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April 23, 2012

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 March 2012. The new adjustment factor is applicable on bills dated on and after May 2, 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.

As approved in Docket Nos. EL10-011 and EL08-030 the calculation includes the updated Non-Asset Based Margins for 2012.

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 2012:

Total Sales in South Dakota	36,224,828 kWh
Sales Subject to Fuel Adjustment	36,195,545 kWh
Average Rate During Period	\$.02547
Revenue in Period	\$921,934.86
Energy Cost Adjustment Rate Level 42, 70 and 71 – Eff. 5/2/12	\$.024330

**Plant Conditions for March 2012**

**Big Stone:**

The unit generated 178,645 net MWh for the month. Unit availability was 95.6% and equivalent availability was 92.37%. Fuel prices were 3.03% under budget.

**Coyote:**

The Unit generated 240,106 net MWh for the month. Availability for the month was 99.87% and equivalent availability was 99.87%. Fuel prices were 1.20% under budget.

**Hoot Lake:**

Unit 2 generated 15,507 net MWh for the month. Unit 2 had an availability of 90.38% and an equivalent availability of 90.38%. Fuel costs were about 12.28% under budget.

Unit 3 generated 32,507 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 100%. Fuel prices were about 12.86% under budget.

**Plant Conditions for February 2012**

**Big Stone:**

The unit generated 183,363 net MWh for the month. Unit availability was 78.41% and equivalent availability was 75.89%. Fuel prices were on budget.

**Coyote:**

The Unit generated 284,687 net MWh for the month. Availability for the month was 100% and equivalent availability was 100%. Fuel prices were 1.27% under budget.

**Hoot Lake:**

Unit 2 generated 24,109 net MWh for the month. Unit 2 had an availability of 99.9% and an equivalent availability of 99.9%. Fuel costs were about 13.27% under budget.

Unit 3 generated 25,867 net MWh for the month. Unit 3 had an availability of 79.8% and an equivalent availability of 79.8%. Fuel prices were about 13.36% under budget.

Sincerely,



Jill R. Bjorgum  
Regulatory Transactions Specialist  
Regulatory Services

Enclosures  
By electronic filing