June 5, 2007

Subject: Securities and Exchange Commission Release No. 34-55816, File No. SR-DTC-2006-16, Notice of Filing of Proposed Rule Change Amending FAST and DRS Limited Participant Requirements for Transfer Agents

My name is Loren Hanson and I'm the Assistant Secretary of Otter Tail Corporation. I oversee the transfer agent function at our company. Otter Tail is a publicly traded company listed on the NASDAQ Global Select Market with a market cap close to $1 billion. Otter Tail has acted as its own transfer agent for close to 40 years and continues to act in that capacity today. Our company has always placed a high importance on customer service and believes we can provide better service to our shareholders than a large commercial agent who handles hundreds of accounts and where shareholders become "just another number" on their records.

Although we have a small department, our staff is well trained with a combined 60 years of experience. We are well equipped with the necessary tools and technology to provide a quality service to our shareholders, which emphasizes timeliness and accuracy, as well as the necessary controls and facilities to provide a safe and secure environment for shareholder records. Our record of good service is evident in the fact that our shareholders rarely register complaints and often receive compliments on our service compared to dealings they have had with commercial agents.

It is with that background that I'm responding to the proposed rule change to the FAST and DRS Limited Participant Requirements. Although our company embraces the concept of DRS**, we feel the current proposals for participation in DRS will result in onerous expenses, as outlined below, and burdensome compliance requirements which will essentially eliminate small transfer agents.**

Onerous Insurance Requirements

We are considered an exempt transfer agent, as defined in SEC Rule 17Ad-4, processing less than 500 transfers in a six month period. Yet, the current insurance proposals by DTC has only two tiers - one for 25,000 or above and one for less than 25,000 transfers.

With our transfer activity well below the 25,000 transfer threshold, we would be forced to carry excessive insurance for the amount of transfers we are at risk for. Also, we currently carry a very good crime policy but it does not meet the exact specifications listed in the bankers blanket bond. Moreover, the fact that we are not a bank, our risk management department indicated that we can't even obtain coverage as called for under the insurance requirement. Assuming we could obtain the coverage called for, it would cost our company an additional $13,000 per year.

As a side note to this comment, as a publicly traded company with strong credit ratings from both S&P (BBB+) and Moody's (A3), along with a strong balance sheet, our risk management policies allow us to carry higher deductibles on our insurance coverage which helps lower our operating costs. Yet, under the current proposals, we would be forced to carry a much lower deductible, or be at the discretion of DTC, which is in a monopolistic position, to determine if we can carry a higher deductible. Carrying the lower deductible under the current insurance proposal would add an additional cost of $9,000 per year.

In addition to the bankers bond, the rules for participation call for $1 million in Errors and Omissions coverage, again with a deductible of no more than $25 thousand. We currently have E & O coverage under our existing crime policy but does not meet the exact specifications called for under this proposal. To obtain the specific E & O coverage called for under the proposal would cost another $8,000.

The proposed rules also mandate that DTC be named as an additional insured or a "loss payee" on mail insurance. This is not standard insurance industry practice. Our insurance company has indicated that they are not in a position to have to arbitrate losses regarding multiple parties. In essence, this eliminates our ability, to obtain insurance. It, therefore, creates a potentially anti-competitive environment. It also provides DTC an advantage in disputed insurance claims over other registered shareholders.

Therefore, our company's estimate to meet the proposed insurance requirements, if they could even be obtained, will cost an additional $30,000 per year.

Onerous Audit Requirements

As a transfer agent of a publicly traded company which is regulated by the SEC, we are already heavily regulated with additional controls and audits – especially with the onset of SOX. Those additional regulations have already cost our company hundreds of thousands of dollars.

Also, as previously mentioned, we are an exempt transfer agent under SEC Rule 17Ad-4 since we transfer less than 500 transfers in a six month period. As a small transfer agent who transfers only our company's securities, there is significantly less risk to the public than from a large commercial agent who performs transfer agent work for a number of companies representing a large number of shareholders. That fact has been recognized by the SEC by exempting transfer agents who perform transfer agent work solely for their own securities from providing an annual independent accountant's report under Rule 17Ad-13.

Under the proposed amendments to FAST and DRS participation, not only is DTC asking for a copy of the an independent accountants report attesting to soundness of controls and safeguarding of assets and the integrity of computer systems, required

under Rule 17 Ad-13, but another report from an independent certified public accountant certifying that the transfer agent is complying with all of DTC's requirements relating to FAST as well as meeting the SEC's requirements for business continuity and a SSAE 10 or SAS-70 report attesting to the soundness of the transfer agents controls. This would be extremely difficult and expensive for a small in-house agent to obtain.

Our company's estimate of the additional auditing fees and expenses to comply with this requirement would be in excess of $30,000.

Onerous Vault Requirements

DTC is requesting that all stock certificates be kept in a fireproof safe of no less than 350 pounds, with a minimum anti-theft rating of UL 687 and minimum fire rating of UL 72 as well as a theft and fire central monitoring alarm system protecting the entire premises.

Otter Tail currently has a very secure and fire resistant vault. It is actually a room made of solid concrete and has always passed any SEC inspection. Yet, under the proposed rule, we would be required to purchase a new vault meeting the specifications outlined by DTC if we are going to offer DRS.

Our preliminary cost estimates indicate it would cost between $5,000 - $10,000 to prepare for and properly install a vault called for under this proposal.

In summary, our estimates indicate it would cost our company between $60 - $70 thousand for initial compliance and anywhere from $50-60 thousand on an ongoing basis to comply with these requirements. These additional costs would virtually force our company to outsource our operations.

In terms of our participation in DRS, we have seen very little interest in DRS from our shareholders and question if we should offer this service, even though exchanges are requiring companies to become "DRS eligible". Part of the reason for the lack of interest is attributable to the fact that over 80% of our 15,000 registered shareholders are currently enrolled in our DRIP program and are able to hold all of their shares in book entry form. Therefore, there is little incentive for DRIP holders to establish a DRS account.

Also, our shareholder base mainly consists of older, retired individuals who take comfort in holding physical stock certificates. Therefore, we do not see a time in the foreseeable future that stock certificates will be going away and are concerned that under the current proposed rules, additional costs will be required in order to become "DRS eligible" even though very few shareholders will be using it.

In conclusion, it appears on the surface that a framework is being created where only large commercial transfer agents can effectively operate, and they may even struggle

without significantly raising costs, which of course, will get passed on to the issuer. Not only does that framework eliminate competition among transfer agents, but more importantly, is an injustice to shareholders who are currently being well served by in-house agents whose operations are well run and whose sole purpose is to be of service to their shareholders.

Thank you for considering these comments on these proposals If you have any questions on any of the items discussed, I would be more than willing to further discuss them with you.

Loren Hanson
Assistant Secretary
Otter Tail Corporation