

September 6, 2006

**Otter Tail Corporation  
September 2006  
Fuel Cost Adjustment**

**Case No. PU-06-377**

Otter Tail Corporation decreased its electric fuel adjustment by 0.45 cents per kWh from 1.69 cents per kWh. The resulting fuel cost adjustment for the month of September 1.24 cents per kWh.

Otter Tail notes in its filing that on July 17<sup>th</sup> and 18<sup>th</sup> the load for an entity in its control area was improperly reported to the Midwest ISO as zero. The impact on Otter Tail's July costs is estimated at over \$1.7 million. With the two-month FCA accounting lag, the problem results in a reduction to the fuel clause adjustment rate for this month and next, but the expected correction will result in a slightly increased fuel cost adjustment for the four months November 2006 thru February 2007.

Combining Otter Tail's Fuel Cost Adjustment with its 1.65 cents per kWh base cost of fuel already included in base tariff rates brings Otter Tail's total average cost of fuel for billing during the month of September to 2.89 cents per kWh as shown on the graph below.

As a result of this change, the electric bill for an Otter Tail residential customer consuming 750 kWh will decrease by \$3.45 for bills rendered in the month of September.

