

New South Dakota rates begin with this electric service statement
(Effective June 1, 2011)

Change in South Dakota electric rates

On Month Day, 2011, the South Dakota PUC approved a revenue increase for Otter Tail Power Company of approximately \$643,000, or about 2.32 percent. The amount approved is less than Otter Tail Power Company's request of approximately \$2.8 million, or about 9.96 percent. This increase is effective with bills rendered on or after June 1, 2011. 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. This increase includes recovery of Big Stone II development costs, increases in operating costs incurred by our company to provide electric service to our customers, and additional rate base investments including the addition of the Luverne Wind Farm. The last PUC-approved increase for Otter Tail Power Company was July 1, 2009.

One of the changes you will see is how the costs associated with purchased power and the fuel Otter Tail Power Company uses to serve you are displayed on electric service statements. In the past, a portion of the cost was included in the energy charge per kilowatt hour and a portion was included in the energy adjustment. Beginning with bills rendered on and after June 1, 2011, these costs will be eliminated from the energy charge per kilowatt hour and included wholly in the energy adjustment in order to segregate these costs and make them more transparent. Please remember that Otter Tail Power Company passes along purchased-power and fuel costs without any markup.

Residential electric rate structures		
	<i>Previous*</i>	<i>New</i>
Residential Service		
Monthly customer charge	\$ 7.00	\$8.00
Monthly minimum bill	Customer charge	Customer charge
Energy charge per kwh (June-September)	First 500 : 9.024¢ Excess : 7.799¢	First 500 : 5.599¢ Excess : 4.987¢
Energy charge per kwh (October-May)	First 500 : 8.713¢ Excess : 7.596¢	First 500 : 5.819¢ Excess : 5.260¢
Energy Adjustment rate with 2.540 ¢/kWh purchased power and fuel cost*	(0.304¢)	2.540¢
*Energy adjustment rate is an example representative of recent purchased power and fuel costs. Previous rate and energy charges include a portion of fuel costs. New Rate energy charges include no fuel cost.		

**Residential electric service –
Monthly bill example Summer¹**

Usage (kWh)	Previous Rates	New Rates	Amount of Increase	Percent Increase
800	\$73.09	\$71.28	-\$1.81	-2.48%
900	\$80.58	\$78.81	-\$1.77	-2.20%
1,000	\$88.08	\$86.34	-\$1.74	-1.98%
2,000	\$163.03	\$161.61	-\$1.42	-0.87%
3,000	\$237.98	\$236.88	-\$1.10	-0.46%
4,000	\$312.93	\$312.15	-\$0.78	-0.25%

¹Summer season is considered June through September.

**Residential electric service –
Monthly bill example Winter¹**

Usage (kWh)	Previous Rates	New Rates	Amount of Increase	Percent Increase
800	\$70.93	\$73.20	\$2.27	3.20%
900	\$78.21	\$81.00	\$2.79	3.57%
1,000	\$85.51	\$88.80	\$3.29	3.85%
2,000	\$158.43	\$166.80	\$8.37	5.28%
3,000	\$231.35	\$244.80	\$13.45	5.81%
4,000	\$304.27	\$322.80	\$18.53	6.09%

¹Winter season is considered October through May.

The PUC approved an overall increase of 2.76 percent for the Residential Service rate. However, the impact to your electric service statement will vary depending on the electric rate(s) on which you are served—including controlled-service rates not listed above—and the amount of electricity you use. Your statement also will vary with changes associated with the costs for purchased power and the fuel Otter Tail Power Company uses to serve you. Please remember that we pass along purchased-energy and fuel costs without markup.

Controlled-service and other rates not mentioned in this brochure

We encourage residential customers to visit www.otpc.com, or contact Customer Service at 800-257-4044, to learn about other rate changes that may apply to you, such as those associated with dual fuel and other controlled-service rates.

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One of the changes you will see is how the costs associated with purchased power and the fuel Otter Tail Power Company uses to serve you are displayed on electric service statements. In the past, a portion of the cost was included in the energy charge per kilowatt hour and a portion was included in the energy adjustment. Beginning with bills rendered on and after June 1, 2011, these costs will be eliminated from the energy charge per kilowatt hour and included wholly in the energy adjustment in order to segregate these costs and make them more transparent. Please remember that Otter Tail Power Company passes along purchased-power and fuel costs without any markup.

Residential Demand Control Electric Service rate structures		
	<i>Previous*</i>	<i>New</i>
Residential Demand Control		
Monthly customer charge	\$12.00	\$13.00
Monthly minimum bill	Customer + demand charge	Customer + demand charge
Energy charge per kwh (June-September)	5.253¢	2.022¢
Energy charge per kwh (October-May)	5.303¢	2.399¢
Demand charge per kw (June-September)	\$4.71	\$7.05
Demand charge per kw (October-May)	\$4.31	\$5.93
Energy Adjustment rate with 2.540 ¢/kWh purchased power and fuel cost*	(0.304¢)	2.540¢
*Energy adjustment rate is an example representative of recent purchased power and fuel costs. Previous rate and energy charges include a portion of fuel costs. New Rate energy charges include no fuel cost.		

**Residential Demand Control electric service –
Monthly bill example Summer¹**

Usage (kWh)	Previous Rates	New Rates	Amount of Increase	Percent Increase
1,000	\$85.04	\$93.87	\$8.83	10.38%
1,500	\$109.79	\$116.68	\$6.89	6.28%
2,000	\$134.53	\$139.49	\$4.96	3.69%
3,000	\$184.02	\$185.11	\$1.09	0.59%
4,000	\$233.51	\$230.73	-\$2.78	-1.19%
5,000	\$283.00	\$276.35	-\$6.65	-2.35%

¹Summer season is considered June through September. We've assumed a kW demand of 5 for this comparison.

**Residential Demand Control electric service –
Monthly bill example Winter¹**

Usage (kWh)	Previous Rates	New Rates	Amount of Increase	Percent Increase
1,000	\$83.54	\$92.04	\$8.50	10.17%
1,500	\$108.54	\$116.74	\$8.20	7.55%
2,000	\$133.53	\$141.43	\$7.90	5.92%
3,000	\$183.52	\$190.82	\$7.30	3.98%
4,000	\$233.51	\$240.21	\$6.70	2.87%
5,000	\$283.50	\$289.60	\$6.10	2.15%

¹Winter season is considered October through May. We've assumed a kW demand of 5 for this comparison.

The PUC approved an overall increase of 4.33 percent for the Residential Demand Control rate. However, the impact to your electric service statement will vary depending on the electric rate(s) on which you are served—including controlled-service rates not listed above—and the amount of electricity you use. Your statement also will vary with changes associated with the costs for purchased power and the fuel Otter Tail Power Company uses to serve you. Please remember that we pass along purchased-energy and fuel costs without markup.

Controlled-service and other rates not mentioned in this brochure

We encourage residential customers to visit www.otpc.com, or contact Customer Service at 800-257-4044, to learn about other rate changes that may apply to you, such as those associated with dual fuel and other controlled-service rates.

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

One of the changes you will see is how the costs associated with purchased power and the fuel Otter Tail Power Company uses to serve you are displayed on electric service statements. In the past, a portion of the cost was included in the energy charge per kilowatt hour and a portion was included in the energy adjustment. Beginning with bills rendered on and after June 1, 2011, these costs will be eliminated from the energy charge per kilowatt hour and included wholly in the energy adjustment in order to segregate these costs and make them more transparent. 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 service)

South Dakota electric rate structures - charges

	<i>Previous</i> ¹	<i>New</i> ¹
Energy Adjustment Rate with 2.540 ¢/kWh Fuel Cost	(0.304¢)	2.540¢
Residential service		
Customer charge (also Monthly minimum bill)	\$7.00	\$8.00
Energy charge per kWh - Summer	First 500 kWh - 9.024¢ Excess kWh - 7.799¢	First 500 kWh - 5.599¢ Excess kWh - 4.987¢
Energy charge per kWh - Winter	First 500 kWh - 8.713¢ Excess kWh - 7.596¢	First 500 kWh - 5.819¢ Excess kWh - 5.260¢
Residential demand control (RDC)		
Customer charge	\$12.00	\$13.00
Monthly minimum bill	Customer + Demand Charge	Customer + Demand Charges
Energy charge per kWh - Summer	5.253¢	2.022¢
Energy charge per kWh - Winter	5.303¢	2.399¢
Demand Charge per kW - Summer	\$4.71	\$7.05
Demand Charge per kW - Winter	\$4.31	\$5.93
Farm service		
Customer charge	\$8.00	\$9.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Facilities Charges
Transformer charge/Facilities charge	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	Three phase - \$5.00
Energy charge per kWh - Summer	First 1,600 kWh - 8.026¢ Excess kWh - 7.449¢	First 1,600 kWh - 4.918¢ Excess kWh - 4.630¢
Energy charge per kWh - Winter	First 1,600 kWh - 7.803¢ Excess kWh - 7.276¢	First 1,600 kWh - 5.119¢ Excess kWh - 4.856¢
Small general service - Under 20 kW (secondary service)		
Customer charge	\$12.00	\$13.00
Monthly minimum bill	Customer Charge	Customer Charge
Energy charge per kWh - Summer	First 2,000 kWh - 9.081¢ Excess kWh - 7.562¢	First 2,000 kWh - 5.235¢ Excess kWh - 4.476¢
Energy charge per kWh - Winter	First 2,000 kWh - 8.284¢ Excess kWh - 6.765¢	First 2,000 kWh - 5.445¢ Excess kWh - 4.685¢

South Dakota electric rate structures - charges

	<i>Previous</i> ¹	<i>New</i> ¹
General service - 20 kW and greater (secondary service)		
Customer charge	\$10.00	\$12.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Demand Charges
Demand/Facilities Charge per annual max. kW per month	\$0.52	\$0.00
Energy charge per kWh - Summer	All kWh - 8.090¢	All kWh - 4.083¢
Energy charge per kWh - Winter	All kWh - 7.380¢	All kWh - 4.631¢
Demand charge - Summer		\$1.22
Demand charge - Winter		\$1.02
Large general service (secondary service)		
Customer charge	\$40.00	\$50.00
Monthly minimum bill	Customer Charge + Facilities Charge + Demand Charge (min. 80 kW)	Customer + Facilities + Demand Charges (min. 80 kW)
Facilities Charge per Month <1000 kW:	\$0.30	\$0.33
Facilities Charge per Month >= 1000 kW:	\$0.15	\$0.24
Energy charge per kWh - Summer	5.011¢	1.696¢
Energy charge per kWh - Winter	5.059¢	2.046¢
Demand charge - Summer	\$7.06	\$7.29
Demand charge - Winter	\$2.85	\$4.63
Irrigation service - Option 1		
Customer charge	\$1.00	\$2.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Fixed Charges
Facilities/Fixed charge	Customer specific - see Tariff	Customer specific - see Tariff
Energy charge per kWh - Summer (June 1 - September 30)	6.828¢	3.797¢
Energy charge per kWh - Winter (April 15-May 31 and October 1-November 1)	5.093¢	1.644¢
Irrigation service - Option 2		
Customer charge	\$5.00	\$6.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Fixed Charges
Facilities/Fixed charge	Customer specific - see Tariff	Customer specific - see Tariff
Energy charge per kWh - Summer (June 1 - September 30)		
Declared/On Peak	19.369¢	17.453¢
Intermediate	7.294¢	4.603¢
Off peak	3.542¢	0.100¢
Energy charge per kWh - Winter (April 15-May 31 and October 1-November 1)		
Declared/On Peak	11.741¢	19.521¢
Intermediate	6.851¢	3.566¢
Off peak	3.535¢	0.100¢

South Dakota electric rate structures - charges

	<i>Previous</i> ¹	<i>New</i> ¹
<i>Municipal pumping service (secondary service)</i>		
Customer charge	\$2.00	\$3.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Facilities Charges
Facilities Charge	\$4.00 per month	\$0.14 per kW
Energy charge per kWh - Summer	6.435¢	3.251¢
Energy charge per kWh - Winter	5.870¢	3.407¢
<i>Water heating control rider</i>		
Customer charge	\$1.00	\$2.50
Monthly minimum bill	Customer + Facilities Charge	Customer Charge
Facilities charge	\$1.00	\$0.00
Energy charge per kWh - Summer	5.938¢	2.776¢
Energy charge per kWh - Winter	5.799¢	3.143¢
Water heating credit per month to direct water heating	\$4.00	\$4.00
<i>Controlled service interruptible (large dual fuel) - Option 1</i>		
Customer charge	\$3.00	\$5.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Facilities Charges
Facilities Charge per annual max. kW per month	\$0.08	\$0.12
Energy charge per kWh - Summer	3.583¢	0.629¢
Penalty charge per kWh - Summer	39.031¢	15.516¢
Energy charge per kWh - Winter	3.445¢	0.895¢
Penalty charge per kWh - Winter	12.325¢	15.839¢
<i>Controlled service interruptible (small dual fuel)</i>		
Customer charge	\$2.00	\$2.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Facilities Charges
Facilities charge	\$3.50	\$5.00
Energy charge per kWh - Summer	4.234¢	1.050¢
Penalty charge per kWh - Summer	38.031¢	16.403¢
Energy charge per kWh - Winter	3.993¢	1.386¢
Penalty charge per kWh - Winter	12.382¢	17.697¢

South Dakota electric rate structures - charges

	<i>Previous</i> ¹	<i>New</i> ¹
Controlled service deferred load (thermal storage)		
Customer charge	\$2.50	\$3.00
Monthly minimum bill	Customer + Facilities Charge	Customer + Facilities Charges
Facilities charge	\$3.00	\$4.00
Energy charge per kWh - Summer	4.848¢	1.852¢
Penalty charge per kWh - Summer	34.108¢	15.939¢
Energy charge per kWh - Winter	4.705¢	2.156¢
Penalty charge per kWh - Winter	11.053¢	16.927¢
Fixed time of delivery rider - self contained metering		
Customer charge	\$1.00	\$1.50
Monthly minimum bill (Self contained metering and CT metering)	Customer + Facilities Charge	Customer + Facilities Charges
Facilities charge	\$3.00	\$3.00
Energy charge per kWh - Summer	2.915¢	0.110¢
Penalty charge per kWh - Summer	9.259¢	4.652¢
Energy charge per kWh - Winter	3.087¢	0.564¢
Penalty charge per kWh - Winter	7.196¢	3.826¢
Fixed time of delivery rider - CT metering		
Customer charge	\$1.50	\$2.00
Monthly minimum bill (Self contained metering and CT metering)	Customer + Facilities Charge	Customer + Facilities Charges
Facilities charge	\$15.00	\$16.00
Energy charge per kWh - Summer	2.915¢	0.110¢
Penalty charge per kWh - Summer	9.259¢	4.652¢
Energy charge per kWh - Winter	3.087¢	0.564¢
Penalty charge per kWh - Winter	7.196¢	3.826¢

¹Energy adjustment rate is an example representative of recent purchased power and fuel costs. Previous rate and energy charges include a portion of fuel costs. New Rate energy charges include no fuel cost.

Summer = June 1 through September 30

Winter = October 1 through May 31