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May 31, 2017

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

**PUBLIC – NOT PUBLIC DATA HAS
BEEN EXCISED**

**Re: In the Matter of Otter Tail Power Company's 2016 South Dakota Jurisdictional Report to the
South Dakota Public Utilities Commission
Docket No. EL16-035**

Dear Ms. Van Gerpen:

Enclosed you will find the 2016 Annual Report for Otter Tail Power Company (Otter Tail) which is being submitted pursuant to the Settlement Stipulations approved by the Commission in Otter Tail's 2016 Transmission Cost Recovery Rider (TCR), Docket No. EL16-035. The report provides the regulated returns for Otter Tail for calendar year 2016 on an actual and normalized basis with 2015 actual year regulated results also being provided for comparative purposes.

Key contributors to the decrease in Otter Tail's return on equity for 2016 include a decrease in energy sales in South Dakota, as well as increases to the Average Regulated Rate Base, offset by a higher equity percentage of the capital structure in 2016.

Also enclosed is a Request for Confidential Treatment of Exhibits 5 and 6, and Addendum 4.

If you have any questions regarding this filing, please contact me at 218-739-8385 or bhaugen@otpc.com.

Sincerely,

/s/ BRYCE C. HAUGEN
Bryce C. Haugen
Senior Rates Analyst
Regulatory Administration

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Enclosures
By electronic filing