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May 15, 2008

**Reply to Fergus Falls office
Direct: 218-998-7108**

VIA E-FILING

Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: In the Matter of Otter Tail Corporation, d/b/a Otter Tail Power Company Petition for
Extension of Test Period
Docket No.: (new docket)

Dear Public Utilities Commission:

Attached for filing with the Commission is our Petition for Extension of Test Period regarding the
above referenced matter.

Should you have any questions, please contact the undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bruce Gerhardson", written over a horizontal line.

Bruce Gerhardson
Associate General Counsel
BG:nlo

Attachment

STATE OF SOUTH DAKOTA

BEFORE THE PUBLIC UTILITIES COMMISSION

Otter Tail Corporation, doing business
as Otter Tail Power Company,
Petition for Extension of Test Period

Docket No.: _____

PETITION FOR EXTENSION OF TEST PERIOD

COMES NOW, Otter Tail Corporation, doing business as Otter Tail Power Company (“Otter Tail”) and for its Petition to the South Dakota Public Utilities Commission (“Commission”) for Extension of Test Period, submits as follows:

1. Otter Tail’s last South Dakota rate increase was in 1987, over 20 years ago. (Docket No. F-3691). Because the costs of providing reliable electric service to its customers have significantly increased since that time, Otter Tail has determined that it is necessary to file a request for a general increase in its rates. Over the twenty-year period, the cost increases have been significant in materials and equipment, labor and benefits, fuel and purchased power, and other goods and services that are necessary in providing reliable service to our customers.
2. At this time, Otter Tail plans to make its filing on or before November 1, 2008, and, as explained in this Petition, Otter Tail proposes to use a calendar year 2007 test period as the basis of the rates proposed in the filing. Filing later in 2008 will allow Otter Tail to make its filing at the same time and using the same basic test-year data as it intends to use to make a similar filing in North Dakota.
3. Commission regulation 20:10:13:44 requires the use of a test period consisting of 12 months of actual experience ending no earlier than 6 months before the date of filing **unless good cause for extension is shown.** Otter Tail respectfully requests the

Commission to authorize the use of a calendar 2007 test period in this filing. The calendar 2007 test period, in conjunction with appropriate pro forma adjustments, will reflect Otter Tail's costs of service and provide for an accurate review of its financial results.

4. Good cause exists for the Commission to grant the extension. Filing later in 2008, concurrently with the North Dakota filing and using 2007 calendar year data, will provide significant savings in administrative costs for Otter Tail. Otter Tail has a relatively small regulatory service department that is already burdened by significant permitting and regulatory undertakings in the three states in which Otter Tail does business. Filing a South Dakota rate case out of sequence with the North Dakota case or using non-calendar year data would add to this burden and require additional staffing to address these complexities. In addition, use of a calendar year test period will simplify the filing efforts for Otter Tail, will assist the Commission Staff in verifying Otter Tail's financial status and will cause the basis of rates charged to South Dakota customers to reflect proper levels of costs for the following reasons:

- a. Otter Tail maintains its books and records on a calendar year basis;
- b. Verification of Otter Tail's financial data will be more accurate and less time-consuming if calendar year data is used because publicly filed annual reports reflect calendar year results. Annual reports to the SEC, FERC and state regulatory authorities are on this basis. Staff and other possible parties to this rate proceeding will be most easily able to audit and verify Otter Tail's book results from analysis of these publicly filed reports. Also, the calendar year basis should make verification of pro forma adjustments easier;

- c. Pro forma adjustments will not be affected by use of a calendar year test period because of nominal inflation;
- d. The costs of providing electric service have not changed dramatically during calendar 2008 to date;
- e. Use of a non-calendar year test period would likely increase Otter Tail's rate case preparation expense by such costs as a non-calendar year audit;
- f. Filing using the same basic test year data in both South Dakota and North Dakota will save significant rate case preparation and administration expenses as to do otherwise would require a significant duplication of efforts; and
- g. The Commission has previously granted such requests (See, August 21, 2001, Order Approving Test Year Extension, in *In the Matter of the Filing by MidAmerican Energy Company for Approval of Petition for Extension of Test Period*, Docket No. NG01-008).

WHEREFORE, Otter Tail respectfully requests the Commission to authorize the use of a calendar 2007 test period for its general rate increase in electric rates, which Otter Tail currently plans to file or before November 1, 2008.

DATED this 15th day of May, 2008.

Respectfully submitted,

By: 

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