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**VIA ELECTRONIC DELIVERY**

December 22, 2011

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

Dear Ms. Van Gerpen:

Enclosed is the detail of the determination of the fuel adjustment factor for the three months ending November 2011. The new adjustment factor is applicable on bills dated on and after January 3, 2012 (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 in the Order Approving the Joint Motion for Approval of the Settlement Stipulation dated March 14, 2011, in Docket No. EL10-011.

Effective June 1, 2011, Otter Tail Power Company will remove all applicable revenues and costs allowed for recovery in the fuel adjustment clause from the cost of service and will recover all applicable revenues and costs through a one-part fuel adjustment cost factor. MISO Ancillary Services Market (ASM) transactions (excluding ancillary services revenues and expenses derived through Otter Tail Power Company's individual FERC-approved Control Area Services Operations Tariff) shall flow through the fuel adjustment. Ninety percent (90%) of South Dakota renewable energy credits sold shall be credited to the fuel adjustment and any allocable emission allowances sold shall be credited to (flow through) the fuel adjustment.

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.

Ms. Patricia Van Gerpen  
December 22, 2011  
Page 2

Revenue from Cost of Energy Adjustment for November 2011:

Total Sales in South Dakota	31,625,319 kWh
Sales Subject to Fuel Adjustment	31,607,459 kWh
Average Rate During Period	\$.02169
Revenue in Period	\$685,746.65
Energy Cost Adjustment Rate Level 42, 70 and 71 - Effective 1/3/12	\$.022210

**Plant Conditions for November 2011**

Big Stone:

The unit generated 52,428 net MWh for the month. Unit availability was 34.11% and equivalent availability was 19.45%. Fuel prices were 3.95% over budget

Coyote:

The Unit generated 262,632 net MWh for the month. Availability for the month was 100% and equivalent availability was 99.1%. Fuel prices were about 5.6% over budget.

Hoot Lake:

Unit 2 generated 26,830 net MWh for the month. Unit 2 had an availability of 100% and an equivalent availability of 99.74%. Fuel costs were 1.6% over budget.

Unit 3 generated 36,771 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 100%. Fuel prices were 0.98% over budget.

**Plant Conditions for October 2011**

Big Stone:

The unit generated 0 net MWh for the month. Unit availability was 0% and equivalent availability was 0%. Fuel prices were not available. Unit was off-line the entire month due to scheduled outage.

Coyote:

The Unit generated 280,073 net MWh for the month. Availability for the month was 100% and equivalent availability was 100%. Fuel prices were about 6.28% over budget.

Hoot Lake:

Unit 2 generated 27,550 net MWh for the month. Unit 2 had an availability of 100% and an equivalent availability of 99.67%. Fuel costs were on budget.

Unit 3 generated 37,951 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 99.12%. Fuel prices were 1.02% over budget.

Sincerely,



Jill R. Bjorgum  
Regulatory Transactions Specialist  
Regulatory Services

Enclosures