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**VIA ELECTRONIC DELIVERY**

March 30, 2011

Ms. Patricia Van Gerpen  
Executive Director  
Public Utilities Commission  
State of South Dakota  
Pierre, SD 57501

Dear Ms. Van Gerpen:

Enclosed is a revised detail of the determination of the fuel adjustment factor for the three months ending February 2011. The new adjustment factor is applicable on bills dated on and after April 1, 2011 (Billing Cycle 1).

The calculation was made in compliance with the Fuel Adjustment Clause Rider, Electric Rate Schedule – Section 13.01, as approved by the South Dakota Public Utilities Commission at their June 23, 2009, commission meeting (Docket No. EL08-030).

Effective with the April 2011 rate, asset based margins will be reported as two line items in the monthly calculation. These calculations were approved in Docket Nos. EL10-011 and EL08-030. The lagging EL08-030 amount will end effective with the March 2010 fuel adjustment factor (12 months). Detailed schedules of the items included in the calculation are enclosed. Otter Tail Power Company requests confidential treatment of columns (F) and (G) of the Attachment A and columns (J), (K), (L), and (M) of the Attachment B pursuant to ARSD Part 20:10:01:41 due to the competitive nature of the data in those columns. Otter Tail Power Company is requesting confidential treatment for a period of at least 12 months and will request an extension in the future if necessary. Contact Pete Beithon, Manager of Regulatory Economics at: (218) 739-8607, 215 South Cascade Street, Fergus Falls, MN 56537 with any questions of concerns regarding the confidentiality request.

Revenue from Cost of Energy Adjustment for February 2011:

Total Sales in South Dakota	44,192,815 kWh
Sales Subject to Fuel Adjustment	44,127,355 kWh
Average Rate During Period	(\$0.00411)
Revenue in Period	(\$181,633.07)
Energy Cost Adjustment Rate Level 70 and 42 - Effective 4/1/11	(\$0.00096)

**Plant Conditions for February 2011**

**Big Stone:**

The unit generated 239,880 net MWh for the month. Unit availability was 100% and equivalent availability was 97.74%. Fuel prices were 2.40% over budget.

**Coyote:**

The Unit generated 242,974 net MWh for the month. Availability for the month was 92.8% and equivalent availability was 91.3%. Fuel prices were 1.47% over budget.

**Hoot Lake:**

Unit 2 generated 29,714 net MWh for the month. Unit 2 had an availability of 100% and an equivalent availability of 100%. Fuel costs were about 1.77% under budget.

Unit 3 generated 37,702 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 100%. Fuel prices were about 1.77% under budget.

**Plant Conditions for January 2011**

**Big Stone:**

The unit generated 310,053 net MWh for the month. Unit availability was 99.6% and equivalent availability was 97.0%. Fuel prices were 1.12% over budget.

**Coyote:**

The Unit generated 308,679 net MWh for the month. Availability for the month was 100% and equivalent availability was 99.0%. Fuel prices were on budget.

**Hoot Lake:**

Unit 2 generated 32,131 net MWh for the month. Unit 2 had an availability of 97.2% and an equivalent availability of 97.2%. Fuel costs were about 2.27% under budget.

Unit 3 generated 40,791 net MWh for the month. Unit 3 had an availability of 88.3% and an equivalent availability of 88.3%. Fuel costs were about 2.76% under budget.

Sincerely,



Jill R. Bjorgum  
Regulatory Transactions Specialist  
Regulatory Services

Enclosures