



Public Service Commission

State of North Dakota

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March 26, 2008

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Bernadeen Brutlag
Regulatory Affairs Manager
Otter Tail Power Company
215 S Cascade St
Fergus Falls, MN 56538-0496

Re: Fuel Clause Adjustment Audit
Case No. PU-08-130

Dear Bernadeen:

As you know, we have received a lot of complaints concerning the high cost of energy adjustments that Otter Tail Power Company (Otter Tail) has been charging its North Dakota customers since February 1.

According to the rules governing the electric industry contained in N.D. Admin. Code Section 69-09-02-39, the North Dakota Public Service Commission may examine and cause to be audited the practices of Otter Tail relating to costs subject to the automatic adjustment clause.

To avoid unnecessary disruptions to your company workforce and our own staff time, we request that Otter Tail contract with an external auditor to review the circumstances, root causes, decisions and costs giving rise to the unusually high automatic adjustment clauses beginning January 1, 2008. Upon completion of the audit, we request the independent audit firm present its findings and conclusions at an evidentiary hearing before the commission.

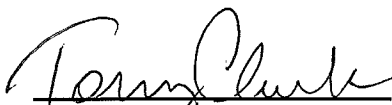
The audit engagement should include findings and conclusions regarding:

- Management's planning and preparation for the planned outage including any backup provisions or built in redundancies for procuring the needed resources.
- Events and decisions impacting the length and cost of the outage.

- Reasonableness of purchased power contracts for delivery during the outage period to determine if best practices were employed in securing the power.
- Reasonableness of all off-system sales made during the outage to ensure that Otter Tail did not assign higher cost energy to its retail customers while benefiting from selling low cost energy in the market.
- Reasonableness of any affiliated transactions involving the purchase and acquisition of power during the outage to ensure fair business practices exist between Otter Tail and its power supply group or other subsidiaries.

Because of the impact the outage has had on your customers, we believe it is important for Otter Tail to have this review completed as soon as possible. Please work with Mike Diller to establish a timeline for conducting the review and a date to present the findings in an evidentiary hearing.

PUBLIC SERVICE COMMISSION



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