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VIA ELECTRONIC DELIVERY

April 26, 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 March 2011. The new adjustment factor is applicable on bills dated on and after May 2, 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 March 2011:

Total Sales in South Dakota	39,453,217 kWh
Sales Subject to Fuel Adjustment	39,384,328 kWh
Average Rate During Period	(\$0.00190)
Revenue in Period	(\$74,974.18)
Energy Cost Adjustment Rate Level 70 and 42 - Effective 5/2/11	(\$0.00406)

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Included in the determination of this month's fuel adjustment factor is Item III.3.A from the Joint Settlement Stipulation dated February 24, 2011, in Docket No. EL10-011 (2010 Renewable Energy Credit Revenue). The amount of \$508,736 is \$49,070 grossed up to a system amount based on Otter Tail's E2 allocator of 9.645471% from Docket No. EL10-011. This will flow the credit through to South Dakota ratepayers in the month this factor is effective.

Plant Conditions for March 2011

Big Stone:

The unit generated 281,557 net MWh for the month. Unit availability was 100% and equivalent availability was 96.91%. Fuel prices were on budget.

Coyote:

The Unit generated 265,293 net MWh for the month. Availability for the month was 89.3% and equivalent availability was 88.5%. Fuel prices were on budget.

Hoot Lake:

Unit 2 generated 29,530 net MWh for the month. Unit 2 had an availability of 100% and an equivalent availability of 100%. Fuel costs were about 1.71% under budget.

Unit 3 generated 40,843 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 100%. Fuel prices were about 2.34% under budget.

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.

Sincerely,



Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Services

Enclosures