

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
[www.otpc.com](http://www.otpc.com) (web site)



**VIA ELECTRONIC DELIVERY**

July 28, 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 June 30, 2009, the rate for the Cost of Energy Adjustment is (\$.0039) per kWh. Otter Tail Power Company proposes to bill at this rate effective August 3, 2009.

The following additional information is provided:

Average costs from previous month's adjustment:	\$ .029245
Average costs from current month's adjustment:	\$ .027068
Difference – (Increase) Decrease:	\$ .002177

The net effect of this fuel adjustment is to decrease the rate by \$.0022. The total resulting adjustment for the current billing period will then be (\$.0039) 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  
July 28, 2009  
Page Two

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

- 1) Calculation of the August 2009 Cost of Energy Adjustment Clause based on the four-month period ending June 2009.
- 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 May and June 2009 marked as Attachment E.

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 AUGUST 3, 2009

EFFECTIVE 8/03/09  
 CYCLE '1'  
 RATE LEVEL 44

<b>ENERGY COSTS</b>	2009 <u>March</u>	2009 <u>April</u>	2009 <u>May</u>	2009 <u>June</u>	Total <u>This Period</u>
Purchased Power	\$ 4,200,468	\$ 3,089,047	\$ 3,336,597	\$ 4,541,629	\$ 15,167,740
Steam Plant Generation	\$ 5,245,130	\$ 3,486,024	\$ 4,192,486	\$ 3,949,051	\$ 16,872,691
Other Plant Generation	\$ 122,703	\$ 19,105	\$ 17,105	\$ 90,456	\$ 249,369
Hydro Plant Generation	\$ -	\$ -	\$ -	\$ -	\$ -
Coyote Coal Conv. Tax	\$ 25,910	\$ 25,074	\$ 25,910	\$ 25,074	\$ 101,968
Less: Intersystem Sales	\$ (2,850,916)	\$ (1,254,537)	\$ (1,989,749)	\$ (3,097,352)	\$ (9,192,554)
Net Retail MISO Day 2	\$ 1,695,322	\$ 1,128,330	\$ 1,034,254	\$ 1,872,543	\$ 5,730,450
<b>NET ENERGY COSTS</b>	<b>\$ 8,438,617</b>	<b>\$ 6,493,043</b>	<b>\$ 6,616,602</b>	<b>\$ 7,381,401</b>	<b>\$ 28,929,664</b>

Prior (over) under recovery \$ 1,865,277

Adjusted Net Energy Costs \$ 30,794,940

**ASSOCIATED ENERGY -- KWH**

Net Generation - Steam	268,304,126	165,519,854	211,039,517	217,191,368	862,054,865
Other Plant IC Generation	2,400,867	166,615	857,410	6,829,364	10,254,256
Hydro Plant Generation	1,970,241	2,140,005	1,868,698	1,929,540	7,908,484
Wind	32,419,026	26,505,660	29,025,734	18,857,940	106,808,360
Purchased Power	284,864,456	128,850,790	205,775,478	177,038,939	796,529,663
Total Energy	589,958,716	323,182,924	448,566,837	421,847,151	1,783,555,628
Less Intersystem Sales	(273,838,998)	(108,776,499)	(205,473,114)	(178,282,032)	(766,370,643)
Net Retail MISO Day 2	79,909,041	97,292,731	51,849,136	75,878,088	304,928,996
<b>Net Energy - KWHs</b>	<b>396,028,759</b>	<b>311,699,156</b>	<b>294,942,859</b>	<b>319,443,207</b>	<b>1,322,113,981</b>

Energy Adjusted to Retail Sales (Net Energy X (1.00 - .12)) 1,163,460,303

Delivered Cost per kWh \$ 0.026468

Base Cost per kWh \$ 0.030945

Correction for January - February true-up error \$ 0.000600

Energy Cost Adjustment -- Per kWh **\$ (0.0039)**

**TRUE UP FOR JUNE**

1) Net Energy (kWhs) Less 12% Losses	281,110,022
2) Net Energy Costs for the System -- Most recent month	\$ 7,381,401
3) Base Cost Recovered	
(1 x Base Cost of Fuel for June kWh subject to FCA)	91.41%      0.030945 \$ 7,952,090
(1 x Base Cost of Fuel for June kWh not subject to FCA)	8.59%      0.016473 \$ 397,577
4) Net to be Recovered from COE (2 - 3)	\$ (968,266)
5) COE Recovery Rate Effective for June	\$ 0.0006
6) Amount Recovered by COE (5 X 1)	\$ 168,666
7) Over / (Under) Recovery (4 - 6)	\$ 1,136,932
8) Cumulative Over / (Under) Recovery	\$ (1,865,277)

## Public Document - Trade Secret Data Has Been Excised

Otter Tail Power Company Monthly Detail of MISO Day 2 Charges by Charge Type for ND FCA June 2009* includes any adjustments								
DoC No.	Line #	Charge Type Description	Acct	FCA			Non-FCA	
				Total	Retail	Other		
1	2	DA Asset Energy Amt	555.02		\$ 1,368,727.84	\$ -	\$ 1,368,727.84	
5	9	DA Non-asset Energy Amt	555.09		\$ (328,901.62)	\$ -	\$ (328,901.62)	
12	12	DA Virtual Energy Amt	555.12		\$ -	\$ -	\$ -	
13	19	RT Asset Energy Amt	555.19		\$ 247,720.90	\$ -	\$ 247,720.90	
22	26	RT Non-Asset Energy Amt	555.26		\$ 14,189.60	\$ -	\$ 14,189.60	
27	32	RT Virtual Energy Amt	555.32		\$ -	\$ -	\$ -	
<b>ENERGY CHARGES TOTAL</b>				<b>\$ (1,070,576.97)</b>	<b>\$ 1,301,736.72</b>	<b>\$ -</b>	<b>\$ 1,301,736.72</b>	<b>\$ (2,372,313.69)</b>
4	1	DA Mkt Admin Amt	555.01		\$ 58,685.25	\$ -	\$ 58,685.25	
2	3	DA FBT Congestion Amt	555.03		\$ 34,953.84	\$ -	\$ 34,953.84	
3	4	DA FBT Loss Amt	555.04		\$ 247,037.11	\$ -	\$ 247,037.11	
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		\$ (34,953.84)	\$ -	\$ (34,953.84)	
9	8	DA Losses Rebate on Option B GFA	555.08		\$ (123,518.88)	\$ -	\$ (123,518.88)	
10	10	DA Revenue Sufficiency Guarantee Distribution Amt	555.10		\$ 8,760.44	\$ -	\$ 8,760.44	
11	11	DA Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.11		\$ (17,792.24)	\$ -	\$ (17,792.24)	
29	13	FTR Mkt Admin Amt	555.13		\$ 4,181.42	\$ -	\$ 4,181.42	
28	14	FTR Hourly Allocation Amt	555.14		\$ (52,022.84)	\$ -	\$ (52,022.84)	
30	15	FTR Monthly Allocation Amt	555.15		\$ (12,045.85)	\$ -	\$ (12,045.85)	
31	16	FTR Monthly Transaction Amt	555.16		\$ (31.14)	\$ -	\$ (31.14)	
32	17	FTR Yearly Allocation Amt	555.17		\$ -	\$ -	\$ -	
19	18	RT Mkt Admin Amt	555.18		\$ 4,600.71	\$ -	\$ 4,600.71	
15	20	RT FBT Congestion Amt	555.20		\$ -	\$ -	\$ -	
16	21	RT FBT Loss Amt	555.21		\$ -	\$ -	\$ -	
17	22	RT Congestion Rebate on COGA	555.22		\$ -	\$ -	\$ -	
18	23	RT Loss Rebate on COGA	555.23		\$ -	\$ -	\$ -	
14	24	RT Distribution of Losses Amt	555.24		\$ (39,425.27)	\$ -	\$ (39,425.27)	
20	25	RT Misc Amt	555.25		\$ 14,512.17	\$ -	\$ 14,512.17	
21	27	RT Net Inadvertent Amt	555.27		\$ (52,311.87)	\$ -	\$ (52,311.87)	
23	28	RT Revenue Neutrality Uplift Amt	555.28		\$ 78,556.04	\$ -	\$ 78,556.04	
24	29	RT Revenue Sufficiency Guarantee First Pass Distribution Amt	555.29		\$ 229,163.74	\$ -	\$ 229,163.74	
25	30	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.30		\$ (33,703.11)	\$ -	\$ (33,703.11)	
26	31	RT Uninstructed Deviation Amt	555.31		\$ -	\$ -	\$ -	
38	38	FTR_ARR_FTR_TXN	555.38		\$ (296.45)	\$ -	\$ (296.45)	
39	39	FTR_ARR_ARR_TXN	555.39		\$ 676.64	\$ -	\$ 676.64	
40	40	FTR_ARR_INF_UPL	555.40		\$ 1,917.28	\$ -	\$ 1,917.28	
41	41	FTR_ARR_STG2_DIST	555.41		\$ (40,754.54)	\$ -	\$ (40,754.54)	
42	42	RT_ASM_NXE	555.55		\$ 362,341.77	\$ -	\$ 362,341.77	
43	43	RT_ASM_EXE	555.56		\$ (256.34)	\$ -	\$ (256.34)	
<b>ENERGY CHARGES TOTAL</b>				<b>\$ 468,984.01</b>	<b>\$ 638,274.04</b>	<b>\$ -</b>	<b>\$ 638,274.04</b>	<b>\$ (169,290.03)</b>
<b>TOTAL MISO DAY 2 CHARGES</b>				<b>\$ (601,592.96)</b>	<b>\$ 1,940,010.76</b>	<b>\$ -</b>	<b>\$ 1,940,010.76</b>	<b>\$ (2,541,603.72)</b>
<b>Less Schedule 16 &amp; 17 (Lines 1, 13, and 18)</b>				<b>\$ -</b>	<b>\$ (67,467.38)</b>	<b>\$ -</b>	<b>\$ (67,467.38)</b>	<b>\$ -</b>
<b>MISO RSG Bad Debt</b>				<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL FOR ND COST OF ENERGY ADJUSTMENT</b>				<b>\$ (601,592.96)</b>	<b>\$ 1,872,543.38</b>	<b>\$ -</b>	<b>\$ 1,872,543.38</b>	<b>\$ (2,541,603.72)</b>





Public Document - Trade Secret Data Has Been Excised

Otter Tail Power Company										
Detail of MISO Day 2 Charges by Charge Group for Current Month ND										
June 2009 includes any adjustments										
DoC No.	Line #	Charge Type Description	(A) Acct	(B) Retail Debits	(C) Retail Credits	(D) Retail Adjustments	(E) Net Retail	(F) Net Intersystem	(G) Total	(H)** Charge types with MWH for Retail
<b>Day Ahead &amp; Real Time Asset &amp; Non Asset Energy &amp; Los</b>										
1	2	DA Asset Energy Amt	555.02	\$ 9,896,657.09	\$ (8,527,929.25)	\$ -	\$ 1,368,727.84			464,943 (391,943)
3	4	DA FBT Loss Amt	555.04	\$ 247,154.71	\$ (117.60)	\$ -	\$ 247,037.11			-
5	9	DA Non-asset Energy Amt	555.09	\$ 189,223.24	\$ (518,124.86)	\$ -	\$ (328,901.62)			9,006 (23,742)
13	19	RT Asset Energy Amt	555.19	\$ 102,435.77	\$ (198,776.99)	\$ 344,062.12	\$ 247,720.90			6,048 (11,377)
14	24	RT Distribution of Losses Amt	555.24	\$ 6.09	\$ (29,651.99)	\$ (9,779.37)	\$ (39,425.27)			-
16	21	RT FBT Loss Amt	555.21	\$ -	\$ -	\$ -	\$ -			-
22	26	RT Non-Asset Energy Amt	555.26	\$ 748,198.24	\$ (734,008.64)	\$ -	\$ 14,189.60			33,430 (32,598)
<b>TOTAL</b>				\$ 11,183,675.14	\$ (10,008,609.33)	\$ 334,282.75	\$ 1,509,348.56	\$		513,427 (459,660)
<b>Virtual Energy</b>										
12	12	DA Virtual Energy Amt	555.12	\$ -	\$ -	\$ -	\$ -			-
27	32	RT Virtual Energy Amt	555.32	\$ -	\$ -	\$ -	\$ -			-
<b>TOTAL</b>				\$ -	\$ -	\$ -	\$ -	\$		-
<b>Schedules 16 &amp; 17</b>										
4	1	DA Mkt Admin Amt	555.01	\$ 58,685.25	\$ -	\$ -	\$ 58,685.25			-
19	18	RT Mkt Admin Amt	555.18	\$ 5,863.50	\$ -	\$ (1,062.79)	\$ 4,600.71			-
29	13	FTR Mkt Admin Amt	555.13	\$ 4,181.42	\$ -	\$ -	\$ 4,181.42			-
<b>TOTAL</b>				\$ 68,530.17	\$ -	\$ (1,062.79)	\$ 67,467.38	\$		-
<b>Congest &amp; FTRs</b>										
2	3	DA FBT Congestion Amt	555.03	\$ 60,322.12	\$ (25,368.28)	\$ -	\$ 34,953.84			-
15	20	RT FBT Congestion Amt	555.20	\$ -	\$ -	\$ -	\$ -			-
28	14	FTR Hourly Allocation Amt	555.14	\$ 25,089.68	\$ (77,983.01)	\$ 870.49	\$ (52,022.84)			-
30	15	FTR Monthly Allocation Amt	555.15	\$ -	\$ (11,873.70)	\$ (172.15)	\$ (12,045.85)			-
32	17	FTR Yearly Allocation Amt	555.17	\$ -	\$ -	\$ -	\$ -			-
31	16	FTR Monthly Transaction Amt	555.16	\$ 27,912.44	\$ (27,912.44)	\$ (31.14)	\$ (31.14)			-
	38	FTR_ARR_FTR_TXN	555.38	\$ -	\$ (296.45)	\$ -	\$ (296.45)			-
	39	FTR_ARR_ARR_TXN	555.39	\$ 11,188.65	\$ (10,512.01)	\$ -	\$ 676.64			-
	40	FTR_ARR_INF_UPL	555.40	\$ 1,917.28	\$ -	\$ -	\$ 1,917.28			-
	41	FTR_ARR_STG2_DIST	555.41	\$ -	\$ (40,754.54)	\$ -	\$ (40,754.54)			-
<b>TOTAL</b>				\$ 126,430.17	\$ (194,700.43)	\$ 667.20	\$ (67,603.06)	\$		-
<b>RSG &amp; Make Whole Payments</b>										
10	10	DA Revenue Sufficiency Guarantee Distribution Amt	555.10	\$ 8,754.63	\$ -	\$ 5.81	\$ 8,760.44			-
11	11	DA Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.11	\$ -	\$ (17,792.24)	\$ -	\$ (17,792.24)			-
24	29	RT Revenue Sufficiency Guarantee First Pass Distribution Amt	555.29	\$ 38,265.73	\$ -	\$ 190,898.01	\$ 229,163.74			-
25	30	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.30	\$ -	\$ (31,924.32)	\$ (1,778.79)	\$ (33,703.11)			-
<b>TOTAL</b>				\$ 47,020.36	\$ (49,716.56)	\$ 189,125.03	\$ 186,428.83	\$		-
<b>Revenue Neutrality Uplift</b>										
23	28	RT Revenue Neutrality Uplift Amt	555.28	\$ 84,930.78	\$ (8,926.29)	\$ 2,551.55	\$ 78,556.04			-
<b>TOTAL</b>				\$ 84,930.78	\$ (8,926.29)	\$ 2,551.55	\$ 78,556.04	\$		-
<b>Other Charges</b>										
20	25	RT Misc Amt	555.25	\$ -	\$ (67.79)	\$ 14,579.96	\$ 14,512.17			-
21	27	RT Net Inadvertent Amt	555.27	\$ 3,480.92	\$ (48,628.44)	\$ (7,164.35)	\$ (52,311.87)			-
26	31	RT Uninstructed Deviation Amt	555.31	\$ -	\$ -	\$ -	\$ -			-
<b>TOTAL</b>				\$ 3,480.92	\$ (48,696.23)	\$ 7,415.61	\$ (37,799.70)	\$		-
<b>ASM Charges</b>										
	RT_ASM_NXE	555.55	\$ 510,936.75	\$ (148,594.98)	\$ -	\$ 362,341.77				24,536 (9,268)
	RT_ASM_EXE	555.56	\$ 82.07	\$ (338.41)	\$ -	\$ (256.34)				- (35)
<b>TOTAL</b>				\$ 511,018.82	\$ (148,933.39)	\$ -	\$ 362,085.43			24,536 (9,302)
<b>Grandfathered Charge Types</b>										
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	\$ 18,975.23	\$ (53,929.07)	\$ -	\$ (34,953.84)			-
9	8	DA Losses Rebate on Option B GFA	555.08	\$ -	\$ (123,518.88)	\$ -	\$ (123,518.88)			-
17	22	RT Congestion Rebate on COGA	555.22	\$ -	\$ -	\$ -	\$ -			-
18	23	RT Loss Rebate on COGA	555.23	\$ -	\$ -	\$ -	\$ -			-
<b>TOTAL</b>				\$ 18,975.23	\$ (177,447.95)	\$ -	\$ (158,472.72)	\$		-
<b>TOTAL MISO DAY 2 CHARGES</b>				\$ 12,044,061.59	\$ (10,637,030.18)	\$ 532,979.35	\$ 1,940,010.76	\$ (2,541,603.72)	\$ (601,592.96)	537,964 (468,962)
<b>Less Schedule 16 &amp; 17 (Lines 1, 13, and 18)</b>				\$ (68,530.17)	\$ -	\$ -	\$ 1,062.79	\$		(67,467.38)
<b>MISO RSG Bad Debt</b>				\$ -	\$ -	\$ -	\$ -			-
<b>TOTAL FOR ND COST OF ENERGY ADJUSTMENT</b>				\$ 11,975,531.42	\$ (10,637,030.18)	\$ 534,042.14	\$ 1,872,543.38			-
Net MISO Charges for Retail (B) + (C) + (D)					\$ 1,872,543.38					
Net KWH for retail ((G) + (H)) * 1,000					69,002,068					69,002,068
* covers time period of 5-27-09 to 6-28-09 ** increased for losses of 2.8%										
				<b>Net MISO KWH</b>						
				<b>(adjusted</b>						
				<b>cumulatively)</b>						
<b>MISO Book Totals</b>				\$ 1,338,501.24	69,002,068					
<b>MISO RSG Bad Debt</b>										
<b>June Adjustments</b>				\$ 534,042.14	6,876,021					
<b>Total MISO</b>				\$ 1,872,543.38	75,878,088					

June Adjustments

Otter Tail Power Company  
Plant Conditions

**Plant Conditions for June 2009**

Big Stone: The unit generated 221,779 net MWh for the month. Unit availability was 79.4% and equivalent availability was 77.8%. Fuel prices were 5.2% under budget.

Coyote: The Unit generated 214,752 MWh net for the month of May. Availability for the month was 79.4%, with one outage due to the generator damage. Fuel prices were about 10% under budget.

Hoot Lake: Unit 2 generated 20,380.4 MWh net in June. The Unit's availability was 100 percent and the equivalent availability was 100 percent. Fuel costs were 8.8% under budget.

Unit 3 generated 23,226.3 MWh net, which was 48.37 percent below budget for the month. The Unit had an availability of 99.91 percent and an equivalent availability of 99.91 percent. Fuel costs were 8.8% under budget.

**Plant Conditions for May 2009**

Big Stone: The unit generated 220,108 net MWh for the month. Unit availability was 86.5% and equivalent availability was 84.3%. The unit came down on May 27<sup>th</sup> for its scheduled spring outage. Fuel prices were 3.1% under budget.

Coyote: The Unit generated 147,990 MWh net for the month of May. The unit came back from its overhaul during the month. Availability for the month was 56.7%. Fuel prices were about 9.6% under budget.

Hoot Lake: Unit 2 generated 25,765.5 MWh net in May. It had an availability of 100 percent and an equivalent availability of 100 percent. The Unit's net capacity factor was 66.6 percent. Fuel costs were 10.6% under budget.

Unit 3 generated 26,490.2 MWh net for the month. The Unit had an availability of 89 percent and an equivalent availability of 89 percent. The net capacity factor for May was 48.8 percent. Fuel costs were 10.6% under budget.