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December 22, 2008

Mr. Darrell Nitschke
Executive Secretary and Director of Administration
North Dakota Public Service Commission
State Capitol
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480

Re: Application of Otter Tail Corporation d/b/a Otter Tail Power Company for Authority to
Increase Rates for Electric Service in North Dakota
Notice of Change in Rates for Electric Service
Notice of Interim Rates
Case No. PU-08-862

Dear Mr. Nitschke:

Otter Tail Corporation d/b/a Otter Tail Power Company ("OTP") submits a copy of the final version of OTP's notice of interim rates to be included with North Dakota customer bills rendered on and after January 2, 2009. This final version incorporates the changes that have been recommended by the North Dakota Public Service Commission ("Commission") staff.

In order to meet the requirement of providing this notice to all customers beginning with bills rendered on January 2, 2009, we respectfully request Commission approval of this notice as soon as administratively possible.

After approval, this notice will be included in all billing cycles during the month of January 2009. The last cycle to receive this notice will be cycle 20, which is scheduled to be mailed to customers January 30, 2009.

An Equal Opportunity Employer

AN  OTTERTAIL COMPANY

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I am providing this information both by U.S. mail (original + 10 copies), and electronically to you at dnitschk@nd.gov and ndpsc@nd.gov.

Please contact me at (218) 739-8838, or rlspangler@otpc.com should you have any questions with respect to this filing.

Very truly yours,

/s/ RON L. SPANGLER, JR.
Ron L. Spangler, Jr.
Rate Case Manager

Enclosures

Commission hearing

A formal hearing on this electric rate increase filing is scheduled for April 27, 28, and 29, 2009 beginning at 8 a.m. each day at:

North Dakota Public Service Commission
Commission Hearing Room
600 East Boulevard Ave.
Bismarck, ND

For more information

You may visit Otter Tail Power Company's Customer Service Centers between 8 a.m. and 5 p.m. Monday through Friday to examine the current and proposed rate schedules. Our offices are at:

524 Fifth Avenue South, Devils Lake
171 North Main, Garrison
315 Second Street SE, Jamestown
103 South Fifth, Oakes
226 South Main, Rugby
2111 Fifteenth Street North, Wahpeton
Phone: 800-257-4044
Web: www.otpc.com/ElectricRates

You may contact the North Dakota Public Service Commission at:

North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480
Phone: 701-328-2400
TTY: 800-366-6888
Email: ndpsc@nd.gov
Web: www.psc.state.nd.us

Proposed change in North Dakota electric rates

Proposed change in North Dakota electric rates

The rate changes described in this notice have been requested by Otter Tail Power Company. On

November 3, 2008, Otter Tail Power Company submitted an application to the North Dakota Public Service Commission (PSC) to increase its retail electric rates. This application is the first such filing in over 25 years. Under the proposal, the company's annual revenues would increase by about \$6.08 million or 5.14 percent. The increase for a typical residential customer using 836 kilowatt-hours would be \$5.01 a month.

Why is Otter Tail Power Company asking for an increase at this time?

Otter Tail Power Company's last request for a rate increase in North Dakota was in 1982. We are requesting this revenue increase to recover rising costs and to meet the growing demand for electricity as we serve customers as reliably, economically, and environmentally responsibly as possible.

Interim rates

While the PSC considers Otter Tail Power Company's request, state law allows the company to implement an interim rate increase from January 2, 2009, until final rates go into effect later this year. This increase of \$4.8 million, or approximately 4.07 percent, appears on your bill as an "Interim Rate Adj," which applies to the customer charge, energy charge, demand charge, facilities charge, fixed charge, and the monthly minimum charge. If final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, we will not charge customers the difference.

The following table shows the interim and proposed final changes in the average monthly electricity costs

Average monthly electricity costs

Customer classification	Monthly kilowatt-hour use	Previous monthly cost	Approved Interim Change		Proposed Final Change	
			Monthly cost	Percent	Monthly Cost	Percent
Residential	836	\$66.80	\$2.72	4.07%	\$5.01	7.50%
Farms	1,864	\$125	\$5.08	4.07%	\$9.36	7.50%
General Service	2,946	\$239	\$9.73	4.07%	\$2.26	0.95%
Large General Service	270,199	\$16,030	\$652.44	4.07%	\$160.30	1.00%
Irrigation	1,528	\$110	\$4.48	4.07%	\$11.00	10.00%
Outdoor Lighting	195	\$17	\$0.69	4.07%	\$4.22	25.00%
Other Public Authority	2,338	\$133	\$5.40	4.07%	\$18.57	14.00%
Controlled Service Water Heating	216	\$13	\$0.52	4.07%	\$1.29	10.00%
Controlled Service Interruptible	2,293	\$67	\$2.72	4.07%	\$23.43	35.00%
Controlled Service Deferred	2,210	\$95	\$3.86	4.07%	\$10.43	11.00%

for each customer class. The degree of change will vary for each customer based on the rate applicable to the customer and the electricity use. This table is based on proposed rates only.

Public input session

The Public Service Commission has scheduled two public input sessions via videoconference. The first session is on February 10, 2009 at 12:00 p.m. and the second session is on March 23, 2009 at 12:00 p.m. You will have an opportunity to provide the PSC your comments or ask questions about Otter Tail Power Company's proposal. You can participate at these locations:

Devils Lake

Lake Area Career and Technological Center
205-16th St. NW
Devils Lake, ND

Washburn

Washburn Public School Boardroom
713-7th St.
Washburn, ND

Bismarck

Public Service Commission
12th Floor, State Capitol
600 E. Blvd. Ave.
Bismarck, ND

Jamestown

James Valley Career and Technological Center
910-12th Ave. NE, Room A
Jamestown, ND

Wahpeton

Richland County Courthouse
Commission Room
418-2nd Ave. N.
Wahpeton, ND