

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)

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JAN 27 2009

PUBLIC SERVICE COMMISSION



VIA ELECTRONIC DELIVERY

January 27, 2009

Mr. Darrel Nitschke
Director of Administration
North Dakota Public Service Commission
600 E. Boulevard Ave., Dept. 408
Bismarck, ND 58505-0480

Dear Mr. Nitschke:

For the four-month period ending December 31, 2008, the rate for the Cost of Energy Adjustment is (\$.0084) per kWh. Otter Tail Power Company proposes to bill at this rate effective February 2, 2009.

The following additional information is provided:

Average costs from previous month's adjustment:	\$.024011
Average costs from current month's adjustment:	\$.022550
Difference – (Increase) Decrease:	\$.001461

The net effect of this fuel adjustment is to increase the rate by \$.0015. The total resulting adjustment for the current billing period will then be (\$.0084) per kWh.

Information supporting the adjustment is enclosed. The costs reported in the supporting detail are based on the provisions of the Cost of Energy Adjustment Clause rate schedule approved by the Commission on May 2, 1983, in Case No. 10,334. Effective with interim rates in Case No. PU-08-862, the base cost of energy is \$0.030945. Additionally, Midwest ISO Day 2 costs are accounted for as authorized by the Commission's Order in Case No. PU-05-131 issued on August 8, 2007. A detailed schedule of the items included in the calculation is enclosed.


Mr. Darrel Nitschke
January 27, 2009
Page Two

Otter Tail Power Company submits seven (7) copies each of the following:

- 1) Calculation of the February 2009 Cost of Energy Adjustment Clause based on the four-month period ending December 2008.
- 2) Monthly Detail of MISO Day 2 Charges by Charge Type for ND FCA marked as Attachment A.
- 3) Monthly MISO Day 2 Charges for ND Fuel Clause Adjustment marked as Attachment B.
- 4) Monthly MISO Day 2 Charges for ND Non-Fuel Clause Adjustment marked as Attachment C.
- 5) Detail of MISO Day 2 Charges by Charge Group for Current Month marked as Attachment D.
- 6) Otter Tail Power Company's Plant Conditions for November and December 2008 marked as Attachment E.

Also enclosed this month is our \$600.00 check for the 2009 Cost of Energy Adjustment filing fees.

Sincerely,



Jill R. Bjorgum
Regulatory Transactions Specialist
Regulatory Services

Enclosures

cc: NDPSC – electronic copy

NORTH DAKOTA
 OTTER TAIL POWER COMPANY
 COST OF ENERGY ADJUSTMENT
 FOR BILLING TO BE EFFECTIVE FEBRUARY 2, 2009

EFFECTIVE 2/02/09
 CYCLE '1'
 RATE LEVEL 44

ENERGY COSTS	2008 September	2008 October	2008 November	2008 December	Total This Period
Purchased Power	\$ 7,192,854	\$ 6,713,728	\$ 5,489,258	\$ 3,292,580	\$ 22,688,420
Steam Plant Generation	\$ 4,854,401	\$ 5,550,936	\$ 5,514,464	\$ 6,430,992	\$ 22,350,793
Other Plant Generation	\$ 208,752	\$ 84,368	\$ 225,056	\$ 679,741	\$ 1,197,917
Hydro Plant Generation	\$ -	\$ -	\$ -	\$ -	\$ -
Coyote Coal Conv. Tax	\$ 25,074	\$ 25,910	\$ 25,074	\$ 25,910	\$ 101,968
Less: Intersystem Sales	\$ (6,525,421)	\$ (5,686,342)	\$ (4,026,646)	\$ (1,692,955)	\$ (17,931,364)
Net Retail MISO Day 2	\$ 1,743,137	\$ 1,444,492	\$ 2,422,938	\$ 4,460,553	\$ 10,071,121
NET ENERGY COSTS	\$ 7,498,797	\$ 8,133,093	\$ 9,650,145	\$ 13,196,820	\$ 38,478,854

Prior (over) under recovery \$ (9,093,291)

Adjusted Net Energy Costs \$ 29,385,564

ASSOCIATED ENERGY -- KWH

Net Generation - Steam	251,996,063	294,213,869	298,059,068	341,828,814	1,186,097,814
Other Plant IC Generation	2,918,587	583,731	2,992,163	8,461,388	14,955,869
Hydro Plant Generation	1,392,796	1,573,365	2,144,989	2,049,120	7,160,270
Wind	8,957,082	15,609,405	12,083,639	32,132,456	68,782,582
Purchased Power	407,517,793	276,064,801	261,152,876	102,961,282	1,047,696,752
Total Energy	672,782,321	588,045,171	576,432,735	487,433,060	2,324,693,287
Less Intersystem Sales	(426,333,192)	(290,941,425)	(250,536,563)	(102,232,403)	(1,070,043,583)
Net Retail MISO Day 2	48,031,055	34,054,110	53,984,883	90,136,569	226,206,617
Net Energy - KWHs	294,480,184	331,157,856	379,881,055	475,337,226	1,480,856,321

Energy Adjusted to Retail Sales (Net Energy X (1.00 - .12)) 1,303,153,562

Delivered Cost per kWh \$ 0.022550

Base Cost per kWh \$ 0.030945

Energy Cost Adjustment -- Per kWh **\$ (0.0084)**

TRUE UP FOR DECEMBER

1) Net Energy (kWhs) Less 12% Losses	418,296,759
2) Net Energy Costs for the System -- Most recent month	\$ 13,196,820
3) Base Cost Recovered (1 X Base Cost of Fuel)	\$ 12,944,193
4) Net to be Recovered from COE (2 - 3)	\$ 252,627
5) COE Recovery Rate Effective for December	\$ 0.0105
6) Amount Recovered by COE (5 X 1)	\$ 4,392,116
7) Over / (Under) Recovery (4 - 6)	\$ 4,139,489
8) Cumulative Over / (Under) Recovery	\$ 9,093,291

Public Document - Trade Secret Data Has Been Excised

Doc No.	Line #	Charge Type Description	Acct	Total		FCA		Total	Non-FCA
				Total	Retail	Other			
		Otter Tail Power Company Monthly Detail of MISO Day 2 Charges by Charge Type for ND FCA December 2008* includes any adjustments							
1	2	DA Asset Energy Amt	555.02	\$	4,531,422.66	\$	-	4,531,422.66	
5	9	DA Non-asset Energy Amt	555.09	\$	(391,572.10)	\$	-	(391,572.10)	
12	12	DA Virtual Energy Amt	555.12	\$	-	\$	-	-	
13	19	RT Asset Energy Amt	555.19	\$	69,986.11	\$	-	69,986.11	
22	26	RT Non-Asset Energy Amt	555.26	\$	35,441.27	\$	-	35,441.27	
27	32	RT Virtual Energy Amt	555.32	\$	-	\$	-	-	
		ENERGY CHARGES TOTAL		\$	2,586,817.64	\$	4,245,277.94	4,245,277.94	(1,658,460.30)
4	1	DA Mkt Admin Amt	555.01	\$	64,049.91	\$	-	64,049.91	
2	3	DA FBT Congestion Amt	555.03	\$	(74,245.07)	\$	-	(74,245.07)	
3	4	DA FBT Loss Amt	555.04	\$	1,000,868.10	\$	-	1,000,868.10	
6	5	DA Congestion Rebate on COGA	555.05	\$	-	\$	-	-	
7	6	DA Losses Rebate on COGA	555.06	\$	-	\$	-	-	
8	7	DA Congestion Rebate on Option B GFA	555.07	\$	74,400.01	\$	-	74,400.01	
9	8	DA Losses Rebate on Option B GFA	555.08	\$	(497,965.29)	\$	-	(497,965.29)	
10	10	DA Revenue Sufficiency Guarantee Distribution Amt	555.10	\$	8,007.30	\$	-	8,007.30	
11	11	DA Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.11	\$	(10,966.62)	\$	-	(10,966.62)	
29	13	FTR Mkt Admin Amt	555.13	\$	6,050.66	\$	-	6,050.66	
28	14	FTR Hourly Allocation Amt	555.14	\$	(200,626.35)	\$	-	(200,626.35)	
30	15	FTR Monthly Allocation Amt	555.15	\$	(1,884.43)	\$	-	(1,884.43)	
31	16	FTR Monthly Transaction Amt	555.16	\$	282.10	\$	-	282.10	
32	17	FTR Yearly Allocation Amt	555.17	\$	-	\$	-	-	
19	18	RT Mkt Admin Amt	555.18	\$	4,534.95	\$	-	4,534.95	
16	20	RT FBT Congestion Amt	555.20	\$	-	\$	-	-	
17	21	RT FBT Loss Amt	555.21	\$	-	\$	-	-	
18	22	RT Congestion Rebate on COGA	555.22	\$	-	\$	-	-	
14	23	RT Loss Rebate on COGA	555.23	\$	-	\$	-	-	
20	24	RT Distribution of Losses Amt	555.24	\$	(283,827.19)	\$	-	(283,827.19)	
21	25	RT Misc Amt	555.25	\$	(7,543.98)	\$	-	(7,543.98)	
21	27	RT Net Inadvertent Amt	555.27	\$	4,734.36	\$	-	4,734.36	
23	28	RT Revenue Neutrality Uplift Amt	555.28	\$	73,804.76	\$	-	73,804.76	
24	29	RT Revenue Sufficiency Guarantee First Pass Distribution Amt	555.29	\$	56,010.37	\$	-	56,010.37	
25	30	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.30	\$	(9,344.63)	\$	-	(9,344.63)	
26	31	RT Uninstructed Deviation Amt	555.31	\$	2,477.64	\$	-	2,477.64	
	38	FTR ARR FTR TXN	555.38	\$	(196,586.94)	\$	-	(196,586.94)	
	39	FTR ARR ARR TXN	555.39	\$	303,658.73	\$	-	303,658.73	
	41	FTR ARR_STG2_DIST	555.41	\$	(25,978.22)	\$	-	(25,978.22)	
		ENERGY CHARGES TOTAL		\$	(64,284.18)	\$	289,910.17	289,910.17	(354,194.35)
		TOTAL MISO DAY 2 CHARGES		\$	2,522,533.46	\$	4,535,188.11	4,535,188.11	(2,012,654.65)
		Less Schedule 16 & 17 (Lines 1, 13, and 18)		\$	(74,635.52)	\$	-	(74,635.52)	
		TOTAL FOR ND COST OF ENERGY ADJUSTMENT		\$	2,522,533.46	\$	4,460,552.59	4,460,552.59	(2,012,654.65)

Doc No.	Line #	Charge Type Description	Acct	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	YEAR TO DATE
		Virtual Energy														
	12	DA Virtual Energy Amt	555.12													
	27	RT Virtual Energy Amt	555.32													
		TOTAL														\$ (295,710.60)
		Schedules 16 & 17														
	4	DA Mkt Admin Amt	555.01													
	19	RT Mkt Admin Amt	555.18													
	29	ETR Mkt Admin Amt	555.13													
		TOTAL														\$ 215,441.28
		Congest & FTRs														
	3	DA FBT Congestion Amt	555.03													
	15	RT FBT Congestion Amt	555.2													
	28	FTR Hourly Allocation Amt	555.14													
	30	FTR Monthly Allocation Amt	555.15													
	32	FTR Yearly Allocation Amt	555.17													
	31	FTR Monthly Transaction Amt	555.16													
	38	FTR ARR, FTR, TXN	555.38													
	39	FTR ARR, ARR, TXN	555.39													
	41	FTR ARR, STG2 DIST	555.41													
		TOTAL														\$ (915,146.17)
		RSC & Make Whole Payments														
	10	DA Revenue Sufficiency Guarantee Distribution Amt	555.1													
	11	DA Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.11													
	24	RT Revenue Sufficiency Guarantee First Pass Distribution Amt	555.29													
	25	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.3													
		TOTAL														\$ (436,056.77)
		Revenue Neutrality Uplift														
	23	RT Revenue Neutrality Uplift Amt	555.28													
		TOTAL														\$ 109,603.28
		Other Charges														
	20	RT Misc Amt	555.25													
	21	RT Net Inadvertent Amt	555.27													
	26	RT Uninstructed Deviation Amt	555.3.1													
		TOTAL														\$ 29,589.85
		Grandfathered Charge Types														
	6	DA Congestion Rebate on COGA	555.06													
	7	DA Losses Rebate on COGA	555.06													
	8	DA Congestion Rebate on Option B GFA	555.07													
	9	DA Losses Rebate on Option B GFA	555.08													
	17	RT Congestion Rebate on COGA	555.22													
	18	RT Losses Rebate on COGA	555.23													
		TOTAL														\$ -
		TOTAL MISO DAY 2 CHARGES - Non-Fuel Clause Adjustment														\$ (2,809,912.09)
		Less Schedule 16 & 17 (Lines 1, 13, and 18)														\$ (2,809,912.09)
		TOTAL FOR MN COST OF ENERGY ADJUSTMENT														\$ (2,809,912.09)

Public Document - Trade Secret Data Has Been Excised

Doc No.	Line #	Day Ahead & Real Time Asset & Non Asset Energy & Loss	Charge Type Description		Retail Debits		Retail Credits		Retail Adjustments		Net Retail		Net Intersystem		Total		Charge Types with MWH for Retail	
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)				
	1	DA Asset Energy Amt	555.02	\$	34,908,914.86	\$	(30,377,492.20)	\$	4,531,422.66	\$	1,000,868.10	\$	737,067				(6,591,146)	
	2	DA FBT Loss Amt	555.04	\$	1,000,868.10	\$		\$		\$		\$					1,000,868.10	
	3	DA Non-Asset Energy Amt	555.09	\$	935,253.97	\$	(1,386,626.07)	\$		\$		\$					21,441	
	4	RT Asset Energy Amt	555.19	\$	1,186,197.44	\$	(1,179,999.84)	\$	63,788.61	\$		\$					28,781	
	13	RT Distribution of Losses Amt	555.24	\$		\$	(279,437.49)	\$		\$		\$						
	14	RT FBT Loss Amt	555.21	\$	2,351,074.69	\$	(2,315,563.42)	\$		\$		\$					48,569	
	22	RT Non-Asset Energy Amt	555.26	\$	40,412,309.06	\$	(35,535,389.12)	\$	5,996.91	\$	4,962,318.85	\$					835,856	
		TOTAL		\$		\$		\$		\$		\$					(751,866)	
	12	DA Virtual Energy Amt	555.12	\$		\$		\$		\$		\$						
	27	RT Virtual Energy Amt	555.32	\$		\$		\$		\$		\$						
		TOTAL		\$		\$		\$		\$		\$						
	4	DA Mkt Admin Amt	555.01	\$	63,959.28	\$		\$	90.63	\$	64,049.91	\$						
	19	RT Mkt Admin Amt	555.16	\$	5,049.30	\$		\$	(514.35)	\$	4,534.95	\$						
	29	FTR Mkt Admin Amt	555.13	\$	6,050.66	\$		\$	(423.72)	\$	74,635.52	\$						
		TOTAL		\$	75,059.24	\$		\$		\$		\$						
		Congest & FTRs		\$		\$		\$		\$		\$						
	2	DA Congestion Amt	555.03	\$	42,983.10	\$	(117,228.17)	\$		\$	(74,245.07)	\$						
	15	RT Congestion Amt	555.20	\$	61,692.44	\$	(652,319.06)	\$	0.27	\$	(200,885.35)	\$						
	30	FTR Monthly Allocation Amt	555.15	\$		\$	(1,885.39)	\$	0.66	\$	(1,884.43)	\$						
	32	FTR Yearly Allocation Amt	555.17	\$		\$		\$		\$		\$						
	31	FTR Monthly Transaction Amt	555.16	\$	34,734.84	\$	(34,453.40)	\$	0.66	\$	282.10	\$						
	38	FTR ARR FTR TXN	555.38	\$	15,617.08	\$	(212,204.02)	\$		\$	(196,586.94)	\$						
	39	FTR ARR TXN	555.39	\$	319,275.81	\$	(15,617.08)	\$		\$	303,658.73	\$						
	41	FTR ARR STG_DIST	555.41	\$		\$	(25,978.22)	\$		\$	(25,978.22)	\$						
		TOTAL		\$	474,303.27	\$	(669,685.34)	\$	1.89	\$	(195,380.18)	\$						
		RSC & Make Whole Payments		\$		\$		\$		\$		\$						
	10	DA Revenue Sufficiency Guarantee Distribution Amt	555.10	\$	8,007.29	\$		\$	0.01	\$	8,007.30	\$						
	11	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.20	\$	10,966.62	\$		\$		\$	(10,966.62)	\$						
	24	RT Revenue Sufficiency Guarantee First Pass Distribution Amt	555.29	\$	67,169.16	\$	(5,680.22)	\$	(3,662.41)	\$	19,344.63	\$						
	25	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.30	\$		\$		\$		\$		\$						
		TOTAL		\$	75,176.45	\$	(16,646.84)	\$	(14,823.19)	\$	43,706.42	\$						
		Revenue Neutrality Uplift		\$		\$		\$		\$		\$						
	23	RT Revenue Neutrality Uplift Amt	555.28	\$	109,203.74	\$	(41,994.20)	\$	6,595.22	\$	73,804.76	\$						
		TOTAL		\$	109,203.74	\$	(41,994.20)	\$	6,595.22	\$	73,804.76	\$						
		Other Charges		\$		\$		\$		\$		\$						
	20	RT Misc Amt	555.25	\$	10,089.74	\$	(2,839.55)	\$	(4,704.43)	\$	17,543.98	\$						
	21	RT Net Intervention Amt	555.27	\$	2,477.64	\$	(8,344.69)	\$	2,988.31	\$	4,734.36	\$						
	26	RT Distributed Location Amt	555.31	\$	12,867.36	\$	(11,184.24)	\$	(1,715.12)	\$	(311.96)	\$						
		TOTAL		\$	25,434.74	\$	(12,268.38)	\$	1,263.10	\$	17,516.38	\$						
		Grandfathered Charge Types		\$		\$		\$		\$		\$						
	6	DA Congestion Rebate on COGA	555.05	\$		\$		\$		\$		\$						
	7	DA Losses Rebate on COGA	555.06	\$		\$		\$		\$		\$						
	8	DA Congestion Rebate on Option B GFA	555.07	\$		\$		\$		\$		\$						
	9	DA Losses Rebate on Option B GFA	555.08	\$		\$		\$		\$		\$						
	17	RT Congestion Rebate on COGA	555.22	\$		\$		\$		\$		\$						
	18	RT Losses Rebate on COGA	555.23	\$		\$		\$		\$		\$						
		TOTAL		\$	102,620.20	\$	(626,193.48)	\$		\$	(423,565.28)	\$						
		TOTAL MISO DAY 2 CHARGES		\$	41,291,247.34	\$	(36,805,093.22)	\$	49,033.99	\$	4,535,186.11	\$	(2,012,654.65)	\$	2,522,533.46	\$	835,856	(751,866)
		Less Schedule 16 & 17 (Lines 1, 13, and 18)		\$	(75,059.24)	\$		\$	423.72	\$	(74,635.52)	\$						
		TOTAL FOR NET COST OF ENERGY ADJUSTMENT		\$	41,216,188.10	\$	(36,805,093.22)	\$	49,457.71	\$	4,460,550.59	\$						
		Net MISO Charges for Retail = (B) + (C) - (D)		\$		\$	4,460,550.59	\$		\$		\$						
		Net KWH for Retail = ((G) + (H)) * 1,000		\$		\$	83,990.462	\$		\$		\$						
		* covers time period of 11:27:08 to 12:30:08 ** increased for losses of 2.8%																
		MISO Book Totals		\$		\$		\$		\$		\$						
		December Adjustments		\$	4,411,031.65	\$	83,990.462	\$		\$		\$						
		Total MISO		\$	4,460,552.59	\$	90,136.569	\$		\$		\$						

83,990.462

Otter Tail Power Company
Plant Conditions

Plant Conditions for December 2008

Big Stone: The unit generated 329,434 net MWh for the month. December's availability was 100%. Equivalent availability in December was 98.3%. Fuel prices were about 1% under budget.

Coyote: The Unit generated 245,512 MWh net for the month of December. Availability for the month was 84.1% due to a scheduled wash outage, a boiler circ pump valve packing failure and a low drum level trip during a startup. The wash outage was 10 hours longer than planned to replace a boiler circ pump. Fuel costs were 14% above budget for the month.

Hoot Lake: Unit 2 generated 36,038.5 MWh net in December, and had an availability of 100 percent and an equivalent availability of 97.8 percent. Fuel costs were on budget.

Unit 3 generated 46,194.7 MWh net, an availability of 93.3 percent, and an equivalent availability of 93.1 percent. Fuel costs were on budget.

Plant Conditions for November 2008

Big Stone: The unit generated 286,192 net MWh for the month. Availability was 94.6% for the month. The unit was forced off line on the 8th due to a reheat tube leak. Fuel prices were about 2% under budget.

Coyote: The Unit generated 273,122 MWh net for the month of October. Availability for the month was 95.5% because of an outage to repair a windbox leak and a tube leak. Fuel costs were 16% above budget for the month. The plant did see almost a 4% drop in the fuel price for the 4th quarter, this overall fuel price was still 16% above budget for the month as budget had also predicted a drop in price for the 4th quarter.

Hoot Lake: Unit 2 generated 18,648.8 MWh net in November, and had an availability of 58.9 percent. The unit was down part of the month to resolve a generator vibration issue that has been an issue since the spring overhaul. That problem is now fixed. Fuel costs were about 2% over budget.

Unit 3 generated 42,207.1 MWh net and had an availability of 95.6 percent. Fuel costs were about 2% over budget.