

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

July 19, 2006

Ms. Patricia Van Gerpen
Executive Director
Public Utilities Commission
State of South Dakota
Pierre, SD 57501



Dear Ms. Van Gerpen:

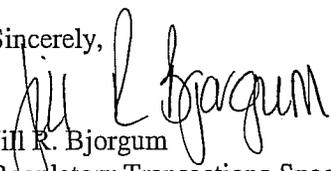
Enclosed is the detail of the determination of the fuel adjustment factor for the three months ending June 2006. The new adjustment factor is applicable on bills dated on and after August 2, 2006 (Billing Cycle 1).

The calculation was made in compliance with the Fuel Adjustment Clause, Electric Rate Schedule - Rate Designation M-60S, as approved by the South Dakota Public Utilities Commission Order dated April 7, 2005 (Docket No. EL05-009). This calculation includes Item 6 of the tariff "Costs or revenues linked to the utility's load serving obligation, associated with participation in wholesale electric energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the energy markets." A detail schedule of the items included in the calculation is attached to the enclosure. Otter Tail requests confidential treatment of columns (E) and (F) of the detail schedule pursuant to ARSD Part 20:10:01:41 due to the competitive nature of the data in those columns. Otter Tail is requesting confidential treatment for a period of at least 12 months and will request an extension in the future if necessary. Contact Pete Beithon, Manager of Regulatory Economics at: (218) 739-8607, 215 South Cascade Street, Fergus Falls, MN 56537 with any questions of concerns regarding the confidentiality request.

Revenue from Cost of Energy Adjustment for June 2006:

Total Sales in South Dakota	27,916,823 kWh
Sales Subject to Fuel Adjustment	25,466,071 kWh
Average Rate During Period	\$.01327
Revenue in Period	\$337,883.88
Energy Cost Adjustment - Effective 8/2/06	\$.01394

Sincerely,


Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Services

Enc.