits III-C-1.

b. Locomotive Maintenance

The OTRR will incur an additional 199,827 SD70MAC locomotive unit miles ("LUM"), and zero (0) incremental Dash-9 or SD40-2 LUM from its inclusion of the incremental coal traffic. [2] Using these incremental changes in LUM and the incremental changes in the number of required locomotives, incremental locomotive maintenance costs may be determined by placing the incremental LUM and locomotive count into, respectively, cells A5 and A7 of Otter Tail Opening Errata electronic file "LOCOMAINT_Otter Tail.123."

c. Locomotive Servicing

OTRR locomotive servicing expenses are based on the annual LUM for each locomotive type. Incremental locomotive servicing costs may be calculated by inserting the 199,827 incremental SD70MAC LUM into cell D124 of Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123."

d. Locomotive Fuel

OTRR locomotive fuel requirements are based on the annual LUM for each locomotive type, and fuel consumption rates of 3.42 gallons/LUM, 2.74 gallons/LUM and 3.08 gallons/LUM for SD70MAC, Dash-9, and SD40-2 locomotives, respectively. Incremental OTRR locomotive fuel costs may be calculated by placing the incremental LUM for each locomotive type into cells D102, D107 and D112 of Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123."

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[2] See Otter Tail Supplemental Opening Exhibit III-C-1.

2. Freight Car Expense

Otter Tail discusses railcar lease and maintenance requirements and expenses at pages III-D-6 to III-D-8 of its Opening Evidence.

a. Rail Car Lease Expense

The OTRR will require one (1) additional coal car to handle the incremental coal traffic.[3] Incremental OTRR railcar lease costs may be calculated by placing the incremental number of coal cars into cell B9 of Otter Tail's Opening Errata electronic file "OTRR Car Costs," worksheet "Coal Cars."

b. Rail Car Maintenance

As discussed in Otter Tail's Opening Evidence, OTRR will use full service car leases. Therefore, no maintenance expense is required for the incremental railcars.

c. Private Car Allowances

The OTRR will not require any additional non-coal cars for its incremental traffic, nor will it incur any additional private coal and non-coal car allowance expenses.

3. Personnel

a. Operating Personnel

Otter Tail discusses its operating personnel staffing requirements, compensation and operating supply requirements at pages III-D-9 to III-D-19 of its Opening Evidence.

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[3] See Otter Tail Supplemental Opening Exhibit III-C-1.

i. **Staffing Requirements** -- The OTRR will require an additional fifty-one (51) road train crew personnel to handle the incremental coal traffic.[4] Incremental OTRR operating personnel costs may be calculated by placing the incremental number of operating personnel into cell D7 of Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123."

ii. **Compensation** -- Compensation rates for operating personnel are not changed by the addition of the incremental train crew members.

iii. **Materials, Supplies and Equipment** -- Materials, supplies and equipment for the incremental operating personnel include safety equipment, end of train devices ("EOTD"), two-way radios and batteries. Safety equipment expenses are based on the number of incremental train crew staff, and may be calculated by placing the incremental number of operating personnel in cell D7 of Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123," with the incremental expense shown in cell D169. EOTD, two-way radio and battery expenses are based on the incremental number of locomotives. Incremental expenses for these items may be calculated by inserting the three (3) incremental SD70MAC locomotives into Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123," at cell D44, and eliminating the existing number of Dash-9 and SD40-2 locomotives from cells D46 and D52, respectively. The incremental expenses will be displayed in cells D172 and D174 of the same electronic file.

b. Non-Operating Personnel

Otter Tail discusses its non-operating personnel staffing requirements, compensation and operating supply requirements at pages III-D-19 to III-D-25 of its Opening Evidence. The number

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[4] See Otter Tail Supplemental Opening Exhibit III-C-1. Because the incremental traffic is moving for a short distance on the OTRR - in all cases less than 25 miles - the incremental trains can be operated in turn service with crews making multiple train starts a day.

of non-operating personnel, and their associated operating supply expenses, is not impacted by the incremental coal traffic. Therefore, there is no change for this expense category.

c. General and Administrative Expense

Otter Tail discusses its general and administrative ("G&A") personnel staffing requirements and related expenses at pages III-D-26 to III-D-56 of its Opening Evidence.

i. Staffing Requirements -- The OTRR G&A staffing requirements are unaffected by the addition of the incremental coal traffic. Therefore, there is no change for this expense category.

ii. Compensation -- Compensation rates for G&A personnel are not changed by the addition of the incremental train crew members. Therefore, there is no change for this expense category.

iii. Materials, Supplies and Equipment -- Materials, supplies and equipment expenses for G&A personnel are not changed by the addition of the incremental train crew members. Therefore, there is no change for this expense category.

iv. Other General and Administrative Expense -- Initial hiring, training and pre-hire physical expenses, which are a function of the number of incremental train crews, are the only G&A expenses impacted by the addition of the incremental coal traffic. Incremental expenses for these items may be calculated by placing the incremental number of operating personnel in cell D7 of Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123," which will show the incremental training, pre-hire physical and hiring expenses shown in cells I343, J343 and K343, respectively.

4. Maintenance-of-way

a. Annual Operating (Spot) Maintenance Costs

Otter Tail discusses OTRR operating maintenance of way at pages III-D-56 to III-D-57 of its Opening Evidence. Spot maintenance of way expense is primarily a function of the gross-tons traveling over a section of track. The incremental average million gross tons per mile of track equal 17.18, 1.67 and 0.6, between Converse Junction and Reno Junction, East Donkey Creek and Campbell, and Campbell and Eagle Butte Junction, respectively, in the OTRR peak year.[5] Incremental spot maintenance expense may be calculated by adding the incremental average gross tons per mile of track to the base traffic average gross tons per mile in Otter Tail's Opening Errata electronic file "Otrr_mow.123," worksheet "Track Material" at cells E87, E88 and E91, respectively, and obtaining the incremental spot maintenance of way in the same electronic file at worksheet "Spot Maint."

b. Program (Normalized) Annual Maintenance Costs

Otter Tail discusses program maintenance of way at pages III-D-58 to III-D-61 of its Opening Evidence. After adding the incremental gross tons per mile of track as indicated in Part III.D.4.a above, the incremental program maintenance of way expenses is also calculated in Otter Tail's Opening Errata electronic file "Otrr_mow.123," and can be seen in worksheet "Summary."

5. Leased Facilities

Otter Tail discusses leased facilities expenses at pages III-D-61 to III-D-62 of its Opening Evidence. Because the OTRR incurs leased facility expense only for operations over the Red River

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[5] See Otter Tail Supplemental Opening electronic file "Supplemental Density.xls," worksheet "Peak Gross Ton-Miles by Segment."

Valley Railroad between Brushvale and East Breckenridge, MN, a segment over which none of the incremental coal traffic passes, the OTRR will not incur any additional leased facilities expenses as a result of adding the incremental coal traffic.

6. Loss and Damage

Otter Tail discusses loss and damage ("L&D") expenses at page III-D-62 of its Opening Evidence. Incremental L&D expenses may be calculated by inserting the incremental base year coal tons into cell H363 of Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123," and zeroing out cells I359 to I394 of the same electronic file.

7. Insurance

Otter Tail discusses insurance expense at pages III-D-62 and III-D-63 of its Opening Evidence. Insurance expenses for the OTRR were calculated based on the relationship of casualty and insurance expenses incurred by BNSF to its total 2002 railroad expenses, excluding maintenance of way depreciation and casualty and insurance expenses. Otter Tail's Opening Errata electronic file "OTTER TAIL_OPR-EXP.123" will automatically calculate the incremental insurance expense after all incremental changes in operating expenses are placed into the electronic file.

8. Ad Valorem Taxes

Otter Tail discusses ad valorem tax expense at page III-D-63 of its Opening Evidence. There are no additional ad valorem tax expenses associated with the incremental coal traffic. Therefore, there is no change for this expense category.

9. Other Operating Expenses

There are no other operating expenses associated with the addition of the incremental coal traffic.

III.F. ROAD PROPERTY INVESTMENT FOR THE OTRR

The OTRR's right-of-way is comprised of track that it constructs and track that it accesses through a trackage rights agreement with the RRVW. The engineering design criteria for the OTRR have been developed to serve the specific traffic requirements of the proposed railroad. As stated previously, the OTRR moves coal from origin mines in Wyoming and Montana for eventual delivery to the electric generation facilities of domestic utilities and also handles overhead movements of grain, automotive, intermodal and general freight traffic.

As discussed in Section III-B-2, supra, adding the incremental coal traffic requires the addition of eight (8) miles of 132-pound new CWR, and 0.23 miles of 132-pound relay CWR between milepost 24.0 and 32.0 in the OTRR's Orin Division. The addition of this track also requires adding four (4) turnouts to facilitate train movements and adding all other attendant track materials, i.e., ballast, cross ties, tie plates, etc. In addition changes in roadbed preparation will be required, as well as small additions in culvert, bridge, crossing and roadway signs investments. Each of these additions is discussed below.

1. Land Requirements

a. Right-of-Way Acreage

Otter Tail discusses right-of-way acreage requirements at page III-F-5 of its Opening Evidence. No additional route miles are required due to the addition of the 8.23 miles of track in the Orin Subdivision. Therefore, no additional right-of-way land investment is required.

III-F
ROAD PROPERTY INVESTMENT

b. Yard Acreage

Otter Tail discusses yard acreage requirements at pages III-F-5 and III-F-6 of its Opening Evidence. No additional yard space is required due to the addition of 8.23 miles of track in the Orin Subdivision. Therefore, no additional yard land investment is required.

c. Other Acreage

Otter Tail discusses other land requirements, including land for other facilities (not located at yards) and microwave communications sites, at pages III-F-6 and III-F-7 of its Opening Evidence. No additional facilities or microwave communication sites are required due to the addition of 8.23 miles of track in the Orin Subdivision. Therefore, no additional land investment is required.

d. Property Value

Otter Tail discusses property values at pages III-F-7 to III-F-10 of its Opening Evidence. The addition of the incremental coal traffic and the 8.23 miles of track does not impact the unit cost to acquire land along the OTRR route.

2. Roadbed Preparation

a. Clearing & Grubbing

Otter Tail discusses clearing and grubbing investment expenses at pages III-F-10 to III-F-12 of its Opening Evidence. No additional clearing and grubbing is required to add the additional OTRR track. Therefore, no additional clearing and grubbing investment is required.

b. Earthworks

Otter Tail discusses earthwork investment at pages III-F-12 to III-F-24 of its Opening Evidence, with the specific earthwork required for the OTRR's Converse to Donkey Creek route segment, the segment where the additional track will be added, discussed at pages III-F-16 and III-F-17. The

addition of the 8.23 miles of track requires an additional 540,909 cubic yards of common excavation for roadbed preparation. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how this quantity was determined, and the impact the addition has on OTRR investment.

c. Lateral Drainage

Otter Tail discusses lateral drainage investment at pages III-F-24 and III-F-25 of its Opening Evidence. No additional lateral drainage is required due to the addition of 8.23 miles of track in the Orin Subdivision. Therefore, no additional lateral drainage investment is required.

d. Culverts

Otter Tail discusses OTRR culvert investment at pages III-F-25 and III-F-26 of its Opening Evidence. The addition of the 8.23 miles of track requires that an additional 255 lineal feet of culverts be included in the OTRR investment. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how this quantity was determined, and the impact the addition has on OTRR investment.

e. Other

i. Water for Compaction

Otter Tail discusses the costs associated with water for compacting the OTRR roadbed at pages III-F-29 and III-F-30 of its Opening Evidence. The addition of the 8.23 miles of track, and the associated additional roadbed preparation, requires that an additional 2.8 million gallons of water be used to aid in roadbed compaction. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how this quantity was determined, and the impact the addition has on OTRR investment.

ii. Land For Waste Quantities

Otter Tail discusses the additional land required to dump waste material left over after grading at page III-F-31 of its Opening Evidence. The additional grading necessary to add the 8.23 miles of track requires Otter Tail to acquire an additional 3.4 acres of land to dump waste material. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how this quantity was determined, and the impact the addition has on OTRR investment.

3. Track Construction

a. Geotextile Fabric

Otter Tail discusses geotextile fabric use and investment at page III-F-33 of its Opening Evidence. The addition of four (4) turnouts to facilitate train movements over the additional 8.23 miles of track requires two (2) additional swatches of No. 20 geotextile fabric, and two (2) additional swatches of No. 11 geotextile fabric. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how this quantity was determined, and the impact the addition has on OTRR investment.

b. Ballast and Subballast

Otter Tail discusses ballast and subballast requirements and investment at pages III-F-33 and III-F-34 of its Opening Evidence. The addition of the 8.23 miles of track requires the placement of 15,970 cubic yards of additional subballast, and 31,419 cubic yards of ballast. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how these quantities were determined, and the impact the additions have on OTRR investment.

c. Ties

Otter Tail discusses tie specifications and investment at pages III-F-34 and III-F-35 of its Opening Evidence. The addition of the 8.23 miles of track requires the installation of 26,679 additional Grade 5 cross ties. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how this quantity was determined, and the impact the addition has on OTRR investment.

d. Track

Otter Tail discusses track investment at pages III-F-34 and III-F-35 of its Opening Evidence. The addition of the 8.23 miles of track requires the installation of 84,480 lineal feet of 132-pound new CWR, 2,600 lineal feet of 132-pound relay CWR, 40 additional rail plant welds, 92 additional rail field welds, and 16 insulated joints.[1] Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how these quantities were determined, and the impact the additions have on OTRR investment.

e. Switches (Turnouts)

Otter Tail discusses its turnout requirements and investment at pages III-F-35 and III-F-36 of its Opening Evidence. As stated above, the addition of the 8.23 miles of track requires the addition of two (2) No. 20 electric turnouts with cross ties, and two (2) No. 11 manual turnouts with cross ties. With the addition of these turnouts, Otter Tail will also need to install two (2) additional electric turnout locks, two (2) additional switch stands, and two (2) additional switch heaters with propane tanks. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23

[1] The total length of track purchased, 8.24 miles, is greater than the 8.23 miles installed due to cropping of the relay rail.

miles.xls" explains how these quantities were determined, and the impact the addition has on OTRR investment.

f. Other Track Construction

Otter Tail discusses tie plate, spike and anchor requirements at pages III-F-37 and III-F-38 of its Opening Evidence. The additional 8.23 miles of track will require 51,988 new 7.75 inch by 14 inch 132# tie plates; 1,370 relay tie plates; 168,852 six (6) inch spikes; and 74,242 rail anchors. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how these quantities were determined, and the impact the additions have on OTRR investment.

4. Tunnels

Based on information provided in discovery by BNSF, and publicly available track charts, it was determined that there are no tunnels on the OTRR.

5. Bridges

Otter Tail discusses bridge requirements, specifications and investment at pages III-F-39 to III-F-41 of its Opening Evidence. The addition of the 8.23 miles of track will require the addition of 220 lineal feet of Class II bridges and 220 lineal feet of bridge walkways. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how these quantities were determined, and the impact the additions have on OTRR investment.

6. Signals and Communications

Otter Tail discusses signals and communications systems at pages III-F-41 to III-F-43 of its Opening Evidence. The addition of the 8.24 miles of track will require the replacement of a single

track hot bearing and dragging equipment detector with a double track hot bearing and dragging equipment detector, and a slight expansion of the OTRR's signals and communications network.[2]

7. Buildings and Facilities

Otter Tail discusses buildings and facilities at pages III-F-43 to III-F-45 of its Opening Evidence. The addition of the 8.23 miles of track will not require any additional investment in buildings and facilities. Therefore, no additional investment for this category is required.

8. Public Improvements

Otter Tail discusses public improvements, including fences, signs and road crossings, at pages III-F-45 and III-F46 of its Opening Evidence. The addition of the 8.23 miles of track will require Otter Tail to add eight (8) additional signs and 90 lineal feet of roadway crossings. Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls" explains how these quantities were determined, and the impact the additions have on OTRR investment.

9. Mobilization

Otter Tail discusses mobilization expense at pages III-F-46 and III-F-47 of its Opening Evidence. Otter Tail applied a 3.5 percent mobilization factor to all construction costs less land and track materials to develop its Opening Evidence mobilization expense.[3]

10. Engineering

Otter Tail discusses engineering expense at pages III-F-47 and III-F-48 of its Opening Evidence. Otter Tail applied an 8.5 percent factor to total construction costs (excluding land) to develop

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2 See Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls."
3 See Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls."

engineering expenses in its Opening Evidence.[4]

11. Contingencies

Otter Tail discusses contingency expense at page III-F-49 of its Opening Evidence. Otter Tail included a 10 percent contingency factor in developing the construction costs of the OTRR.

[4] See Otter Tail Supplemental Opening electronic file "Quantities associated with 8.23 miles.xls." Otter Tail also included in its Opening Evidence engineering expense calculation $9,036 per route mile for mapping and subsurface investigation. Because the addition of the 8.23 miles of track does not change the OTRR route miles, this additive is not required in developing the investment associated with the additional track.

IV
WITNESS QUALIFICATIONS

IV. WITNESS QUALIFICATION AND VERIFICATION

VERIFICATION

STATE OF VIRGINIA)
)
CITY OF ALEXANDRIA)

Thomas D. Crowley, being duly sworn, deposes and says that he is the same Thomas D. Crowley whose Statement of Qualifications appears in Part IV of the Narrative portion of the Opening Evidence of Otter Tail Power Company in this proceeding; that he, along with Mr. Robert D. Mulholland, is responsible for the portion of Otter Tail Power's Supplemental Opening Evidence in this proceeding related to the SARR traffic group volumes and revenues (Part III-A-1, 2, and 3), that he, along with Mr. Daniel L. Fapp, is responsible for the design and operation of the string program (Part III-C-2), and that he is responsible for operating unit requirements (Part III-D); that he knows the content thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Thomas D. Crowley

Sworn to and subscribed before me
this 8th, day of January, 2004

Notary Public for the State of Virginia

My Commission expires March 31, 2007

VERIFICATION

STATE OF VIRGINIA)
)
CITY OF ALEXANDRIA)

Robert D. Mulholland, being duly sworn, deposes and says that he is the same Robert D. Mulholland whose Statement of Qualifications appears in Part IV of the Narrative portion of the Opening Evidence of Otter Tail Power Company in this proceeding; that he, along with Mr. Thomas D. Crowley, is responsible for the portion of Otter Tail Power's Supplemental Opening Evidence in this proceeding related to the SARR traffic group volumes and revenues (Part III-A-1, 2, and 3); that he knows the content thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Robert D. Mulholland

Sworn to and subscribed before me
this 14th day of January, 2004

Notary Public for the State of Virginia

My Commission expires March 31, 2007

VERIFICATION

STATE OF VIRGINIA)
)
CITY OF ALEXANDRIA)

Daniel L Fapp, being duly sworn, deposes and says that he is the same Daniel L. Fapp whose Statement of Qualifications appears in Part IV of the Narrative portion of the Opening Evidence of Otter Tail Power Company in this proceeding; that he, along with Mr. Thomas D. Crowley, is responsible for the design and operation of the string program (Part III-C-2); that he knows the content thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Daniel L. Fapp

Sworn to and subscribed before me
this 7th, day of January, 2004

Notary Public for the State of Virginia

My Commission expires March 31, 2007

VERIFICATION

STATE OF VIRGINIA)
)
CITY OF ALEXANDRIA)

Charles A. Stedman, being duly sworn, deposes and says that he is the same Charles A. Stedman whose Statement of Qualifications appears in Part IV of the Narrative portion of the Opening Evidence of Otter Tail Power Company in this proceeding; that he is responsible for the and roadbed preparation/earthworks and bridge components of road property of the SARR exclusive of culverts and roadbed specifications (Parts III-F-2 and III-F-5); that he knows the content thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Charles A. Stedman

Sworn to and subscribed before me
this 7th, day of January, 2004

Notary Public for the State of Virginia

My Commission expires March 31, 2007

VERIFICATION

STATE OF FLORIDA)
)
COUNTY OF COLLIER)

Richard H. McDonald, being duly sworn, deposes and says that he is the same Richard H. McDonald whose Statement of Qualifications appears in Part IV of the Narrative portion of the Opening Evidence of Otter Tail Power Company in this proceeding; that he is responsible for the portion of Otter Tail Power's Supplemental Opening Evicence in this proceeding related to the SARR facility plan (Parts III-B-2), the SARR operating plan (Part III-C), and all incremental road property requirements of the SARR other than those asociated with earthwork requirements and bridge classification (Parts III-F-2 through 11); that he knows the content thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Richard H. McDonald

Sworn to and subscribed before me this 6th day of January, 2004.

Notary Public for the State of Florida

My Commission expires _____

April M Keating
My Commission DD135521
Expires July 21 2006