Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
Derivation of Base Cost of Energy (Used for Fuel Cost Adjustment Factor)
For the Test Year Ended December 31, 2007

Line No.	(A)	(B) Energy KWH	(C) Actual Cost
	Otter Tail Power Company Generation		
	Steam Plant Generation	3,298,499,280	$54,245,536
	Hydro Plant Generation	20,370,543	0
	Other Plant Generation	59,420,293	6,236,150
		3,378,290,116	$60,481,686
	Purchased Energy (including purchases from MISO)	4,026,872,232	$97,870,788
	Total Energy and Cost	7,405,162,348	$158,352,474
	Less Intersystem Sales	(3,174,857,818)	($35,236,972)
	Net Unadjusted Energy and Costs	4,230,304,530	$123,115,502
	Less: Adjustment to Costs for Big Stone Outage*		($7,596,764)
	Net Energy and Costs	4,230,304,530	$115,518,737
	Energy Reduced for 8% Average System Loss on Retail Sales	3,891,880,168	
	Base Rate for Fuel Adjustment Clause (line 30, Column (C)/line 32, Column (B))	$0.02968	

* OTP Test Year Purchases were reduced for the additional cost of purchases over the cost of generation for the December 2007 extension to the Big Stone Plant outage.