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September 21, 2018

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 August 2018. The new adjustment factor is applicable on bills dated on and after October 2, 2018 (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 Tariff Revisions to Include Emissions Controls Costs dated September 18, 2014, in Docket No. EL14-070.

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

Otter Tail Power Company (Otter Tail) submits the following attachments:

- 1) Calculation of the October 2018 Fuel Adjustment Clause Rider based on the three-month period ending August 2018.

Purchased power in July was a negative amount due to the recognition of a settlement with another utility in Otter Tail's Local Balancing Authority. Incorrect metering was discovered at one of that utility's generating units which impacted settlements from prior periods that have now been corrected through this settlement. These corrections and the associated settlement were for periods outside the MISO 105-day settlement period.

- 2) South Dakota Over/Under Recovery (2 pages).

Ms. Patricia Van Gerpen
September 21, 2018
Page 2

- 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.
- 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's Plant Conditions for August 2018 marked as Attachment C.
- 6) Otter Tail's Wind Curtailment Report for FPL Energy North Dakota II, LLC, Langdon Wind, LLC and Ashtabula Wind III, LLC marked as Attachment D. Please note this document contains Trade Secret Data.
- 7) Detail of Southwest Power Pool (SPP) Charges by Charge Group for Current Month and Year to Date marked as Attachment E. The SPP charges are reported in the Purchased Power lines of the Fuel Adjustment Clause calculation.

Otter Tail 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 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 August 2018:

Total Sales in South Dakota	34,977,675 kWh
Sales Subject to Fuel Adjustment	33,158,481 kWh
Average Rate During Period	\$.02339
Revenue in Period	\$775,888.12
Energy Cost Adjustment Rate Level 42, 70 and 71 – Eff. 10/2/18	\$.02256

Sincerely,

/s/ *JILL R. BJORGUM*
Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Administration

Enclosures
By electronic filing