



Otter Tail Corporation d/b/a
Otter Tail Power Company
Before the
South Dakota Public Utilities Commission

Application for Authority to
Increase Electric Rates in South Dakota
Docket No. EL08 - _____
October 31, 2008

Volume 1
Application for Change in Rates

Otter Tail Power Company
South Dakota General Rate Case Documents

Volume Section

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Letter of Transmittal

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October 31, 2008

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501

Re: Application of Otter Tail Corporation d/b/a Otter Tail Power Company for Authority to Increase Rates for Electric Service in South Dakota

Dear Ms. Van Gerpen:

Otter Tail Corporation d/b/a Otter Tail Power Company (the "Company" or "Otter Tail Power Company") submits its Application to the South Dakota Public Utilities Commission (the "Commission") for authority and consent to increase rates for electric service provided to the Company's South Dakota customers. This increase is needed in order for the Company to continue providing high quality, reliable, and safe energy. The last time the Company's electric rates were increased in South Dakota was in 1987.

The rate and tariff changes proposed in this Notice would result in an annual increase of base electric revenues of \$3,883,399, or 15.30 percent. The proposed change in rates will result in an average increase of \$10.68 per month or 15.0 percent on residential customers under the rate design proposed by the Company. Additional rate impacts are discussed in the testimony of Mr. Prazak. The proposed changes would affect the billings of approximately 11,700 customers in the Company's South Dakota service area. The test year for the proposed increase is 2007, with known and measureable changes, and other appropriate adjustments. The Commission in its July 2, 2008 Order in Docket No. EL08-013, granted a waiver that allowed the Company to use a 2007 test year for this request.

The proposed rates will become effective November 30, 2008, unless they are suspended by the Commission.

The additional revenue requested in the Application is needed to offset the increased costs incurred by the Company in providing electric service to its customers.

The Company herewith submits an original and seven (7) copies of the following:

<u>Volume</u>	<u>Section</u>	
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2B		Kevin Moug, Cost of Capital Robert Hevert, Return on Equity Peter Wasberg, Compensation David Prazak, Rate Design Hethie Parmesano, Marginal Cost
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The Company hereby certifies that the Notice of Proposed Change of Rates and Charges (“Notice”) will be exhibited in a conspicuous place in the Company’s local customer service offices for the territory affected, for at least thirty (30) days prior to the date such change is to become effective. Each Notice states that the proposed rates and charges are available in that office for inspection. The Company also certifies that Notice has been or is being provided to the public in all respects as required by S.D. Admin R. 20:10:13:17 through 20:10:13:19.

Additionally, local media outlets will receive a news release and our website www.otpc.com will contain information describing the Application. We are also prepared to meet with customer groups as reasonably requested to provide detailed information regarding our Application. Finally, copies of the Application will be available in all of our local customer service offices, along with brochures explaining our Application.

The Commission’s communications with the Company regarding this Application should be directed to:

Thomas R. Brause
Vice President Administration
Otter Tail Corporation
Doing business as
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56537
(218) 739-8525

Also, please send copies of all written inquiries, correspondence and pleadings to:

Ron L Spangler Jr.
Rate Case Manager
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56537
(218) 739- 8838

and

Bruce Gerhardson
Associate General Counsel
Otter Tail Corporation
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The Applicant's legal corporate name is Otter Tail Corporation (and the Corporation is also authorized to conduct business under the trade name Otter Tail Power Company), with its principal place of business in Fergus Falls, Minnesota. The Company is a corporation incorporated in 1907 under the laws of Minnesota. The Company provides retail electric service in South Dakota, North Dakota, and Minnesota.

A request for Confidential Treatment of Information is being separately filed seeking protection for Schedule K-3, working papers for federal income taxes.

Respectfully submitted,

Otter Tail Corporation

/s/ THOMAS R. BRAUSE

Thomas R. Brause

Vice President Administration

Otter Tail Corporation

Doing business as

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215 South Cascade Street

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Enclosures

By electronic filing and by mail