

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION BY) OTTER TAIL POWER COMPANY FOR) AUTHORITY TO INCREASE RATES FOR) ELECTRIC SERVICE IN SOUTH DAKOTA))))		ORDER APPROVING THE) JOINT MOTION FOR) APPROVAL OF THE) SECOND SETTLEMENT) STIPULATION) EL10-011
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On August 20, 2010, the Commission received an application by Otter Tail Power Company (Otter Tail) for approval to increase rates for electric service in its South Dakota service territory. Otter Tail stated that it proposed to increase rates by \$2,755,954 annually or 9.96% based on Otter Tail's 2009 test year and that a typical residential customer would see an increase of \$9.68 per month under the rate design proposed by the Company. The proposed rate would potentially affect approximately 11,700 customers in Otter Tail's service territory. At its regularly scheduled meeting of September 14, 2010, the Commission assessed a filing fee as requested by the Commission Staff up to the statutory limit of \$125,000 and established an intervention deadline of October 8, 2010. Pursuant to SDCL 49-34A-14, the Commission suspended the operation of the schedule of rates proposed by Otter Tail for 180 days beyond August 20, 2010. No interveners filed in this matter. On January 19, 2011, and January 27, 2011, the Commission received a request from Otter Tail for authority to use current rate design when implementing an interim rate increase on February 17, 2011, pursuant to SDCL Section 49-34A-17 and implementing the interim rate increase at a level lower than the rate increase identified in Otter Tail's initial application. On February 9, 2011, the Commission issued its Order Granting Request for Authority granting such requests related to interim rates. On February 24, 2011, Commission Staff and Otter Tail filed a Joint Motion for Approval of the Settlement Stipulation. The Commission approved the Settlement Stipulation on March 14, 2011. On April 14, 2011 the parties filed a Joint Motion for Approval of the Second Settlement Stipulation, the Second Settlement Stipulation and associated tariff sheets, customer notice and rate schedule brochures.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-34A, specifically 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13.1, 49-34A-17, 49-34A-19, and 49-34A-21.

The Joint Motion and Second Settlement Stipulation were duly noticed for Commission consideration and action at the Commission's regular meeting of April 19, 2011. The Commission heard from Otter Tail and Staff concerning the proposed Settlement Stipulation. Having thoroughly reviewed the filings in the docket and made inquiry of the parties at the meeting, the Commission found that the terms and conditions proposed in the Second Settlement Stipulation were just, reasonable, and in the public interest and that good and sufficient cause was demonstrated to approve the Second Settlement Stipulation. The Commission voted unanimously to grant the Joint Motion for Approval of the Second Settlement Stipulation.

- Section 14.12 – First Revised Sheet No. 1 Cancelling Original Sheet No. 1
- Section 14.12 – First Revised Sheet No. 2 Cancelling Original Sheet No. 2
- Section 15.00 – First Revised Sheet No. 1 Cancelling Original Sheet No. 1
- Section 16.00 – First Revised Sheet No. 1 Cancelling Original Sheet No. 1
- Section 16.00 – Second Revised Sheet No. 2 Cancelling First Revised Sheet No. 2
- Section 16.00 – Second Revised Sheet No. 3 Cancelling First Revised Sheet No. 3
- Section 16.00 – First Revised Sheet No. 4 Cancelling Original Sheet No. 4

It is therefore

ORDERED, that the Joint Motion for Approval of the Second Settlement Stipulation is granted. The Second Settlement Stipulation is incorporated by reference into this Decision and Order the same as if it had been set forth in its entirety herein. It is further

ORDERED, that the updated customer rate schedule brochures are approved; and it is further

ORDERED, that the aforementioned tariff sheets are approved for service rendered on and after June 1, 2011.

Dated at Pierre, South Dakota, this 21 day of April, 2011.

<p>CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.</p> <p>By: <u>Tina Douglas</u></p> <p>Date: <u>4-21-11</u></p> <p style="text-align: center;">(OFFICIAL SEAL)</p>
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BY ORDER OF THE COMMISSION:

Steve Kolbeck
 STEVE KOLBECK, Chairman

Gary Hanson
 GARY HANSON, Commissioner

Chris Nelson
 CHRIS NELSON, Commissioner