

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
www.otpco.com

March 26, 2009

South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501-5070



Dear Commissioners:

Attached is Otter Tail Power Company's response to the Commission's March 13, 2009 information request regarding greenhouse gas (GHG) regulation.

The final form and timing of federal GHG legislation is difficult to predict. For that reason, we have estimated the impacts of possible legislation based on certain assumptions. While we don't agree with this methodology, we have assumed in those calculations that no allowances will be allocated to utilities or customers and that all will be auctioned. Our calculations were based on 2008 KWH sales levels and CO<sub>2</sub> output level. It was also assumed that we are only responsible for the CO<sub>2</sub> generated by the plants we own.

Pending federal legislation regarding GHG will have a significant impact on South Dakota customers of Otter Tail Power Company. We estimate that GHG legislation would on average increase electric bills Otter Tail's South Dakota customers from 32% at a \$20 per ton CO<sub>2</sub> level up to 80% at a \$50 per ton level annually. You can see from the actual customer bills included how GHG legislation would impact individual South Dakota customers.

Otter Tail believes that future growth of electric demand requires a balanced approach that is mindful of our customers' need for reliable electricity that is affordable and environmentally responsible. That balance will be achieved through using demand-side management and conservation, renewable resources, plant and operating efficiencies, peaking plants, and prudent baseload generation.

The Company feels that GHG legislation needs to include all sectors of the economy and all sources of GHG. Any legislation should include an economic safety valve for alternative actions if costs get too high. Otter Tail believes that all allowances should be allocated to utilities or customers at no cost in the beginning. The number of free allowances should decrease over time. Any proceeds from the auction of these allowances needs to either flow back directly to customers or fund GHG-reducing technology.

Thank you for the opportunity to comment on this important issue. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Chuck MacFarlane".

Chuck MacFarlane, President  
Otter Tail Power Company

<b>CO2 COST PER TON</b>	<b>CUSTOMER CLASS</b>	<b>AVERAGE RATE PER KWH - 2008</b>	<b>COST IMPACT PER KWH</b>	<b>PERCENTAGE INCREASE</b>
<b>\$20 / Ton</b>	Residential	0.07598	0.02091	27.5%
	Commercial	0.07613	0.02091	27.5%
	Industrial	0.05573	0.02091	37.5%
	Total South Dakota	0.06492	0.02091	32.2%
<b>\$30 / Ton</b>	Residential	0.07598	0.03136	41.3%
	Commercial	0.07613	0.03136	41.2%
	Industrial	0.05573	0.03136	56.3%
	Total South Dakota	0.06492	0.03136	48.3%
<b>\$40 / Ton</b>	Residential	0.07598	0.04182	55.0%
	Commercial	0.07613	0.04182	54.9%
	Industrial	0.05573	0.04182	75.0%
	Total South Dakota	0.06492	0.04182	64.4%
<b>\$50 / Ton</b>	Residential	0.07598	0.05227	68.8%
	Commercial	0.07613	0.05227	68.7%
	Industrial	0.05573	0.05227	93.8%
	Total South Dakota	0.06492	0.05227	80.5%



**Total Annual Impact on Otter Tail Power Company's South Dakota customers: 22,267,020**

**Assuming no growth in sales and a level CO2 charge, OTP's SD customers would pay out over \$890 million dollars from 2010 - 2040.**

01 0 \* 4 0000

Check for mailing address change (see reverse side) Energy Share Donation \$ \_\_\_\_\_

14028704 6 000017242 11

OTTER TAIL POWER COMPANY  
PO BOX 6000  
WAHPETON ND 58074-6000

404 S 2ND ST  
PO BOX 392  
MILBANK SD 57252-0392

#BWNFYTN #14 0287044# \*\*B002

RESIDENTIAL CUSTOMER  
1234 ELM ST E  
ANYTOWN, SD 57252-0496

Due Date: **Feb 13, 2009**  
Amount Due: **\$172.42**

Your payment is recorded upon receipt. Please allow sufficient mailing time. Please return this stub with your payment. If paying in person, bring the entire bill. 15-16-015 15-123456-6 \$172.42 EMP

---

**Status of Your Account**

Account Number: **15-123456** Access Code: **3341**  
RESIDENTIAL CUSTOMER  
1234 ELM ST E  
ELKTON, SD 57026

Previous Payment: 01/05/09 460.22  
Previous Balance 127.58CR  
Current EMP: 300.00

Billing Date: Jan 23, 2009

Amount Due: **\$172.42**

We're here to answer any questions, concerns, or complaints you might have about your bill. Call us at 605-432-4579, or toll-free at 1-800-257-4044. Visit or write our office at: 404 S 2ND ST PO BOX 392 MILBANK SD 57252-0392

Even Monthly Payment Status  
www.otpco.com

Current EMP payment due: 300.00  
Credit balance interest: 0.07CR  
Your month 1 EMP Balance after payment: 248.68 Debit

---

**Account Detail**

<b>01. Residential-Total Electric</b>		<b>02. Other Charges/Credits</b>	
01/19/09 Reading	3396	Energy Efficiency Adj	5.08
12/16/08 Reading	25871	Energy Adjustment	77.67
Kilowatt Hours Used	8065	8065 kwh @ .00963	31.06
Customer Charge	5.80	Sales Tax	
200 kwh at .07579	15.16		
800 kwh at .06453	51.62		
7065 kwh at .05129	362.36		

**926.29**      **548.75**

Total: (01) 434.94      Total: (02) 113.81  
Current Billing: 926.29 548.75

More account information on back.

## Sample Otter Tail Power Company Residential customer bill showing potential impact of federal CO2 Legislation.

(Assumes \$50 per ton CO@ cost and all allowances auctioned.)



01 0 \* 4 0100

Check for mailing address change (see reverse side) Energy Share Donation \$ \_\_\_\_\_

14034269 2 000151300 11

OTTER TAIL POWER COMPANY  
PO BOX 6000  
WAHPETON ND 58074-6000

404 S 2ND ST  
PO BOX 392  
MILBANK SD 57252-0392

#BWNFVFN #14 0342699# \*\*C001

COMMERCIAL CUSTOMER  
1234 ELM ST E  
ANYTOWN, SD 57252-0498

Due Date: **Feb 17, 2009**  
Amount Due: **\$1,513.00**

Your payment is recorded upon receipt. Please allow sufficient mailing time. Please return this stub with your payment. If paying in person, bring the entire bill. 15-18-121 15-123456-2 \$1,513.00 EMP

**Status of Your Account**

Account Number: **15-123456** Access Code: **4047**  
COMMERCIAL CUSTOMER

1234 ELM ST E  
SISSETON, SD 57282

Billing Date: Jan 27, 2009

\*If payment is not credited to your account by Feb 17, 2009, a late payment charge of 1.5% (18% per year) plus \$2.00 will be charged.

Previous Payment: 01/22/09 2,487.43

Current EMP: 1,513.00

Amount Due: **\$1,513.00**

**Even Monthly Payment Status**

Current EMP payment due: 1513.00  
Your month 1 EMP Balance after payment: 7.76 Debit

We're here to answer any questions, concerns, or complaints you might have about your bill. Call us at 605-432-4579, or toll-free at 1-800-257-4044.

Visit or write our office at:  
404 S 2ND ST  
PO BOX 392  
MILBANK SD 57252-0392

www.otpc.com

**Account Detail**

01. General Service

01/21/09 Reading	5162
12/17/08 Reading	4029
Multiplier	
20,000 X 1133	
Kilowatt Hours Used	22660
39.2 kw at 2.15	84.28
Bill Demand is	49.2 kw
Customer Charge	6.00
1000 kwh at .08275	82.75
1000 kwh at .07141	71.41
7840 kwh at .05237	410.58
12820 kwh at .04268**	547.16

02. Other Charges/Credits

Energy Efficiency Adj	14.28
Energy Adjustment	
22660 kwh @ .00963	218.22
Sales Tax	86.08

**2,565.52**      **1,520.76**

Total: (01) 1,202.18  
Load Factor= .54 Power Factor= 1.00

Total: (02) 318.58  
Current Billing: 2,565.52 1,520.76

\*\*Limit or spread your load. Max [imum Demand] for a smaller bill. Kwh in excess of 200 x your max dem are at this low price.

More account information on back.

# Sample Otter Tail Power Company Commercial customer bill showing potential impact of federal CO2 Legislation.

(Assumes \$50 per ton CO@ cost and all allowances auctioned.)



01 8 \* 8 0872

Check for mailing address change  
(see reverse side)

Energy Share Donation \$ \_\_\_\_\_



404 S 2ND ST  
PO BOX 392  
MILBANK SD 57252-0392

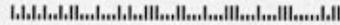
14007153 1 002131867 13

#BWNFYTN  
#14 0071534#



OTTER TAIL POWER COMPANY  
PO BOX 70  
WAHPETON ND 58074-0070

SCHOOL CUSTOMER  
1234 ELM ST E  
ANYTOWN, SD 57252-0496



Due Date: **Feb 17, 2009**

Amount Due: **\$21,318.67**

Your payment is recorded upon receipt. Please allow sufficient mailing time.  
Please return this stub with your payment. If paying in person, bring the entire bill. 15-18-998 15-123456-1 \$21,318.67

### Status of Your Account



Account Number: **15-123456** Access Code: **7053**

SCHOOL CUSTOMER

1234 ELM ST E  
MILBANK, SD 57252

Previous Payment:  
01/15/09 19,463.39

Current Billing: 21,318.67

Billing Date: Jan 27, 2009

Amount Due: **\$21,318.67**

We're here to answer any questions,  
concerns, or complaints you might  
have about your bill.  
Call us at 605-432-4579, or toll-free at  
1-800-257-4044.

Visit or write our office at:  
404 S 2ND ST  
PO BOX 392  
MILBANK SD 57252-0392

www.otpc.com

### Account Detail

01. LG Gen Service-Secondary		02. Controlled Service		03. Other Charges/Credits	
01/22/09 Reading	57677	01/22/09 Reading	41933	Energy Efficiency Adj	268.04
12/22/08 Reading	56007	12/22/08 Reading	37360	Energy Adjustment	
				334000 kwh @ .00963	3,216.42
Multiplier		Multiplier			
200.000 X 1670		20.000 X 4573			
Kilowatt Hours Used	334000	Kilowatt Hours Used	91460		
kvar	228.6	Customer Charge	5.00		
kw demand	837.2	91460 kwh at .02400	2,195.04		
kw reactive dem.	.0				
kw total	837.2				
Bill Demand is	837.2 kw				
Customer Charge	25.50				
100.0 kw at 7.05	705.00				
737.2 kw at 5.15	3,796.58				
837.2 kw Bill Demand	4,501.58				
32608 kwh at .02498	814.55				
301392 kwh at .03415	10,292.54				
<b>Total: (01)</b>	<b>15,634.17</b>	<b>Total: (02)</b>	<b>2,200.04</b>	<b>Total: (03)</b>	<b>3,484.46</b>
Load Factor= .53	Power Factor= .96			Current Billing:	35,964.60 21,318.67

**35,964.60 21,318.67**

More account information on back.

## Sample Otter Tail Power Company School customer bill showing potential impact of federal CO2 Legislation.

(Assumes \$50 per ton CO@ cost and all allowances auctioned.)



