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May 7, 2013

Darrell Nitschke
Executive Secretary/Director of Administration
North Dakota Public Service Commission
State Capitol - 600 East Boulevard
Bismarck, ND 58505-0480

**RE: In the Matter of the Application of Otter Tail Power Company for
Authority to use Deferred Accounting
Case No. PU-09-739
And
In the Matter of the Application of Otter Tail Power Company for a Determination of
Prudence to Discontinue Participation in the Big Stone II Generating Plant
Case No. PU-10-30**

Dear Mr. Nitschke:

Enclosed for filing is an update to the Otter Tail Power Company's ("Otter Tail") March 29, 2013 filing in the above-referenced matter. Updated Attachments 2 and 3 are included with this filing.

The allowance for funds used during construction ("AFUDC") amounts incurred since the settlement issued in Case No. PU-10-30 were inadvertently omitted from the cost calculations included in the March 29, 2013 Application. The total amount of AFUDC omitted was \$574,593 (total company). The portion of AFUDC costs associated with transmission costs transferred to the Big Stone-Brookings MVP project in the amount of \$106,111 (total company) were correctly credited in the original calculation. The settlement approved in the North Dakota Public Service Commission's ("Commission") Order dated June 25, 2010 specifically states the following (underline added) regarding recovery of AFUDC:

- II. Recovery of Costs related to the Transmission Portion of the BSP II Project*
- C. OTP shall return the North Dakota Share of Transmission costs to CWIP and such costs shall be eligible for AFUDC continuing as of September 2009 (the month when OTP ceased accruing AFUDC on the project).*
- D. If construction of all or a portion of the transmission facilities commences within three years of the Commission Order approving this settlement Agreement, the above BSP II Transmission Costs and accumulated AFUDC shall be included in the rate base investment for these future transmission facilities. If construction is not commenced on any of the transmission facilities within three years of the*

Darrell Nitschke

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Commission Order approving this Settlement Agreement, then OTP may petition the Commission to either continue accounting for these costs as CWIP or to commence recovery of such costs. It shall be OTP's burden of proof in any such proceeding to show that there is good cause to continue reflecting the costs as CWIP or that cost recovery is appropriate.

North Dakota's share of the incremental amount of AFUDC previously omitted from the filing is \$231,676 (Attachment 2, Line 7 Column F, \$574,593 total company amount X 40.32% ND Share). The correction to include these costs requires the Big Stone II cost recovery rider to be extended for two additional months (through March 2014), from Otter Tail's originally proposed 6-month collection period, assuming no change in the rate. Any amounts under or over recovered will be placed in a regulatory liability or asset account and recovery will be requested in Otter Tail's next general rate case.

The calculations have been updated to include actuals through April 2013 and include an updated forecast of the billing determinants from August 2013 through March 2014 (the proposed recovery period for the transmission costs).

An electronic copy of this Application is being sent to dnitschk@nd.gov and to NDPSC@nd.gov. The original and seven copies will be sent by First Class mail.

If you have any questions, do not hesitate to contact me at (218) 739-8607 or pbeithon@otpc.com.

Sincerely,

/s/ PETE BEITHON

Pete Beithon

Manager, Regulatory Recovery

dm

Enclosures

By electronic service and First Class mail

Otter Tail Power Company
 Big Stone II Cost Recovery Rider
 North Dakota

Summary of Cost Recovery and Remaining Balance Outstanding

(A)	(B)	(C)	(D)	(E)	(F) (Column(C) - Column (D) - Column (E))
Line No.	BIG STONE II PROJECT COSTS BY CATEGORY	Total	Transmission Costs Recovered	Generation Costs Recovered	Remainder in Request
1	Engineering, procurement and construction management	\$226,377			\$226,377
2	Project development team (including labor)	\$463,401	\$168,669	\$132,338	\$162,394
3	Permitting and environmental impact statement	\$855,381	\$140,831	\$258,453	\$456,097
4	Legal	\$711,746			\$711,746
5	AFUDC up to Sep. 2009	\$355,131	\$106,111		\$249,020
6	Big Stone II Deferral Request	\$2,612,036	\$415,611	\$390,791	\$1,805,633
7	AFUDC since Sep. 2009 (1)	\$574,593	(in line 5 above)		\$574,593
8	Big Stone II Deferral Request including AFUDC	\$3,186,629			\$2,380,226
9	North Dakota Share	40.32%	40.32%	40.32%	40.32%
10	Total North Dakota Share	\$1,284,849	\$167,574	\$157,567	\$959,707
11	Percent recovered		13%	12%	
12	Percent Recovered Total			25%	

(1) This is the AFUDC amount omitted from the initial March 29, 2013 Application. Total AFUDC is the total of lines 5 and 7 in column C. The total AFUDC applicable to transmission costs to be recovered is included in line 5, column D above.

Otter Tail Power Company
 Big Stone II Cost Recovery Rider - Rate Calculations

Costs subject of settlement agreement (transmission only)						\$2,380,226	
North Dakota share*	40.32%					959,707	
Carrying costs							
Amount to be recovered						\$959,707	
Less: Over(Under) Recovery						(\$16,156)	
Amount to be recovered in 4th year (6 Months)						\$975,864	
Class factors	Weighting	LGS		All others		Total	
ND E1****	81.155%	33.304%	\$263,756	66.696%	\$528,209	\$791,966	
ND D1****	18.845%	24.445%	\$44,954	75.555%	\$138,944	\$183,898	
North Dakota			\$308,710		\$667,154	\$975,864	
		LGS		All others			
		Rate	billing units***	Revenue	Rate	billing units***	Revenue
kWh billing		\$0.00063	420,710,613	\$263,756	\$0.00079	846,890,084	\$667,154
kW billing		\$0.054	824,960	\$44,954	n/a	n/a	n/a
North Dakota				\$308,710			\$667,154
				Total North Dakota year 4 revenue (8 Months)			\$975,864
<p>* Allocated to North Dakota based on a composite of D1 and E1 factors used for generation rate base in Otter Tail's most recent North Dakota rate case, Case No. PU-08-862. ** Carrying cost is the 2009 average AFUDC rate for 11 months. *** August 2013 - March 2014 projected year 4 recovery period. **** Class factors are 2009 actual year.</p>							

Otter Tail Power Company
 Big Stone II Cost Recovery Rider Tracker
 North Dakota

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2012					2013						Aug 2012 - Jul 2013
		August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Projected	June Projected	
1	Monthly Costs Subject of Settlement Agreement												
2	ND Share 40.32%	112,897	112,897	112,897	112,897	112,897	112,897	112,897	112,897	112,897	112,897	112,897	1,354,764
3	Less: Over(Under) Recovery	(4,626)	(4,626)	(4,626)	(4,626)	(4,626)	(4,626)	(4,626)	(4,626)	(4,626)	(4,626)	(4,626)	(55,516)
4		117,523	117,523	117,523	117,523	117,523	117,523	117,523	117,523	117,523	117,523	117,523	1,410,281
5													
6	Billed (forecast kWh x adjustment factor)	110,030	103,238	100,417	127,456	137,103	163,881	165,295	139,911	139,607	103,778	97,538	1,489,127
7													
8	Difference	7,493	14,286	17,107	(9,933)	(19,579)	(46,357)	(47,772)	(22,388)	(22,084)	13,746	19,985	16,649
9	Carrying Charge											95,003	
10	Cumulative Difference	7,493	21,779	38,886	28,953	9,374	(36,984)	(84,755)	(107,143)	(129,227)	(115,481)	(95,495)	16,156
11													
12	Carrying Charge Calculation												
13	Cumulative Carrying Charge												
14	Carrying cost												
15													
16													
17													
18	Forecasted Sales (MWh)									127,713	120,034	124,140	371,888

SUMMARY	Aug 2010 - Jul 2011
ND Share	\$1,354,764
Carrying Charge (Aug 2009-Jul 2010)	95,003
Amount to be recovered	\$1,449,767
Aug 2010-Jul 2011 projected sales in mWh	1,784,146
Average Rate	\$0.00081

Otter Tail Power Company
 Big Stone II Cost Recovery Rider Tracker
 North Dakota

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2013					2014					Aug 2012 - Jul 2013	
		August Projected	September Projected	October Projected	November Projected	December Projected	January Projected	February Projected	March Projected	April Projected	May Projected		June Projected
1	Monthly Costs Subject of Settlement Agreement												
2	ND Share 40.32%	119,963	119,963	119,963	119,963	119,963	119,963	119,963	119,963				959,707
3	Less: Over(Under) Recovery	(2,020)	(2,020)	(2,020)	(2,020)	(2,020)	(2,020)	(2,020)	(2,020)				(16,156)
4		121,983	121,983	121,983	121,983	121,983	121,983	121,983	121,983				975,864
5													
6	Billed (forecast kWh x adjustment factor)	106,421	106,673	102,711	120,430	138,141	157,546	156,941	141,168				1,030,031
7													
8	Difference	15,562	15,310	19,272	1,553	(16,158)	(35,563)	(34,958)	(19,185)				(54,167)
9	Carrying Charge												
10	Cumulative Difference	15,562	30,872	50,144	51,697	35,539	(25)	(34,983)	(54,167)				
11													
12	Carrying Charge Calculation												
13	Cumulative Carrying Charge												
14	Carrying cost												
15													
16													
17													
18	Forecasted Sales (MWh)	130,966	131,277	126,401	148,207	170,002	193,883	193,138	173,727				

Data used to calculate Original Rate		Projected
	Aug 2010 - Jul 2011	Aug 2013 - Jan 2017
SUMMARY		
ND Share	\$1,354,764	959,707
True-up	95,003	
Prior Period True-up (under recovery)		16,156
Amount to be recovered	\$1,449,767	975,864
Estimated over recovery remaining at 4-1-14		(54,167)
Total Amount to be recovered	1,449,767	1,030,031
Aug 2010-Jul 2011 projected sales in mWh	1,784,146	1,267,601
Average Rate (Adjustment Factor) (1)	\$0.00081	\$ 0.00081

(1) Rate currently in effect and approved to use in the last 3 years.

Otter Tail Power Company
 Revenue Collection
 North Dakota

Line No.		2010					2011							Aug 2010 - Jul 2011
		August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	
1	Revenue Collected (1)	102,864	105,373	94,492	113,332	145,293	162,353	157,064	145,949	130,452	106,306	100,007	99,188	1,462,671
2														
3	Amortization	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	1,449,767
4														
5	Over(Under) Recovery	(17,950)	(15,441)	(26,322)	(7,482)	24,479	41,539	36,250	25,135	9,638	(14,508)	(20,807)	(21,626)	12,904

Line No.		2011					2012							Aug 2011 - Jul 2012
		August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	
1	Revenue Collected	105,030	103,672	95,691	114,579	136,832	143,590	148,935	134,400	104,554	98,508	93,217	102,340	1,381,346
2														
3	Amortization	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	1,449,767
4														
5	Over(Under) Recovery	(15,784)	(17,142)	(25,123)	(6,235)	16,018	22,776	28,121	13,586	(16,260)	(22,306)	(27,597)	(18,474)	(68,421)

Line No.		2012					2013							Aug 2012 - Jul 2013
		August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Projected	April Projected	May Projected	June Projected	July Projected	
1	Revenue Collected (1)	110,030	103,238	100,417	127,456	137,103	163,881	165,295	139,911	139,607	103,778	97,538	100,874	1,489,127
2														
3	Amortization	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	120,814	1,449,767
4														
5	Over(Under) Recovery	(10,784)	(17,576)	(20,397)	6,642	16,289	43,067	44,481	19,097	18,793	(17,036)	(23,276)	(19,940)	39,360

(1) Months March through July actual amounts are based off of OTP's most recent sales projections.

Line No.		2013					2014							Aug 2013 - Jan 2014
		August Projected	September Projected	October Projected	November Projected	December Projected	January Projected	February Projected	March Projected	April Projected	May Projected	June Projected	July Projected	
1	Revenue Collected	106,421	106,673	102,711	120,430	138,141	157,546	156,941	141,168					1,030,031
2														
3	Amortization	119,963	119,963	119,963	119,963	119,963	119,963	119,963	119,963					959,707
4														
5	Over(Under) Recovery	(13,543)	(13,290)	(17,252)	467	18,178	37,583	36,977	21,204					70,324

Over(Under) Recovery 54,167

Otter Tail Power Company
Over(Under) Recovery Leaving Rates at Current Level
North Dakota

Line No.		LGS			All Other		
		Rate	Billing Units	Revenue	Rate	Billing Units	Revenue
1	kWh billing	\$0.00062	420,710,613	\$260,841	\$0.00083	846,890,084	\$702,919
2							
3	kW billing	\$0.075	824,960	<u>\$61,872</u>	n/a	n/a	<u>\$0</u>
4							
5	North Dakota			\$322,713			\$702,919
6							
7					Total North Dakota year 4 revenue		\$1,025,631
8							
9							
10					Amount to be recovered in 4th year		<u>\$975,864</u>
11							
12					Over(Under) Collection		\$49,768