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September 23, 2016

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 August 2016. The new adjustment factor is applicable on bills dated on and after October 3, 2016 (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 Tariff Revisions to Include Emissions Controls Costs dated September 18, 2014, in Docket No. EL14-070.

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

Otter Tail Power Company (Otter Tail) submits the following attachments:

- 1) Calculation of the October 2016 Fuel Adjustment Clause Rider based on the three-month period ending August 2016.
- 2) South Dakota Over/Under Recovery (2 pages).
- 3) Detail of MISO Day 2 Charges by Charge Type for SD Fuel Adjustment Clause Rider marked as Attachment A. Please note this document contains Trade Secret Data.
- 4) Detail of MISO Day 2 Charges by Retail, Asset Based Wholesale, and Non Asset Based Wholesale for Current Month and Year to Date marked as Attachment B. Please note this document contains Trade Secret Data.

- 5) Otter Tail's Plant Conditions for August 2016 marked as Attachment C.

Also included in this month's filing is a revised July 2016 Plant Conditions report. Coyote plant equivalent availability was updated after the energy adjustment was filed on August 22, 2016.

- 6) Otter Tail's Wind Curtailment Report for FPL Energy North Dakota II, LLC, Langdon Wind, LLC and Ashtabula Wind III, LLC marked as Attachment D. Please note this document contains Trade Secret Data.

Otter Tail 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 is requesting confidential treatment for a period of at least 12 months and will request an extension in the future if necessary. Contact Stuart Tommerdahl, Manager of Regulatory Administration at: (218) 739-8279, 215 South Cascade Street, Fergus Falls, MN 56537 with any questions of concerns regarding the confidentiality request.

Revenue from Cost of Energy Adjustment for August 2016:

Total Sales in South Dakota	34,181,375 kWh
Sales Subject to Fuel Adjustment	32,631,899 kWh
Average Rate During Period	\$.01930
Revenue in Period	\$629,815.43
Energy Cost Adjustment Rate Level 42, 70 and 71 – Eff. 10/3/16	\$.02420

Sincerely,

/s/ *JILL R. BJORGUM*
Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Administration

Enclosures
By electronic filing