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*South Dakota*

**PUBLIC UTILITIES COMMISSION**

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September 18, 2012

Patricia Van Gerpen  
Executive Director  
SD Public Utilities Commission  
500 E. Capitol Ave.  
Pierre, SD 57501

**Re: EL12-054 - In the Matter of the Petition of Otter Tail Power Company for Approval of its 2013 Transmission Cost Recovery Eligibility and Rate Adjustment**

Dear Ms. Van Gerpen:

On September 4, 2012, the Commission received a petition from Otter Tail Power Company for approval of its annual update to its Transmission Cost Recovery Rider (TCR) rate. The proposed revised TCR rate reflects the TCR revenue requirements for the year 2013, including the tracker balance estimated for the end of the current period and costs of new transmission projects that are not currently in base rates and have not previously been approved for inclusion in the TCR rider. The Company proposes a January 1, 2013, effective date.

***Suspension of Rates***

As stated in Otter Tail's petition, ARSD Part 20:10:13:15 requires a 30-day notice to the Commission of a proposed change in a utility's tariff schedule, after which time the proposed changes take effect unless suspended. Pursuant to SDCL 49-34A-14, Staff requests that the Commission suspend the operation of the proposed rates and tariff changes for a period of one hundred eighty (180) days from September 4, 2012. This suspension will allow Staff time to properly review the petition and ensure the reasonableness of the proposed changes.

***Regulatory Assessment Fee***

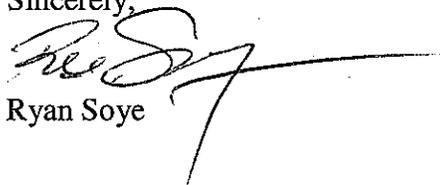
Pursuant to SDCL 49-1A-8, Staff asks the Commission to assess a regulatory assessment fee with respect to Otter Tail's petition. This filing fee will account for actual costs incurred during Staff's general review of the petition and amounts expended on expert consultation services. According to the above-mentioned statute, Staff asks the Commission to assess a filing fee in the amount of fifty thousand dollars (\$50,000). In addition, Staff requests the filing fee relate back to the initial filing date to account for time already dedicated to this docket.

***Consultant Contracting Authority***

During the review of this petition, Staff may require the services of outside expert consultants and thus it will be necessary to enter consulting contracts on part of the Commission. Staff requests the Commission grant the Executive Director authority to enter into these contracts. In order to expedite the review process it is appropriate to provide the Executive Director authority to approve these contracts.

In accordance with South Dakota Codified Law, Staff seeks Commission approval of the forgoing actions on Commission Docket EL12-054. It is in the best interest of Otter Tail's South Dakota customers to seek approval of these matters in order to provide adequate time and sufficient resources to support Staff recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Soye", with a long horizontal flourish extending to the right.

Ryan Soye