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May 17, 2010



VIA E-FILING

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

**Re: In the Matter of the Petition of Otter Tail Power Company for Extension of Test Period
Docket No. EL10-_____**

Dear Ms. Van Gerpen:

Enclosed for filing with the South Dakota Public Utilities Commission is Otter Tail Power Company's Petition for Extension of Test Period.

If you have any questions regarding this filing, please do not hesitate to contact me at (218) 998-7108 or at bgerhardson@otpc.com.

Very truly yours,

/s/ Bruce Gerhardson
Bruce Gerhardson
Otter Tail Power Company
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BGG/dm

Enclosure

STATE OF SOUTH DAKOTA

BEFORE THE PUBLIC UTILITIES COMMISSION

**Otter Tail Power Company
Petition for Extension of Test Period**

Docket No. EL10-_____

PETITION FOR EXTENSION OF TEST PERIOD

COMES NOW, Otter Tail Power Company (“Otter Tail”) and for its Petition to the South Dakota Public Utilities Commission (“Commission”) for Extension of Test Period, submits as follows:

1. Otter Tail has determined that it is necessary to file a request for a general increase in its rates to recover costs relating to infrastructure investments made and increases to operating costs since Otter Tail’s last rate increase (Docket No. EL08-030). At this time, Otter Tail plans to make its filing on or before August 31, 2010, and, as explained in this Petition, Otter Tail proposes to use a calendar year 2009 test period as the basis of the rates proposed in the filing.
2. ARSD 20:10:13:44 requires the use of a test period consisting of 12 months of actual experience ending no earlier than 6 months before the date of filing unless good cause for extension is shown (emphasis added). Assuming Otter Tail’s filing is made on August 31, 2010, a calendar year 2009 test period would consist of 12 months of actual experience ending 8 months before the date of the filing. Therefore, Otter Tail respectfully requests the Commission to authorize the use of a calendar year 2009 test period in its upcoming rate case filing for the good cause shown in this Petition.
3. Using a calendar year 2009 test period will allow Otter Tail to make its filing using the same basic test-year data as it used to make a similar filing in Minnesota (Minnesota filing was made on April 2, 2010, in Minnesota Public Utilities Commission Docket No. E-017/GR-10-239).
4. The Commission granted a similar request in Docket No. EL08-013, authorizing Otter Tail to use a calendar year 2007 test period for the general rate case filed in October 2008. Based on Otter Tail’s experience in that instance, use of the prior

calendar year test period data for the rate case provided reliable data for the rate case and resulted in significant administrative efficiencies.

5. The calendar year 2009 test period, in conjunction with appropriate pro forma adjustments, will reflect Otter Tail's costs of service and provide for an accurate review of its financial results.
6. Good cause exists for the Commission to grant the extension. Filing by August 31, 2010, using 2009 calendar year data will provide significant savings in administrative costs for Otter Tail. Otter Tail has a relatively small regulatory service department that is already burdened by significant regulatory undertakings in the three states in which Otter Tail does business. Filing a South Dakota rate case using non-calendar year data or using data different from that being used in Otter Tail's Minnesota rate case would add to this burden and require additional staffing to address these complexities. In addition, use of a calendar year test period will simplify the filing efforts for Otter Tail, will assist the Commission Staff in verifying Otter Tail's financial status, and will cause the basis of rates charged to South Dakota customers to reflect proper levels of costs for the following reasons:
 - a. Otter Tail maintains its books and records on a calendar year basis;
 - b. Verification of Otter Tail's financial data will be more accurate and less time-consuming if calendar year data is used because publicly filed annual reports reflect calendar year results. Annual reports to the SEC, FERC, and state regulatory authorities are on this basis. Staff and other possible parties to this rate proceeding will be most easily able to audit and verify Otter Tail's book results from analysis of these publicly filed reports. Also, the calendar year basis should make verification of pro forma adjustments easier;
 - c. Pro forma adjustments will not be affected by use of a calendar year test period because of nominal inflation;
 - d. The costs of providing electric service have not changed materially during calendar 2010 to date;
 - e. Use of a non-calendar year test period would likely increase Otter Tail's rate case preparation expense by such costs as a non-calendar year audit;

- f. Filing using the same basic test year data in both South Dakota and Minnesota will save significant rate case preparation and administration expenses as to do otherwise would require a significant duplication of efforts; and
- g. The Commission has previously granted such requests (See, e.g., July 2, 2008, Order Approving Extension Test Period, in *In the Matter of Otter Tail Corporation D/B/A Otter Tail Power Company for Approval of an Extension of its Test Period*, Docket EL08-013); and August 21, 2001, Order Approving Test Year Extension, in *In the Matter of the Filing by MidAmerican Energy Company for Approval of Petition for Extension of Test Period*, Docket No. NG01-008).

WHEREFORE, Otter Tail respectfully requests the Commission to authorize the use of a calendar 2009 test period for its general rate increase in electric rates, which Otter Tail currently plans to file on or before August 31, 2010.

DATED this 17th day of May 2010.

Respectfully submitted,

By: /s/ Bruce Gerhardson
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