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VIA ELECTRONIC DELIVERY

May 26, 2010

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

Dear Ms. Van Gerpen:

Enclosed is a revised detail of the determination of the fuel adjustment factor for the three months ending April 2010. The revision is being made to correct for a calculation error in the application of asset and non-asset based margins. The new adjustment factor is applicable on bills dated on and after June 2, 2010 (Billing Cycle 1).

Included in this revised filing are monthly determinations for the rates that were effective March through May 2010. The monthly determinations have been revised to include information for comparative purposes which show the information "As Originally Filed" in column (E) versus "Revised" in column (F) which calculates the corrected rates that should have been in effect. The previously filed calculations included Asset and Non Asset Based Margins in total for the most recent three-month period instead of a three-month average. Each of the revised monthly determinations shows the "As Originally Filed" versus "Revised" calculations for the rates and the corresponding true-up amounts. Margin sharing through the FCA began after the end of the 2009 Actual Year once actual margins became known and could be compared to the amounts either fixed in rates (asset based) or through a pass-through of the margins as part of the settlement in Docket No. EL-08-030. The margin true-up then began with rates effective March 2, 2010. Due to the lag in the true-up calculation, the first time a difference arises as a result of the incorrect versus corrected margin calculations is with the determination for rates effective May 3, 2010, as found on line 15 in the amount of \$384,493 (a system-wide number). This difference in true-up calculations will be included as a one-time line-item adjustment in the monthly determination for the rate that will become effective on June 2, 2010, as found in column (F) "Revised", line 15. Due to the lag in the true-up calculation, any differences in the April 2, 2010, determination will be handled through the true-up calculation for the monthly determination for rates effective June 2, 2010, and any differences in the May 3, 2010, determination will be accounted for through the true-up calculation for rates that will be effective in July.

The calculation was made in compliance with the Fuel Adjustment Clause Rider, Electric Rate Schedule – Section 13.01, as approved by the South Dakota Public Utilities Commission at their June 23, 2009, commission meeting (Docket No. EL08-030). A detail schedule of the items included in the calculation is enclosed. March rates will be the first month asset and non-asset based margins are shared. The amounts included for asset and non-asset based margins will be the same for the next 12 month. Otter Tail Power Company 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 Power Company 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.

Revenue from Cost of Energy Adjustment for April 2010:

Total Sales in South Dakota	36,182,633 kWh
Sales Subject to Fuel Adjustment	36,118,892 kWh
Average Rate During Period	\$.00065
Revenue in Period	\$23,492.58
Revised Energy Cost Adj. Rate Level 70 and 42 – Eff. 6/2/10	(\$0.00448)

Plant Conditions for April 2010

Big Stone:

The unit generated 249,700 net MWh for the month. Unit availability was 95.75% and equivalent availability was 93.05%. Fuel prices were about 1.7% under budget.

Coyote:

The Unit generated 249,533 net MWh for the month. Availability for the month was 100% and equivalent availability was 99.6%. Fuel prices were on budget.

Hoot Lake:

Unit 2 generated 25,664 net MWh for the month. Unit 2 had an availability of 92.8% and an equivalent availability of 92.8%. Fuel costs were about 4.4% under budget.

Unit 3 generated 38,963 net MWh for the month. Unit 3 had an availability of 100% and an equivalent availability of 100%. Fuel costs were about 2.3% under budget.

Plant Conditions for March 2010

Big Stone:

The unit generated 309,678 net MWh for the month. Unit availability was 100% and equivalent availability was 99.05%. Fuel prices were about 2.1% under budget.

Coyote:

The Unit generated 264,198 net MWh for the month. Availability for the month was 89.4% and equivalent availability was 86.2%. Fuel prices were about 1.8% over budget.