

New South Dakota rates begin with this electric service statement

(Effective July 1, 2009)

On **Month Day**, 2009, the PUC approved a revenue increase for Otter Tail Power Company of approximately \$2.9 million, or about 11.7 percent. The amount approved is less than Otter Tail Power Company's request of \$3.9 million, or about 15.3 percent. The PUC-approved increase was the first South Dakota rate increase approved for Otter Tail Power Company in over 21 years. One of the primary drivers of this increase, in addition to rising costs and growing energy use, is the cost associated with the significant amount of wind generation Otter Tail Power Company has recently constructed. While this additional wind generation requires an increase to base electric rates, it will reduce Otter Tail Power Company's energy purchases, and therefore customer bills will reflect an offsetting reduction in the Energy Adjustment.

As a result of the PUC decision regarding the rate increase application electric rate structures changed for all customer classes and the most common rates are included with this notice.

The impact to your monthly statement will vary depending on your electric service rate(s), the amount of electricity you use, and the facilities installed to serve you. Your monthly statement also will vary with changes in the costs associated with purchased power and the fuel Otter Tail Power Company uses to serve you. Please remember that Otter Tail Power Company passes along purchased-power and fuel costs without any markup.

For more information If you would like more information about other rate changes that may apply to you, please log on to www.otpc.com, visit your local Customer Service Center, or call 800-257-4044.

The following list of other rate schedule tables will also be included in the insert – See attached file.

- Residential Service
- Residential Demand Control
- Farm Service
- General Service less than 20 kW
- General Service 20 kW and greater
- Large General Service
- Irrigation service Option 1
- Irrigation service Option 2
- Other public authority (Municipal Pumping)
- Controlled service water heating
- Controlled service interruptible (Small)
- Controlled service deferred (thermal storage)
- Controlled service deferred (fixed time of delivery)

South Dakota electric rate structures - charges

	<i>Previous</i> ¹	<i>New</i> ²
Residential service ³		
Customer charge (also Monthly minimum bill)	Zone 1 - \$5.80 Zone 9 - \$6.55	\$7.00
Energy charge per kWh - Summer	First 200 kWh - 7.579¢ Next 800 kWh - 6.453¢ Excess kWh - 5.129¢	First 500 kWh - 9.024¢ Excess kWh - 7.799¢
Energy charge per kWh - Winter	Same as Summer	First 500 kWh - 8.713¢ Excess kWh - 7.596¢
Residential demand control (RDC) ³		
Customer charge	\$10.55	\$12.00
Monthly minimum bill	Customer Charge	Customer + Demand Charge
Energy charge per kWh - Summer	3.265¢	5.253¢
Energy charge per kWh - Winter	Same as Summer	5.303¢
Demand Charge per kW - Summer	\$3.00	\$4.71
Demand Charge per kW - Winter	\$6.00	\$4.31
Farm service ³		
Customer charge	\$7.70	\$8.00
Monthly minimum bill	Customer + Transformer Charge	Customer + Facilities Charge
Transformer charge/Facilities charge	80¢ per kVa over 25 kVa	Single phase - \$0.00 Three phase overhead <= 25 kVa - \$3.85 Three phase overhead > 25 kVa - \$4.49 Three phase underground <= 25 kVa - \$10.73 Three phase underground > 25 kVa - \$17.24
Energy charge per kWh - Summer	First 1,600 kWh - 6.150¢ Excess kWh - 4.995¢	First 1,600 kWh - 8.026¢ Excess kWh - 7.449¢
Energy charge per kWh - Winter	Same as Summer	First 1,600 kWh - 7.803¢ Excess kWh - 7.276¢
Small general service - Under 20 kW (secondary service) ³		
Customer charge	Zone 1 - \$6.00 Zone 9 - \$7.20	\$12.00
Monthly minimum bill	Customer Charge + Demand Charge \$2.15 per kW for all kW over 10	Customer Charge
Energy charge per kWh - Summer		First 2,000 kWh - 9.081¢
Energy charge per kWh - Winter	Same as Summer First 1000 - 8.275¢ Next 1000 kWh - 7.141¢ Excess kWh - 5.237¢	Excess kWh - 7.562¢ First 2,000 kWh - 8.284¢ Excess kWh - 6.765¢
	All kWh in excess kW of 200 kWh per month per kW of billing demand - 4.268¢	
General service - 20 kW and greater (secondary service) ³		
Customer charge	Zone 1 - \$6.00 Zone 9 - \$7.20	\$10.00
Monthly minimum bill	Customer Charge + Demand Charge	Customer + Facilities Charge
Demand/Facilities Charge per annual max. kW per month	\$2.15 per kW for all kW over 10	\$0.52
Energy charge per kWh - Winter	Same as Summer	All kWh - 7.380¢
Energy charge per kWh - Summer	First 1000 - 8.275¢ Next 1000 kWh - 7.141¢ Excess kWh - 5.237¢	All kWh - 8.090¢
	All kWh in excess kW of 200 kWh per month per kW of billing demand - 4.268¢	N/A
Large general service (secondary service) ³		
Customer charge	\$25.50	\$40.00
Monthly minimum bill	Demand Charge	Customer Charge + Facilities Charge + Demand Charge (min. 80 kW)
Facilities Charge per Month <1000 kW:	N/A	\$0.30

South Dakota electric rate structures - charges

	<i>Previous</i> ¹	<i>New</i> ²
Facilities Charge per Month >= 1000 kW:	N/A	\$0.15
Energy charge per kWh - Summer	3.415¢	5.011¢
All kWh over 360 per kW of billing demand	2.498¢	
Energy charge per kWh - Winter	Same as Summer	5.059¢
Demand charge - Summer		\$7.06
First 100 kW of billing demand	\$7.05/kW	
Excess kW of billing demand	\$5.15/kW	
Demand charge - Winter		\$2.85
First 100 kW of billing demand	\$7.05/kW	
Excess kW of billing demand	\$5.15/kW	
Irrigation service - Option 1 ³		
Customer charge	Customer specific	\$1.00
Monthly minimum bill	Customer specific	Customer + Facilities Charge
Facilities charge	N/A	Customer specific - see Tariff
Energy charge per kWh - Summer (June 1 - September 30)	3.822¢	6.828¢
Energy charge per kWh - Winter (April 15-May 31 and October 1-November 1)	3.822¢	5.093¢
Connected load charge	\$0.45 per horse power per month (May through September)	N/A
Irrigation service - Option 2 ³		
Customer charge	Customer specific	\$5.00
Monthly minimum bill		Customer + Facilities Charge
Facilities charge		Customer specific - see Tariff
Energy charge per kWh - Summer (June 1 - September 30)		
Declared/On Peak	8.785¢	19.369¢
Intermediate	6.227¢	7.294¢
Off peak	2.891¢	3.542¢
Energy charge per kWh - Winter (April 15-May 31 and October 1-November 1)		
Declared/On Peak	8.785¢	11.741¢
Intermediate	6.227¢	6.851¢
Off peak	2.891¢	3.535¢
Municipal pumping service (secondary service) ³		
Customer charge	N/A	\$2.00
Monthly minimum bill	\$3.60	Customer + Facilities Charge
Facilities charge		
<1,150 kWhs	N/A	
1,150-7,500 kWhs	N/A	\$4.00
>7,500 kWhs	N/A	
Energy charge per kWh - Summer	First 2,500 kWh - 6.232¢ Next 1,500 kWh - 4.584¢ Excess kWh - 3.646¢	6.435¢
Energy charge per kWh - Winter	Same as Summer	5.870¢
Water heating control rider ³		
Customer charge	\$1.60	\$1.00
Monthly minimum bill	Customer Charge	Customer + Facilities Charge
Facilities charge	N/A	\$1.00
Energy charge per kWh - Summer	3.485¢	5.938¢
Energy charge per kWh - Winter	3.485¢	5.799¢
Water heating credit per month to direct water heating	\$3.00	\$4.00
Controlled service interruptible (large dual fuel) - Option 1		
Customer charge	\$5.00	\$3.00
Monthly minimum bill	Customer Charge	Customer + Facilities Charge
Facilities Charge per annual max. kW per month	N/A	\$0.08

South Dakota electric rate structures - charges

	Previous¹	New²
Energy charge per kWh - Summer	2.40¢	3.583¢
Penalty charge per kWh - Summer	11.50¢ in addition to the off-peak charge	39.031¢
Energy charge per kWh - Winter	2.40¢	3.445¢
Penalty charge per kWh - Winter	11.50¢ in addition to the off-peak charge	12.325¢
Controlled service interruptible (small dual fuel)		
Customer charge	\$1.75	\$2.00
Monthly minimum bill	Customer Charge	Customer + Facilities Charge
Facilities charge	N/A	\$3.50
Energy charge per kWh - Summer	First 1500 - 3.150¢ Excess - 2.85¢	4.234¢
Penalty charge per kWh - Summer	11.500¢ in addition to the off-peak charge	38.031¢
Energy charge per kWh - Winter	First 5000 - 3.150¢ Excess - 3.00¢	3.993¢
Penalty charge per kWh - Winter	11.500¢ in addition to the off-peak charge	12.382¢
Controlled service deferred load (thermal storage)³		
Customer charge	\$1.75	\$2.50
Monthly minimum bill	Customer Charge	Customer + Facilities Charge
Facilities charge	N/A	\$3.00
Energy charge per kWh - Summer	3.369¢	4.848¢
Penalty charge per kWh - Summer	11.50¢ in addition to the off-peak charge	34.108¢
Energy charge per kWh - Winter	3.369¢	4.705¢
Penalty charge per kWh - Winter	11.50¢ in addition to the off-peak charge	11.053¢
Fixed time of delivery rider - self contained metering		
Customer charge	N/A	\$1.00
Monthly minimum bill (Self contained metering and CT metering)	Facilities Charge	Customer + Facilities Charge
Facilities charge	\$4.00	\$3.00
Energy charge per kWh - Summer	2.90¢	2.915¢
Penalty charge per kWh - Summer	N/A	9.259¢
Energy charge per kWh - Winter	2.90¢	3.087¢
Penalty charge per kWh - Winter	N/A	7.196¢
Fixed time of delivery rider - CT metering		
Customer charge	N/A	\$1.50
Monthly minimum bill (Self contained metering and CT metering)	Facilities Charge	Customer + Facilities Charge
Facilities charge	\$8.75	\$15.00
Energy charge per kWh - Summer	2.50¢	2.915¢
Penalty charge per kWh - Summer	N/A	9.259¢
Energy charge per kWh - Winter	2.50¢	3.087¢
Penalty charge per kWh - Winter	N/A	7.196¢

¹The Summer season under Previous rates was May through October and the Winter season was November through April.

²The Summer season under new rates is June 1 through September 30, and Winter season under new rates is October 1 through May 31, unless otherwise indicated.

³Energy charges for the Previous rates do not include the average cost of energy in the Energy Adjustment of 1.298 cents per kwh that customers paid in 2007.