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December 30, 2011

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

**RE: In the Matter of Otter Tail Power Company's Rates for Small Power Production and Cogeneration.**

Dear Ms. Van Gerpen:

Otter Tail Power Company ("Otter Tail") submits this filing for approval of updates to Otter Tail's Small Power Producer Riders, Sections 12.01, 12.02, and 12.03 of our Tariff Book. These rate schedules set forth the rates under which Otter Tail is obligated to purchase energy and capacity from qualifying facilities.

In this filing, Otter Tail is proposing to update the energy and capacity payments. The Small Power Producer Payment Schedules were last updated during Otter Tail's South Dakota Rate Case on August 20, 2010 (Docket No, EL10-011).

The date of this filing is December 30, 2011. The proposed effective date, with Commission approval, for these rates is with billings on or after March 1, 2012. As directed by Order F-3365, Otter Tail plans to file the Small Power Producer rates every two years or annually as warranted.

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota ("ARSD") Part 20:10:01:02:05, this filing has been electronically submitted to the Commission.

Ms. Patricia Van Gerpen

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If you have any questions, please contact me at (218) 739-8595 or [dprazak@otpc.com](mailto:dprazak@otpc.com).

Sincerely,

/s/ DAVID G. PRAZAK

David G. Prazak

Supervisor, Pricing & Load Research

Regulatory Services

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Enclosures

By electronic service