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**VIA ELECTRONIC DELIVERY**

February 28, 2012

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 January 2012. The new adjustment factor is applicable on bills dated on and after March 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.

The calculation filed on February 23, 2012, did not include the updated Non-Asset Based Margins for 2012. This calculation was approved in Docket Nos. EL10-011 and EL08-030.

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 January 2012:

Total Sales in South Dakota	39,595,672 kWh
Sales Subject to Fuel Adjustment	39,577,558 kWh
Average Rate During Period	\$.02165
Revenue in Period	\$856,794.40
Energy Cost Adjustment Rate Level 42, 70 and 71 – Eff. 3/2/12	\$.025490

**Plant Conditions for January 2012**

**Big Stone:**

The unit generated 232,451 net MWh for the month. Unit availability was 98.24% and equivalent availability was 97.58%. Fuel prices were 3.68% under budget.

**Coyote:**

The Unit generated 263,138 net MWh for the month. Availability for the month was 95.6% and equivalent availability was 94.2%. Fuel prices were 1.62% under budget.

**Hoot Lake:**

Unit 2 generated 27,031 net MWh for the month. Unit 2 had an availability of 100% and an equivalent availability of 99.67%. Fuel costs were about 15.21% under budget.

Unit 3 generated 37,803 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 100%. Fuel prices were about 14.61% under budget.

**Plant Conditions for December 2011**

**Big Stone:**

The unit generated 241,345 net MWh for the month. Unit availability was 99.88% and equivalent availability was 90.75%. Fuel prices were 2.92% over budget

**Coyote:**

The Unit generated 251,346 net MWh for the month. Availability for the month was 89.4% and equivalent availability was 88.4%. Fuel prices were about 5.26% over budget.

**Hoot Lake:**

Unit 2 generated 28,279 net MWh for the month. Unit 2 had an availability of 100% and an equivalent availability of 100%. Fuel costs were 0.65% over budget.

Unit 3 generated 39,101 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 100%. Fuel prices were 1.42% over budget.

Sincerely,



Jill R. Bjorgum  
Regulatory Transactions Specialist  
Regulatory Services

Enclosures