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July 7, 2008

Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

**Subject: Securities and Exchange Commission Release No. 34-57959,**

**File No. SR-DTC-2006-16, Notice of Filing of Proposed Rule Change Amending FAST and DRS Limited Participant Requirements for Transfer Agents**

I'm responding on behalf of Otter Tail Corporation concerning the latest amendment DTC has filed with the Commission concerning the requirements for transfer agents participating in the Fast Automated Securities Transfer Program (FAST) and the Direct Registration System (DRS) of DTC. As your records will show, Otter Tail previously filed a response on June 5, 2007 in reference to DTC's initial proposed rule changes, as well as on March 17, 2008 in reference to Amendment 3. As previously noted, Otter Tail has unofficially acted as its own transfer agent since our stock became publicly traded in the mid-1920's and have officially acted in that capacity for the past 33 years.

In reference to the recent amendment submitted by DTC, it was very discouraging to see that DTC continues to ignore concerns raised by Otter Tail as well as other interested parties who will be adversely impacted by the proposed rules. Otter Tail is a small but efficient transfer agent which is very capable of servicing well its shareholders. We are concerned, however, that our voice as a small transfer agent is being lost in this process with the end result that the rules, as proposed by DTC, will virtually eliminate small transfer agents.

**With the movement towards electronic dissemination of shares, the fact that the proposed DRS model forces transfer agents to use DTC's FAST system, it is imperative that a level playing field is established so that all transfer agents, regardless of size or make-up, can participate and that transfer agents are not left to the discretion of DTC on whether they will remain eligible to participate in their system.**

For the Commission's convenience, I have listed our concerns which remain after DTC's latest amendment:

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**Insurance concerns**

It continues to be evident to us that the rules are being established with a "one box fits all" mentality and the box has been sized for larger transfer agents who obviously are exposed to a lot more risk than a small in-house transfer agent. This is manifested throughout their provisions but is clearly evident by the fact that DTC defines only two thresholds for their proposed insurance requirements…those agents with 25,000 or fewer transactions and those with over 25,000 transactions. **We currently process less than 1,000 transactions per year**. Yet this rule alone would require our company to maintain insurance levels required by agents who process a lot more transactions and are exposed to much more risk. And, despite the fact that our company has an excellent crime policy which protects all of our stakeholders from the various perils associated with white collar crime or acts of errors and emissions, we are at the discretion of DTC on whether our existing policy is adequate. If not adequate, our estimates to acquire additional insurance as now specified would run anywhere from $20-$25 thousand per year.

**Custodial Relationship Issues**

Also, as noted in previous responses, it continues to be evident that DTC assumes we have some form of a custodial relationship which requires special treatment. Although we maintain an account for DTC, like other registered shareholders, we do not view our relationship with DTC as one requiring a custodial relationship. A custody relationship carries a significantly different approach and responsibility that we don't offer to the rest of our registered shareholders. All of our holders are afforded the assurance of sound recordkeeping, safekeeping, timely responses to inquiries and or transfer requests, as regulated by the Commission. However, we don't provide selective service to any of our holders since it would be unfair to the rest of our shareholders….both from a cost and productivity standpoint

As a side note to this issue, it appears that DTC has concerns with transfer agents' ability to adequately protect the shareholder assets they are charged with. As quoted from their latest filing, "In light of the FAST program's growth, DTC reexamined the requirements of the FAST program with a view toward ensuring that DTC's assets in the custody of transfer agents, which ultimately belong to DTC's participants and their customer, are adequately protected." The question we would raise is, do not transfer agents have that level of concern and responsibility for all shareholders…regardless if they are a part of DTC's FAST program? If the Commission feels a particular transfer agent is not capable of adequately protecting shareholder assets, then it would be the Commissions' responsibility to take corrective action, not DTC which is a clearing agent …not a regulatory body.

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**Audit Concerns**

In terms of the audit requirements, DTC did amend their requirement of requiring an SSAE-10 or a SAS-70 report. However, they still are requiring, on an annual basis, a copy of the Rule 17-Ad 13 report. As previously noted, we are an exempt transfer agent under SEC Rule 17Ad-4 since we transfer less than 500 transfers in a six month period and therefore do not have a Rule 17-Ad 13 report. Also, as previously noted, 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 Commission 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.

Moreover, as a publicly traded company, we already have strenuous audit requirements and internal controls which are audited internally as well as externally…as mandated by SOX that cost our company hundreds of thousands of dollars. **Those audit requirements include attesting to the soundness of controls for our department, and yet this procedure would not fit the specific criteria called for under the proposed rules**. This is yet another example of establishing rules that have been developed with the mindset for a large commercial transfer agent without taking into consideration the make-up of other transfer agents…especially in-house agents. Our estimate to comply with this rule would run in excess of $10,000 per year in order to hire a CPA firm to audit just our department which, as previously noted, does less than 1,000 transfers in a twelve month period…assuming we could even find a CPA firm willing to commit to this type of audit.

**Operational Concerns**

Operationally, DTC requires the transfer agent to establish and maintain electronic communications with DTC to balance FAST positions on a daily schedule. Unfortunately, the method of communication they have chosen for a smaller agent involves the use of a dial-up modem, which is virtually obsolete technology. In fact, our company does not even support that technology anymore with the advent of the Internet which provides communication services that are often free and easy to support. Therefore, in order to comply with this requirement, requires that we purchase old technology which, in the end, would not have any internal technical support, and pay a monthly charge for a dedicated phone line to allow for the transmission of data.

DTC is also requiring that DRS limited participants would need to deliver advices directly to investors relating to DRS Withdrawal-by-Transfer requests, and provide DTC with a file - in a format and functionality specified by DTC – containing the transaction advice

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delivery date. Again, our concern is do these requirements fall into the "one box fits all" category without taking into consideration the costs or burden it would impose on smaller transfer agents.

Also, DTC is advocating that transfer agents be able to implement any program changes related to DTC modifications which are necessary to expand DRS processing capabilities. Our concern here is what boundaries are in place that would prevent DTC from implementing changes that would result in excessive costs, or from a technology standpoint, would result in programs and procedures which would be unfeasible for a smaller transfer agent, or any transfer agent for that matter, to support?

**DRS participation costs**

Ultimately, DRS participation will result in excessive costs and rules for our company without considering the benefit to all of our shareholders. The fact that our company, as well as most companies that pay dividends, offers a dividend reinvestment plan impacts the degree of which DRS will be utilized. Currently, over 80% of our 15,000 registered shareholders are currently enrolled in that program where they are already able to hold their shares in book entry form. Therefore, there is little incentive for them to establish a DRS account.

Also, being a utility stock which tends to attract retired shareholders, many of whom take comfort in holding a piece of paper, it is imperative that we don't have a system designed that precludes shareholders from holding a stock certificate and results in excessive costs for the few who do find it advantageous to use.

**Final Thoughts**

In the end, we still feel the proposed model for electronic moment of shares force transfer agents to join the FAST program and ultimately as a limited DRS participant without giving full consideration to the make-up of all the transfer agents who are players in this space. As stated in previous responses, we hope the Commission would recognize that being a small in-house transfer agent does not mean a company is not capable of providing reliable, safe, and efficient services. In fact, with a well trained and experienced staff as well as modern technology tools, we think we can do it better and more efficiently than a commercial agent. Unlike a commercial transfer agent who handles hundreds of companies and where shareholders can get lost in the shuffle, we know many of our shareholders by their first name. And the fact that many of our shareholders live in small rural communities close to our general office, affords them with the ability to deal with us directly.

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Even though DTC feels the proposed rules will not impose any burden on competition, they obviously are looking at it through the lens of a large transfer agent. Establishing a framework where only large commercial agents will survive not only eliminates competition among transfer agents, but more importantly, disenfranchises 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.

We embrace the electronic movement of shares and elimination of stock certificates where practical, however, all we ask for is a playing field which does not result in excessive costs and burdensome compliance rules. Unfortunately, the proposals as revised, still have the “one box fits all” approach and places all transfer agents at the mercy of DTC. Perhaps DTC is looking forward to the day small transfer agents are eliminated and only have a few large agents to deal with – a feeling you receive when return phone calls from DTC are not made. Bear in mind, however, that the ultimate customer for all of us is the shareholder and if they feel victimized with the outcome, who is the ultimate loser?

Thank you, again, for the opportunity to comment 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