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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION



April 14, 2005

Pamela Bonrud, Executive Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070

**RE: SD PUC Docket EL05-009 Otter Tail Power Company's Revised Fuel
Adjustment Clause Tariff**

Dear Ms. Bonrud:

Enclosed you will find an approved copy of Otter Tail Power Company's Fuel Adjustment Clause Sheet No. 98. The Fuel Adjustment Clause Sheet No. 98 has an approval date of April 7, 2005 and an effective date of April 1, 2005.

If you have any questions regarding this filing, please contact me at 218-739-8607.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Beithon", written over a horizontal line.

Pete Beithon.
Manager, Regulatory Economics
Regulatory Services Department
pbeithon@otpco.com

Enclosures

Cc: Bernadeen Brutlag, Manager, Regulatory Services

FUEL ADJUSTMENT CLAUSE

There shall be added to or deducted from the monthly bill the amount per kilowatt-hour (rounded to the nearest 0.001¢) that the average cost of fuel is above or below 1.5460¢ per kilowatt-hour. The average cost of fuel per kilowatt-hour for the current period shall be calculated from data covering actual costs from the most recent three month period as follows:

Energy costs from actual months 1, 2 and 3 plus unrecovered (or less over recovered) prior cumulative energy costs plus (or minus) the carrying charge, divided by the associated energy (reduced for average system losses) associated with retail sales for actual months 1, 2 and 3 equals the cost of energy amount.

The applicable adjustment will be applied month to month on a uniform billing cycle to each customer's bill at the earliest practical date following the three month period. The cost of fuel shall be determined as follows:

1. The expense of fossil and other fuels, including but not limited to, biomass, wood, refuse-derived fuel (RDF), and tire-derived fuel (TDF), as recorded in Account 151 of the FERC's Uniform System of Accounts for Public Utilities and Licensees, used in the Company's generating plants.
2. The utility's share of the expense of fossil fuel, as recorded in Account 151, used in jointly owned or leased plants.
3. The net energy cost of energy purchases when such energy is purchased on an economic dispatch basis, exclusive of capacity or demand charges.
4. The net cost of energy purchases from any facility utilizing wind or other renewable energy conversion systems for the generation of electric energy, whether or not those purchases occur on an economic dispatch basis.
5. Renewable energy purchased for the TailWinds program is not included in the fuel clause adjustment calculation.
6. Costs or revenues linked to the utility's load serving obligation, associated with participation in wholesale electric energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the energy markets. (N)
7. The actual identifiable fossil and nuclear fuel expense associated with energy purchased for reasons other than identified in 3 and 4 above. (L)
8. Less the fossil fuel and other related costs recovered through intersystem sales, including the fuel costs and or renewal energy costs related to economy energy sales and other energy sold on an economic dispatch basis. (L)

Where, for any reason, billed system sales cannot be coordinated with fuel and other related costs, sales may be equated to the total of:

1. Net generation
2. Purchases and net interchange in, less
3. Intersystem sales, less
4. Losses on system retail sales

A carrying charge or credit will be included to determine the monthly fuel adjustment factor. The carrying charge or credit will be determined by applying one twelfth (1/12) of the overall rate of return granted by the Commission in the most recent rate decision to the recorded deferred fuel cost balance of the latest fuel adjustment calculation.