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October 24, 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 September 2012. The new adjustment factor is applicable on bills dated on and after November 1, 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 submits the following attachments:

- 1) Calculation of the November 2012 Fuel Adjustment Clause Rider based on the three-month period ending September 2012.
- 2) South Dakota Over/Under Recovery (2 pages).
- 3) Detail of MISO Day 2 Charges by Charge Type for SD Fuel Adjustment Clause Rider marked as Attachment A. Please note this document contains Trade Secret Data.

Ms. Patricia Van Gerpen
October 24, 2012
Page 2

- 4) Detail of MISO Day 2 Charges by Retail, Asset Based Wholesale, and Non Asset Based Wholesale for Current Month and Year to Date marked as Attachment B. Please note this document contains Trade Secret Data.
- 5) Otter Tail Power Company's Plant Conditions for August and September 2012 marked as Attachment C.

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 Stuart Tommerdahl, Manager of Regulatory Administration at: (218) 739-8279, 215 South Cascade Street, Fergus Falls, MN 56537 with any questions of concerns regarding the confidentiality request.

Revenue from Cost of Energy Adjustment for September 2012:

| | |
|--|----------------|
| Total Sales in South Dakota | 32,398,829 kWh |
| Sales Subject to Fuel Adjustment | 32,372,253 kWh |
| Average Rate During Period | \$.02202 |
| Revenue in Period | \$712,847.76 |
| Energy Cost Adjustment Rate Level 42, 70 and 71 – Eff. 11/1/12 | \$.02452 |

Sincerely,



Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Services

Enclosures
By electronic filing