



April 20, 2006

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol-500 East Capitol Street
Pierre, SD 57501-5070

Subject: In the Matter of Otter Tail Power Company's
Request for Re-Approval of a Released Energy Tariff

Dear Ms. Van Gerpen:

Enclosed is a miscellaneous filing, asking for Re-Approval of a Released Energy Tariff.

In this filing, Otter Tail is proposing to ask for Re-approval of a Released Energy Tariff. Otter Tail is also requesting an ongoing extension.

The date of this filing is April 20, 2006. The proposed effective date, with Commission approval, will be the date June 6, 2006.

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota ("ARSD") Part 20:10:13:12, enclosed for filing please find an original and 10 copies of Otter Tail Corporation, d/b/a Otter Tail Power Company, Petition for approval of the addition of new rate codes to the Controlled Service-Interruptible Load Tariffs.

Included with the petition are the "Clean" tariff sheets.

An electronic copy of the Petition is being sent to you at patriciavangerpen@state.sd.us.

If you have any questions with respect to this filing, please contact me at (218) 739-8896 or Mr. Bruce Gerhardson, Associate General Counsel, Otter Tail Power Company at (218) 998-7108.

Very truly yours,

A handwritten signature in cursive script that reads "Dave Ross".

Dave Ross
Tariff Specialist
Enclosures

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

In the Matter of Otter Tail Power Company's
Request for Re-Approval of a Released
Energy Tariff

Docket No. _____

PETITION OF OTTER TAIL POWER COMPANY

1. INTRODUCTION.

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota ("ARSD") part 20:10:13:03, Otter Tail Power Company, a division of Otter Tail Corporation, hereby petitions the South Dakota Public Utilities Commission for re-approval of a Released Energy Tariff ("Tariff").

2. GENERAL FILING INFORMATION.

Pursuant to ARSD Part 20:10:13:03, Otter Tail provides the following general information.

A. Name, Address, and Telephone Number of Utility.

Otter Tail Corporation
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Bruce Gerhardson
Associate General Counsel
Otter Tail Corporation
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 998-7108

C. Date of Filing and Date Tariff Will Take Effect.

This Released Energy Tariff is being filed on April 20, 2006 and Otter Tail requests approval effective on or before June 6, 2006.

D. Statute Controlling Schedule for Processing the Filing.

ARSD Part 20:10:13:15 required 30 days notice to the Commission of a proposed new tariff, after which time the proposed new tariff takes effect unless suspended. Because no determination of Otter Tail's general revenue requirement is necessary, the report called for under Part 20:10:13:26 and the general notice provisions applicable to changes in rates is not applicable in this filing. Otter Tail requests an expedited and informal proceeding, including any variances that may be necessary.

E. Title of Utility Employee Responsible for Filing.

Dave Ross
Tariff Specialist
Regulatory Services
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8896

3. DESCRIPTION OF FILING.

A. Background.

Otter Tail originally received approval of a one-year experimental Released Energy Tariff in June 2000. In the first year, Otter Tail experienced only one transaction under the Tariff.

In the second year, in June 2001, Otter Tail received re-approval of the Tariff. In that filing Otter Tail expanded the tariff by adjusting the requirement of five megawatts (5MW) total reduction to be at Otter Tail's discretion.

In the third year, in June 2002, Otter Tail received re-approval of the Tariff. The Commission approved the request for 2 years. One change was made in the tariff. The customer eligibility was expanded from 1 MW down to 500 kW.

In the fifth year, in June 2004, Otter Tail received re-approval of the Tariff. The Commission approved the request for 2 years.

Since the inception of the Tariff, Otter Tail has experienced only one successful system-wide transaction, which occurred in October 2000.

B. Extend Experimental Status

In this filing, Otter Tail requests another extension of the tariff. Otter Tail requests an ongoing extension, to cut down on administrative costs. Otter Tail requests the ongoing extension of this experimental tariff, as Otter Tail still believes the Tariff is a valuable tool for mitigating price volatility in the wholesale market. The MISO Day 2 market continues to develop and price volatility is still prevalent. Otter Tail believes continuing to make the experimental tariff available as the energy market matures will be beneficial. Otter Tail proposes to remove the sunset date provision in the tariff. (See Attachment 1). No further changes are contemplated in this filing.

C. General Summary of the Tariff

The Released Energy Tariff gives participating customers an incentive to voluntarily curtail their energy use, and thereby “release” that energy back to Otter Tail. Otter Tail can then sell the “bought-back” energy off-system on the wholesale market or use it to replace higher cost resources which it would otherwise purchase to serve retail native load. Either way, the participating customer is compensated for curtailing its energy use, and non-participating customers benefit from lower priced purchased power resources.

Like other “buy-back” programs, the Tariff provides two primary benefits: (1) it allows customers to maximize their business by voluntarily curtailing electric service when it is economically advantageous; and (2) it provides Otter Tail with an additional resource from which to manage system requirements and prudently serve retail customers. The Tariff also provides Otter Tail and customers with valuable experience in reacting to fluctuations in energy prices.

D. Proposed Effective Date.

In order for the Tariff to be re-approved before the completion of the two-year experimental Tariff, Otter Tail requests the Tariff be approved with an effective date no later than June 6, 2006. An approval later than June 6, 2006 will cause a break in the transition from the current and proposed tariff. Otter Tail and its customers would prefer a seamless transfer between the current and proposed tariff.

E. Tariff Limit.

Because of its continued experimental nature, Otter Tail requests that the Tariff be approved on an ongoing basis.

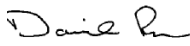
4. CONCLUSION.

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve at the earliest possible date the enclosed Released Energy Tariff, to be effective on or before June 6, 2006.

Dated: April 20, 2006.

Respectfully submitted,

Otter Tail Corporation, d/b/a
Otter Tail Power Company

By: 

Dave Ross
Tariff Specialist
Regulatory Services
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8896

Bruce Gerhardson
Associate General Council
Otter Tail Corporation
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 998-7108

Otter Tail Corporation d/b/a
OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota
ELECTRIC RATE SCHEDULE

Section No. 3, Volume I
~~Third~~ ~~Fourth~~ Revised Sheet No. 91
Canceling ~~Second~~ ~~Third~~ Rev.
Sheet No. 91
Rate Designation M-10S, Page 1 of 3

RELEASED ENERGY TARIFF
(~~Experimental~~)

~~Effective Date: June 7, 2004~~
~~Expiration Date: FURTHER ORDERED, that this approved tariff as described above shall~~
~~expire on June 6, 2006~~

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APPLICATION

The Tariff is applicable to any customer who agrees to release a minimum of five hundred kilowatts (500 kW) over the Release Period. A minimum of five megawatts (5 MW) of total load reduction may be required over the Release Period at Company's discretion. For example, if two customers each agree to release one megawatt and another customer agrees to release two megawatts, all over the same Release Period, the Tariff may be inapplicable because only four megawatts in total were released.

Both the Company and the Customer have the option to request the release of energy under the Tariff. The Customer is not obligated to release and Otter Tail is not obligated to purchase the energy until the parties agree on Compensation, the Release Period, and other applicable terms. Customer participation is voluntary.

COMPENSATION

Compensation for Off-System Sales

As compensation for participation, the Customer shall receive a credit or payment during any billing month in which Customer and Company have cooperated to make a short-term off-system energy sale, or other mutually agreed method of compensation ("Compensation"). The Compensation shall be a per megawatt-hour ("MWh") credit or payment for each hour subject to an off-system energy sale. The Compensation shall equal a negotiated percentage of the sale margin for each hour that such sale opportunity occurs.

Compensation for Avoided Energy Purchases

The Company may request, and the Customer may voluntarily reduce, Customer's energy requirement during periods when Company is purchasing energy to meet its firm energy requirement, thereby enabling Company and its customers to avoid higher cost energy purchases. Company shall provide the Customer Compensation in the form of a credit or cash payment for the reduced energy usage. The Compensation shall equal a negotiated percentage up to ninety percent (90%) of the avoided energy purchase cost for each hour that such an avoided purchase occurs. The Compensation provided shall be allowed as a recoverable cost for Fuel Adjustment Clause purposes.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Approved: ~~May 13, 2004~~
Case No. ~~EL04-010~~

EFFECTIVE for services rendered on
and after ~~June 7, 2004~~ June 6, 2006 in SD

APPROVED: Bernadeen Brutlag
Manager, Regulatory Services

Otter Tail Corporation d/b/a
OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota
ELECTRIC RATE SCHEDULE

Section No. 3, Volume I
~~Third-Fourth~~ Revised Sheet No. 91
Canceling ~~Second-Third~~ Rev.
Sheet No. 91
Rate Designation M-10S, Page 2 of 3

COMPENSATION (continued)

Release Period

The Release Period is the period during which the Company agrees to purchase energy from the Customer.

CONDITIONS

1. Purchase is non-firm. If Customer makes energy available for sale but no sale of the released energy or avoided purchase is actually completed (for example, due to transmission constraints), the Compensation shall be zero. In the event that a scheduled released energy sale or avoided energy purchase is not completed or the terms and conditions change, Company shall so notify the Customer as soon as possible.
2. Committed Load Reduction. The Committed Load Reduction is the load reduction the Customer and Company agree the Customer will provide for the Release Period, relative to the Released Energy Profile. The Committed Load Reduction must be 500 kW or greater.
3. Released Energy Profile/Controllable Service Limit. The Company will determine a Released Energy Profile ("REP") for each Release Period. The REP may be developed by using load interval from the five-day rolling average of uninterrupted, non-holiday weekday loads up to the day before a Release Period begins or in another manner as determined by the Company. The rolling average will exclude days not representative of load characteristics expected during the Release Period, such days to be determined solely by the Company.

The Company has controllable electric retail service options that define a Customer's firm demand level as the maximum allowable load during control periods. If the Customer receives this type of controllable service from the Company, the REP may not exceed its predetermined firm demand for load intervals that occur during an applicable control period.

4. Notice. When opportunities for released energy are anticipated, the Company shall provide advance notice, if possible, of the approximate margins or available energy purchase costs and hours of sale or purchase opportunity available to interested Customers. Opportunities for voluntary load reductions shall be given simultaneously to all eligible customers. When possible, notice shall also be made via phone calls to individuals designated by the Customer.

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Otter Tail Corporation d/b/a
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Section No. 3, Volume I
~~Third-Fourth~~ Revised Sheet No. 91
Canceling ~~Second-Third~~ Rev.
Sheet No. 91
Rate Designation M-10S, Page 3 of 3

Customer may also notify Company when Customer desires to reduce energy requirements for released energy sales or avoided energy purchase opportunities. Customer may, in lieu of daily elections, have a "standing agreement" with Company regarding the conditions for releasing energy, including the Release Period, required margins, margin sharing, etc. These standing agreements, along with daily elections, may be made on a Customer-by-Customer basis and shall be considered by the Company on a confidential basis without notice to other Customers.

5. Communication Requirements. The Customer agrees to use Company-specified communication requirements and procedures when submitting any offer for released energy. These requirements may include specific computer software and/or electronic communication procedures.
6. Metering Requirements. Company approved metering equipment capable of providing load interval information is required for Tariff participation. Customer agrees to pay for the additional cost of such metering when not provided in conjunction with existing retail electric service.
7. Liability. The Company and Customer agree that Company has no liability for indirect, special, incidental, or consequential loss or damages to Customer, including but not limited to Customer's operations, site, production output, or other claims by the Customer as a result of participation in this Tariff.
8. Provision of Ancillary Services. The Company and Customer agree that Tariff participation does not represent any form of Customer self-provision of ancillary services that may be included in any retail electric service provided to the Customer.
9. Dispute Resolution. The Company and Customer agree that any disputes arising out of this Tariff shall be settled by arbitration under the terms and provisions of the American Arbitration Association.
10. Penalty For Insufficient Load Control. In the event that Company has entered into a sale or purchase agreement for energy made available by a Customer, and Customer subsequently fails to maintain sufficient load control during the time(s) of the released energy sale or avoided energy purchase, the Customer will forfeit any compensation for that period. Customer shall also be responsible for any and all costs incurred by Company due as result of the customer's failure to curtail.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Approved: ~~May 13, 2004~~
Case No. ~~EL04-010~~

EFFECTIVE for services rendered on
and after ~~June 7, 2004~~ June 6, 2006 in SD

APPROVED: Bernadeen Brutlag
Manager, Regulatory Services

RELEASED ENERGY TARIFF

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