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March 28, 2007

Ms. Patricia Van Gerpen
Executive Director
Public Utilities Commission
State of South Dakota
Pierre, SD 57501



Dear Ms. Van Gerpen:

Due to a data entry error with the Intersystem Sales kWh, we have enclosed a revised detail of the determination of the fuel adjustment factor for the three months ending February 2007. The new adjustment factor is applicable on bills dated on and after April 2, 2007 (Billing Cycle 1).

The calculation was made in compliance with the Fuel Adjustment Clause, Electric Rate Schedule - Rate Designation M-60S, as approved by the South Dakota Public Utilities Commission Order dated April 7, 2005 (Docket No. EL05-009). This calculation includes Item 6 of the tariff "Costs or revenues linked to the utility's load serving obligation, associated with participation in wholesale electric energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the energy markets." A detail schedule of the items included in the calculation is attached to the enclosure. Otter Tail requests confidential treatment of columns (F) and (G) of the detail schedule 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 Pete Beithon, Manager of Regulatory Economics at: (218) 739-8607, 215 South Cascade Street, Fergus Falls, MN 56537 with any questions of concerns regarding the confidentiality request.

February items of note

Otter Tail Power's Big Stone generating plant was reduced approximately 2,112 mwhs due to derating from February 20 to February 28. Otter Tail Power's Coyote generating plant was off line four days resulting in an approximate reduction of 13,272 mwhs and was also derated for the month resulting in an approximate reduction of 3,456 mwhs.

January items of note

Otter Tail Power's Big Stone generating plant was reduced approximately 19,367 mwhs due to derating and Coyote generating plant was reduced approximately 10,015 mwhs due to derating, and Hoot Lake Plant #3 was reduced approximately 3,504 due to being off-line approximately two days.

Revenue from Cost of Energy Adjustment for February 2007:

Total Sales in South Dakota	38,636,359 kWh
Sales Subject to Fuel Adjustment	32,572,505 kWh
Average Rate During Period	\$.00988
Revenue in Period	\$321,779.42
Revised Energy Cost Adjustment - Effective 4/2/07	\$.01334

Sincerely,

A handwritten signature in cursive script that reads "Jill R. Bjorgum".

Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Services

Enclosures