

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

November 28, 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 October 2006. The new adjustment factor is applicable on bills dated on and after December 1, 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 (F) and (G) 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.

October items of note

Otter Tail Power's Hoot Lake generating plant's Unit 3 (approximately 75MW) was off line from October 1 through October 13, 2006.

Also included in this month's filing is a corrected September MISO Day 2 adjustments report reflecting the correct signs for debits and credits. The correct signs were used in the original calculation, the corrected report is for reference purposes only.

Revenue from Cost of Energy Adjustment for October 2006:

Total Sales in South Dakota	24,912,137 kWh
Sales Subject to Fuel Adjustment	23,482,502 kWh
Average Rate During Period	\$.00367
Revenue in Period	\$86,233.80
Energy Cost Adjustment - Effective 12/1/06	\$.00871

Sincerely,

A handwritten signature in cursive script that reads "Jill R. Bjorgum".

Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Services

An Equal Opportunity Employer