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June 27, 2012

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 May 2012. The new adjustment factor is applicable on bills dated on and after July 2, 2012 (Billing Cycle 1).

The calculation was made in compliance with the Fuel Adjustment Clause Rider, Electric Rate Schedule – Section 13.01, as approved by the South Dakota Public Utilities Commission in the Order Approving the Joint Motion for Approval of the Settlement Stipulation dated March 14, 2011, in Docket No. EL10-011.

As approved in Docket Nos. EL10-011 and EL08-030 the calculation includes the updated Non-Asset Based Margins for 2012.

Effective with this month's filing, all MISO charge types are now reported separately on Attachment A to provide additional transparency to the amounts associated with each charge type. In previous filings, the following charge types were combined on the following lines of Attachment A:

Attachment A Line:	Charge Types included in that line:
Line 16 – FTR Monthly Transaction Amount	FTR Monthly Transaction Amount FTR Full Funding Guarantee Amount FTR Guarantee Uplift Amount
Line 30 – RT Revenue Sufficiency Guarantee Make Whole Payment Amt	RT Revenue Sufficiency Guarantee Make Whole Payment Amt RT Price Volatility Make Whole Payment

These charge types are now listed separately on the following lines in Attachment A of this filing.

Charge Type	Line in Attachment A of Current Filing:
FTR Monthly Transaction Amount	Line 16
FTR Full Funding Guarantee Amount	Line 33
FTR Guarantee Uplift Amount	Line 34
RT Revenue Sufficiency Guarantee Make Whole Payment Amt	Line 30
RT Price Volatility Make Whole Payment	Line 39

Attachment B has also been updated to reflect the corresponding level of detail.

In addition, in prior monthly filings, the monthly adjustment found on Attachment A line 50 for net intersystem (non-energy) adjustments in column G, was not included in the Column F values on Attachment A (Non-Energy). This current filing now reflects the monthly adjustments in Column F of Attachment A. These reporting corrections had no impact on retail energy calculations and no impact to retail customers. Enclosed are revised Attachment A reports for January 2012 through April 2012.

Otter Tail Power Company requests confidential treatment of columns (F) and (G) of the Attachment A and columns (J), (K), (L), and (M) of the Attachment B pursuant to ARSD Part 20:10:01:41 due to the competitive nature of the data in those columns. Otter Tail Power Company 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 May 2012:

Total Sales in South Dakota	29,068,734 kWh
Sales Subject to Fuel Adjustment	29,050,639 kWh
Average Rate During Period	\$.02428
Revenue in Period	\$705,778.35
Energy Cost Adjustment Rate Level 42, 70 and 71 – Eff. 7/2/12	\$.019670

Plant Conditions for May 2012

Big Stone:

The unit generated 224,459 net MWh for the month. Unit availability was 100% and equivalent availability was 99.8%. Fuel prices were 1.54% under budget.

Coyote:

The Unit generated 128,946 net MWh for the month. Unit availability was 49.5% and equivalent availability was 47.3%. Fuel prices were on budget.

Hoot Lake:

Unit 2 generated 12,239 net MWh for the month. Unit 2 had an availability of 100% and an equivalent availability of 100%. Fuel costs were about 10.20% under budget.