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SEP 23 2010

PUBLIC SERVICE COMMISSION



VIA ELECTRONIC DELIVERY

September 23, 2010

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 August 31, 2010, the rate for the Energy Adjustment Rider is (\$.0063) per kWh. Otter Tail Power Company proposes to bill at this rate effective October 1, 2010.

The following additional information is provided:

Average costs from previous month's adjustment:	\$ .020681
Average costs from current month's adjustment:	\$ .021719
Difference – (Increase) Decrease:	(\$ .001038)

The net effect of this energy adjustment is to increase the rate by (\$.0010). The total resulting adjustment for the current billing period will then be (\$.0063) per kWh

Information supporting the adjustment is enclosed. The costs reported in the supporting detail are based on the provisions of the Energy Adjustment Rider approved by the Commission on November 25, 2009, in Case No. PU-08-862. Effective with final rates in Case No. PU-08-862, the base cost of energy is \$0.028030. A detailed schedule of the items included in the calculation is enclosed.

18 **PU-10-13** Filed: 9/23/2010 Pages: 13  
**October 2010 Fuel Cost Adjustment and  
Independent Auditor's Report**

Otter Tail Power Company

Jill Bjorgum

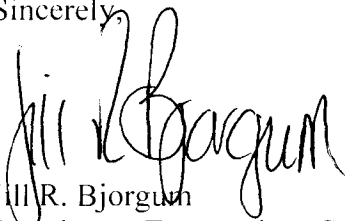
Mr. Darrel Nitschke  
September 23, 2010  
Page Two

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

- 1) Calculation of the October 2010 Energy Adjustment Rider based on the four-month period ending August 2010.
- 2) Monthly Detail of MISO Day 2 Charges by Charge Type for ND Energy Adjustment Rider marked as Attachment A (2 pages).
- 3) Monthly MISO Day 2 Charges for ND Energy Adjustment Rider marked as Attachment B.
- 4) Monthly MISO Day 2 Charges for ND Non-Energy Adjustment Rider marked as Attachment C.
- 5) Detail of MISO Day 2 Charges by Charge Group for Current Month marked as Attachment D (2 pages).
- 6) Otter Tail Power Company's Plant Conditions for July and August 2010 marked as Attachment E.

Also included in this month's filing is the Independent Auditors' Report from Deloitte & Touche LLP for the time period of July 2009 to June 2010, pursuant to North Dakota Rule 69-09-02-39(12).

Sincerely,



Jill R. Bjorgum  
Regulatory Transactions Specialist  
Regulatory Services

Enclosures

cc: NDPSC – electronic copy

NORTH DAKOTA  
 OTTER TAIL POWER COMPANY  
 ENERGY ADJUSTMENT RIDER  
 FOR BILLING TO BE EFFECTIVE OCTOBER 1, 2010

CYCLE '1'  
 RATE LEVEL 50

Line	ENERGY COSTS & CREDITS	(A)	(B)	(C)	(D)	(E)
		2010 May	2010 June	2010 July	2010 August	Total This Period
1	Purchased Power	\$1,570,285	\$1,236,225	\$116,450	\$677,703	\$3,600,662
2	Steam Plant Generation	\$4,803,549	\$5,658,033	\$6,598,428	\$5,989,574	\$23,049,584
3	Other Plant Generation	\$138,782	\$198,875	\$444,464	\$532,736	\$1,314,857
4	Hydro Plant Generation	\$0	\$0	\$0	\$0	\$0
5	Less: Intersystem Sales	(\$693,637)	(\$762,546)	(\$282,357)	(\$635,250)	(\$2,373,790)
6	Schedule 16 & 17 Deferred Amortization	\$87,003	\$87,003	\$87,003	\$87,003	\$348,010
7	Net Retail MISO Day 2	\$908,517	\$1,499,969	\$1,042,160	\$1,628,312	\$5,078,958
8	NET ENERGY COSTS	\$6,814,499	\$7,917,559	\$8,006,147	\$8,280,076	\$31,018,282
	<u>ASSET-BASED MARGINS</u>	2010 July	2010 August	2010 September	2010 October	Total This Period
9	Forecast of Margins - 85%	(\$1,029,598)	(\$965,361)	(\$159,703)	(\$262,223)	(\$2,416,885)
10	True-up of prior months margin forecast	(\$190,270)	(\$357,870)	\$307,242	\$145,913	(\$94,985)
11	Total Margin Credit	(\$1,219,868)	(\$1,323,231)	\$147,539	(\$116,310)	(\$2,511,870)
12	Prior (over) under recovery (line 26)					(\$841,784)
13	Adjusted Net Energy Costs (line 8 + line 11 + line 12)					\$27,664,628
	<u>ENERGY -- KWH</u>	2010 May	2010 June	2010 July	2010 August	Total This Period
14	Retail Sales - kWhs	300,660,012	306,098,622	320,505,252	346,459,395	1,273,723,281
15	Delivered Cost per kWh					\$0.021719
16	Base Cost per kWh					\$0.028030
17	Energy Cost Adjustment -- Per kWh					(\$0.0063)

TRUE UP FOR AUGUST

18	Retail Sales (kWhs) (line 14, col D)	346,459,395
19	Net Energy Costs for the System -- Most recent month	\$6,956,845
20	Base Cost Recovered	\$9,711,257
21	Net to be Recovered from COE (line 19 - line 20)	(\$2,754,411)
22	COE Recovery Rate Effective for August	(\$0.0086)
23	Amount Recovered by COE (line 22 x line 18)	(\$2,979,551)
24	Over / (Under) Recovery (line 21 - line 23)	(\$225,139)
25	Cumulative Over / (Under) Recovery (prior month cumulative over/(under))	\$841,784

Otter Tail Power Company											
Monthly Detail of MISO Day 2 Charges by Charge Type for ND Energy Adjustment Rider											
August 2010* includes any adjustments											
No.	Charge Type Description	Acct	(B)		(C)		(D)		(E)		(F)
			Total	Energy Adjustment Rider	Retail	Other	Total	Non-Energy Adj. Rider			
[TRADE SECRET DATA BEGINS...]											
1	DA Asset Energy Amt	555.02		\$ 727,445.30	\$					\$ 727,445.30	
2	DA Non-asset Energy Amt	555.09		\$ 274,898.28	\$					\$ 274,898.28	
3	DA Virtual Energy Amt	555.12		\$	\$					\$	
4	RT Asset Energy Amt	555.19		\$(111,498.23)	\$					\$(111,498.23)	
5	RT Non-Asset Energy Amt	555.26		\$ 3,834.25	\$					\$ 3,834.25	
6	RT Virtual Energy Amt	555.32		\$	\$					\$	
7	<b>ENERGY CHARGES TOTAL</b>		\$	<b>894,679.60</b>	\$	<b>894,679.60</b>				<b>894,679.60</b>	<b>\$(1,017,008.73)</b>
8	DA Mkt Admin Amt	555.01		\$ 52,186.55	\$					\$ 52,186.55	
9	DA FBT Congestion Amt	555.03		\$ 2,669.22	\$					\$ 2,669.22	
10	DA FBT Loss Amt	555.04		\$ 576,393.56	\$					\$ 576,393.56	
11	DA Congestion Rebate on COGA	555.05		\$	\$					\$	
12	DA Losses Rebate on COGA	555.06		\$	\$					\$	
13	DA Congestion Rebate on Option B GFA	555.07		\$(2,669.22)	\$					\$(2,669.22)	
14	DA Losses Rebate on Option B GFA	555.08		\$(288,197.01)	\$					\$(288,197.01)	
15	DA Revenue Sufficiency Guarantee Distribution Amt	555.10		\$ 16,214.31	\$					\$ 16,214.31	
16	DA Revenue Sufficiency Guarantee Make Whole Pymt	555.11		\$	\$					\$	
17	FTR Mkt Admin Amt	555.13		\$ 4,613.43	\$					\$ 4,613.43	
18	FTR Hourly Allocation Amt	555.14		\$ (6,454.30)	\$					\$ (6,454.30)	
19	FTR Monthly Allocation Amt	555.15		\$ (827.69)	\$					\$ (827.69)	
20	FTR Monthly Transaction Amt	555.16		\$ 2.14	\$					\$ 2.14	
21	FTR Yearly Allocation Amt	555.17		\$	\$					\$	
22	RT Mkt Admin Amt	555.18		\$ 5,576.43	\$					\$ 5,576.43	
23	RT FBT Congestion Amt	555.20		\$	\$					\$	
24	RT FBT Loss Amt	555.21		\$	\$					\$	
25	RT Congestion Rebate on COGA	555.22		\$	\$					\$	
26	RT Loss Rebate on COGA	555.23		\$	\$					\$	
27	RT Distribution of Losses Amt	555.24		\$(89,653.26)	\$					\$(89,653.26)	
28	RT Misc Amt	555.25		\$(174.55)	\$					\$(174.55)	
29	RT Net Inadvertent Amt	555.27		\$ 10,463.92	\$					\$ 10,463.92	
30	RT Revenue Neutrality Uplift Amt	555.28		\$ 15,550.87	\$					\$ 15,550.87	
31	RT Revenue Sufficiency Guarantee First Pass Distribut	555.29		\$ 118,361.89	\$					\$ 118,361.89	
32	RT Revenue Sufficiency Guarantee Make Whole Pymt,	555.30		\$(36,208.04)	\$					\$(36,208.04)	
33	RT Uninstructed Deviation Amt	555.31		\$	\$					\$	
34	FTR_ARR_FTR_TXN	555.38		\$ 5,096.51	\$					\$ 5,096.51	
35	FTR_ARR_ARR_TXN	555.39		\$(5,102.35)	\$					\$(5,102.35)	
36	FTR_ARR_INF_UPL	555.40		\$ 1,492.94	\$					\$ 1,492.94	
37	FTR_ARR_STG2_DIST	555.41		\$(30,708.92)	\$					\$(30,708.92)	
38	DA_ASM_REG	555.43		\$(20,685.66)	\$					\$(20,685.66)	
39	DA_ASM_SPIN	555.44		\$(39,909.97)	\$					\$(39,909.97)	
40	DA_ASM_SUPP	555.45		\$(22,935.74)	\$					\$(22,935.74)	
41	RT_ASM_REG	555.46		\$(11,182.10)	\$					\$(11,182.10)	
42	RT_ASM_SPIN	555.47		\$(1,842.58)	\$					\$(1,842.58)	
43	RT_ASM_SUPP	555.48		\$ 1,397.93	\$					\$ 1,397.93	
44	RT_ASM_NRGA	555.49		\$ 910.87	\$					\$ 910.87	

Offer Tail Power Company													
Monthly Detail of MISO Day 2 Charges by Charge Type for ND Energy Adjustment Rider													
August 2010* includes any adjustments													
No.	Charge Type Description	(A)		(B)		(C)		(D)		(E)		(F)	
		Acct	Total	Total	Total	Retail	Energy Adjustment Rider	Other	Total	Non-Energy Adj. Rider			
45	RT_ASM_EXE_DFE_DEP	555.50				\$ 120.15	\$ -	\$ -	\$ 120.15				
46	RT_ASM_CRDFC	555.51				\$ -	\$ -	\$ -	\$ -				
47	RT_ASM_REG_DIST	555.52				\$ 28,118.81	\$ -	\$ -	\$ 28,118.81				
48	RT_ASM_SPIN_DIST	555.53				\$ 19,183.72	\$ -	\$ -	\$ 19,183.72				
49	RT_ASM_SUPP_DIST	555.54				\$ 7,327.70	\$ -	\$ -	\$ 7,327.70				
50	RT_MISC	555.25				\$ (414.12)	\$ -	\$ -	\$ (414.12)				
51	RT_ASM_NXE	555.55				\$ 424,916.66	\$ -	\$ -	\$ 424,916.66				
52	RT_ASM_EXE	555.56				\$ -	\$ -	\$ -	\$ -				
...TRADE SECRET										...TRADE SECRET			
DATA ENDS]										DATA ENDS]			
53	ENERGY CHARGES TOTAL	\$	248,136.17	\$	733,632.10	\$	-	\$	733,632.10	\$	(485,495.93)		
54	TOTAL MISO DAY 2 CHARGES	\$	125,807.04	\$	1,628,311.70	\$	-	\$	1,628,311.70	\$	(1,502,504.66)		
55	MISO RSG Bad Debt	\$	-	\$	-	\$	-	\$	-	\$	-		
56	TOTAL FOR ND COST OF ENERGY ADJUSTMENT	\$	125,807.04	\$	1,628,311.70	\$	-	\$	1,628,311.70	\$	(1,502,504.66)		

No.	Day Ahead & Real Time Asset & Non-Asset Energy & Loss	Acct	Charge Type Description	Monthly MISO Day 2 Charges for ND Energy Adjustment Rider January - December 2010 Includes Any Adjustments											
				JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	DA Asset Energy Amt	555.02	\$ 2,238,341.74	\$ 1,849,341.46	\$ 996,132.31	\$ 1,273,094.66	\$ 454,367.14	\$ 363,725.25	\$ (14,477.05)	\$ 727,445.30	\$ -	\$ -	\$ -	\$ -	\$ 7,867,843.81
2	DA FBT Loss Amt	555.04	\$ 951,276.00	\$ 838,171.35	\$ 609,665.28	\$ 250,555.90	\$ 222,300.64	\$ 252,192.31	\$ 562,529.67	\$ 576,393.56	\$ -	\$ -	\$ -	\$ -	\$ 4,263,104.71
3	DA Non-Asset Energy Amt	555.09	\$ (252,212.15)	\$ (134,889.53)	\$ (230,208.20)	\$ (275,475.26)	\$ 93,937.25	\$ 30,567.60	\$ 212,647.15	\$ 274,898.28	\$ -	\$ -	\$ -	\$ -	\$ (80,934.90)
4	RT Asset Energy Amt	555.24	\$ (842,078.60)	\$ (543,537.06)	\$ 76,400.73	\$ 128,504.37	\$ 247,398.33	\$ 511,727.40	\$ 613,596.27	\$ (111,498.23)	\$ -	\$ -	\$ -	\$ -	\$ 80,903.21
5	RT Distribution of Losses Amt	555.24	\$ (102,440.16)	\$ (98,040.90)	\$ (65,252.38)	\$ (68,732.99)	\$ (52,179.69)	\$ (39,577.51)	\$ (89,653.26)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (655,600.98)
6	RT FBT Loss Amt	555.21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	RT Non-Asset Energy Amt	555.26	\$ 1,992,759.79	\$ 1,911,645.32	\$ 1,386,826.08	\$ 1,311,677.52	\$ 988,675.95	\$ 1,375,862.23	\$ 1,334,718.53	\$ 1,391,419.90	\$ -	\$ -	\$ -	\$ -	\$ 7,773.47
8	TOTAL		\$ 2,238,341.74	\$ 1,849,341.46	\$ 996,132.31	\$ 1,273,094.66	\$ 454,367.14	\$ 363,725.25	\$ (14,477.05)	\$ 727,445.30	\$ -	\$ -	\$ -	\$ -	\$ 11,663,893.32
9	DA Virtual Energy Amt	555.12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	RT Virtual Energy Amt	555.32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	TOTAL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	DA Mkt Admin Amt	555.01	\$ 68,495.27	\$ 66,843.45	\$ 83,034.88	\$ 54,951.67	\$ 48,726.65	\$ 58,282.63	\$ 56,513.34	\$ 52,186.55	\$ -	\$ -	\$ -	\$ -	\$ 489,034.54
13	RT Mkt Admin Amt	555.18	\$ 6,672.50	\$ 3,659.65	\$ 4,926.15	\$ 3,643.73	\$ 5,741.60	\$ 3,725.82	\$ 5,776.43	\$ 5,776.43	\$ -	\$ -	\$ -	\$ -	\$ 37,901.08
14	FTR Mkt Admin Amt	555.13	\$ 4,991.20	\$ 5,568.73	\$ 6,267.30	\$ 3,150.56	\$ 2,967.40	\$ 3,862.65	\$ 5,187.96	\$ 4,613.43	\$ -	\$ -	\$ -	\$ -	\$ 36,279.23
15	TOTAL		\$ 79,098.97	\$ 76,271.83	\$ 94,057.48	\$ 63,068.38	\$ 55,337.78	\$ 67,886.88	\$ 65,477.12	\$ 62,376.41	\$ -	\$ -	\$ -	\$ -	\$ 563,314.83
16	DA FBT Congestion Amt	555.03	\$ 57,826.13	\$ 52,590.45	\$ 11,534.64	\$ 430,158.71	\$ 111,706.38	\$ 102,006.09	\$ 68,592.79	\$ 2,469.22	\$ -	\$ -	\$ -	\$ -	\$ 837,084.41
17	RT FBT Congestion Amt	555.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	FTR Hourly Allocation Amt	555.14	\$ 5,124.45	\$ 10,997.06	\$ 2,297.01	\$ 103,466.25	\$ 70,132.81	\$ (8,441.11)	\$ (109.87)	\$ (6,454.30)	\$ -	\$ -	\$ -	\$ -	\$ 177,700.30
19	FTR Monthly Allocation Amt	555.15	\$ (2,621.51)	\$ (649.22)	\$ (197.39)	\$ (339.61)	\$ (8,877.34)	\$ (2,026.31)	\$ (1,705.12)	\$ (827.69)	\$ -	\$ -	\$ -	\$ -	\$ (1,555.15)
20	FTR Yearly Allocation Amt	555.17	\$ -	\$ -	\$ -	\$ (1,555.15)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	FTR Monthly Transaction Amt	555.16	\$ (1,732.43)	\$ 599.44	\$ 484.65	\$ 1,120.30	\$ (4,467.79)	\$ (1,370.38)	\$ (121.87)	\$ 2.14	\$ -	\$ -	\$ -	\$ -	\$ -
22	FTR_ARR_FTR_TXN	555.38	\$ (3,262.99)	\$ (3,282.99)	\$ (18,268.92)	\$ (18,268.92)	\$ (18,268.92)	\$ 5,096.51	\$ 5,096.51	\$ 5,096.51	\$ -	\$ -	\$ -	\$ -	\$ (46,083.21)
23	FTR_ARR_INF_LPL	555.39	\$ 3,240.90	\$ 3,240.90	\$ 18,270.36	\$ 18,270.36	\$ 18,270.36	\$ (5,102.35)	\$ (5,102.35)	\$ (5,102.35)	\$ -	\$ -	\$ -	\$ -	\$ 45,985.83
24	FTR_ARR_INF_LPL	555.40	\$ 2,282.95	\$ 2,282.95	\$ 1,714.53	\$ 1,714.53	\$ 1,714.53	\$ 1,492.94	\$ 1,492.94	\$ 1,492.94	\$ -	\$ -	\$ -	\$ -	\$ 14,188.31
25	FTR_ARR_STG2_DIST	555.41	\$ (9,570.98)	\$ (9,569.54)	\$ (31,780.92)	\$ (31,780.92)	\$ (31,780.92)	\$ (30,733.71)	\$ (30,733.71)	\$ (30,733.71)	\$ -	\$ -	\$ -	\$ -	\$ (206,694.58)
26	TOTAL		\$ 51,654.92	\$ 56,209.05	\$ (15,946.04)	\$ 502,781.25	\$ 138,625.10	\$ 61,221.68	\$ 37,382.47	\$ (33,832.45)	\$ -	\$ -	\$ -	\$ -	\$ 788,095.98
27	DA Revenue Sufficiency Guarantee Distribution Amt	555.10	\$ 15,537.09	\$ 10,118.92	\$ 7,264.64	\$ 6,596.56	\$ 6,462.17	\$ 16,576.98	\$ 17,141.07	\$ 16,214.31	\$ -	\$ -	\$ -	\$ -	\$ 95,911.74
28	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.11	\$ (285.13)	\$ (453.27)	\$ (453.27)	\$ (453.27)	\$ (453.27)	\$ (453.27)	\$ (446.79)	\$ (446.79)	\$ -	\$ -	\$ -	\$ -	\$ (28,021.56)
29	RT Revenue Sufficiency Guarantee First Pass Distribution Amt	555.29	\$ 44,002.57	\$ 69,303.91	\$ 46,081.02	\$ 41,405.31	\$ 19,372.05	\$ 56,148.32	\$ 53,727.42	\$ 118,361.89	\$ -	\$ -	\$ -	\$ -	\$ 428,403.49
30	RT Revenue Sufficiency Guarantee Make Whole Pymt Amt	555.30	\$ (33,856.88)	\$ 24,913.18	\$ (35,159.32)	\$ (72,658.14)	\$ (49,107.68)	\$ (64,689.88)	\$ (54,094.51)	\$ (36,208.04)	\$ -	\$ -	\$ -	\$ -	\$ (299,671.17)
31	TOTAL		\$ 25,367.65	\$ 104,316.01	\$ 17,333.07	\$ (24,656.27)	\$ (33,273.26)	\$ 3,820.05	\$ (3,672.31)	\$ 99,868.16	\$ -	\$ -	\$ -	\$ -	\$ 196,622.50
32	Revenue Neutrality Uplift		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	RT Revenue Neutrality Uplift Amt	555.28	\$ 46,324.34	\$ 17,888.92	\$ 26,706.60	\$ 55,623.42	\$ 46,180.38	\$ 48,184.13	\$ 34,704.52	\$ 15,550.87	\$ -	\$ -	\$ -	\$ -	\$ 290,575.98
34	Other Charges		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	RT Misc Amt	555.25	\$ 13.95	\$ 24.20	\$ (3.28)	\$ (11.58)	\$ 46,039.61	\$ (127.41)	\$ (6.78)	\$ (174.55)	\$ -	\$ -	\$ -	\$ -	\$ 45,754.16
36	RT Net Inadvertent Amt	555.27	\$ 10,670.73	\$ 8,602.70	\$ 4,733.98	\$ 5,162.38	\$ 2,935.82	\$ 3,630.82	\$ 10,463.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,706.75
37	RT Uninstructed Deviation Amt	555.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	TOTAL		\$ 10,684.68	\$ 8,626.90	\$ 5,470.70	\$ 5,150.80	\$ 44,601.01	\$ 2,812.41	\$ 3,624.04	\$ 10,289.37	\$ -	\$ -	\$ -	\$ -	\$ 91,459.91
39	DA_ASM_REG	555.43	\$ (14,310.70)	\$ (20,046.40)	\$ (10,601.04)	\$ (29,448.38)	\$ (4,582.50)	\$ (11,281.26)	\$ (17,236.25)	\$ (20,685.66)	\$ -	\$ -	\$ -	\$ -	\$ (128,193.19)
40	DA_ASM_SPIN	555.44	\$ (62,259.49)	\$ (83,393.32)	\$ (64,831.66)	\$ (77,408.67)	\$ (40,488.15)	\$ (36,116.91)	\$ (42,571.26)	\$ (39,509.97)	\$ -	\$ -	\$ -	\$ -	\$ (446,979.43)
41	RT_ASM_SUPP	555.45	\$ (75.10)	\$ (5,995.36)	\$ (6,620.24)	\$ (34,169.56)	\$ (26,701.18)	\$ (14,694.66)	\$ (22,935.74)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (174,946.00)
42	RT_ASM_REG	555.46	\$ (35,025.99)	\$ (5,917.78)	\$ (15,902.13)	\$ (32,372.70)	\$ (24,038.47)	\$ (50,102.93)	\$ (17,365.42)	\$ (11,182.10)	\$ -	\$ -	\$ -	\$ -	\$ (191,937.52)
43	RT_ASM_SPIN	555.47	\$ 754.34	\$ 5,729.66	\$ 30.11	\$ (6,796.82)	\$ 5,835.62	\$ (12,332.15)	\$ (23,715.35)	\$ (1,842.58)	\$ -	\$ -	\$ -	\$ -	\$ (31,837.17)
44	RT_ASM_NRGA	555.48	\$ (1,827.73)	\$ (6,685.81)	\$ (653.14)	\$ (318.08)	\$ (445.73)	\$ (946.89)	\$ (1,577.22)	\$ 1,397.93	\$ -	\$ -	\$ -	\$ -	\$ (20,986.65)
45	RT_ASM_EXE_DFE_DEP	555.49	\$ 1,933.85	\$ (118.90)	\$ 129.14	\$ (23.32)	\$ 301.42	\$ 5,481.32	\$ 3,275.67	\$ 910.87	\$ -	\$ -	\$ -	\$ -	\$ 11,149.85
46	RT_ASM_CRDFC	555.51	\$ 769.82	\$ 383.49	\$ 511.37	\$ 56.79	\$ 286.91	\$ 273.50	\$ 651.36	\$ 120.15	\$ -	\$ -	\$ -	\$ -	\$ 3,055.39
47	RT_ASM_CRDFC_DIST	555.52	\$ 38,125.17	\$ 36,369.13	\$ 32,805.65	\$ 27,489.80	\$ 20,459.53	\$ 25,857.18	\$ 25,576.25	\$ 28,118.81	\$ -	\$ -	\$ -	\$ -	\$ 1,924.52
48	RT_ASM_SPIN_DIST	555.53	\$ 31,765.40	\$ 35,544.78	\$ 33,329.59	\$ 22,800.23	\$ 15,127.18	\$ 16,904.89	\$ 15,727.16	\$ 19,183.72	\$ -	\$ -	\$ -	\$ -	\$ 234,801.52
49	RT_ASM_SUPP_DIST	555.54	\$ 2,197.31	\$ 4,296.36	\$ 17,411.08	\$ 14,506.81	\$ 11,214.18	\$ 9,090.24	\$ 5,823.04	\$ 7,327.70	\$ -	\$ -	\$ -	\$ -	\$ 189,982.96
50	RT_MISC	555.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,866.72
51	RT_ASM_NXE	555.55	\$ 27,111.95	\$ (14,500.56)	\$ (26,051.00)	\$ (116,211.11)	\$ (57,961.29)	\$ 250,325.06	\$ (3,920.42)	\$ (414.12)	\$ -	\$ -	\$ -	\$ -	\$ (5,468.44)
52	RT_ASM_EXE	555.56	\$ (231.75)	\$ (481.31)	\$ (428.03)	\$ (217.93)	\$ (237.48)	\$ (37.44)	\$ (155.27)	\$ (1,945.21)	\$ -	\$ -	\$ -	\$ -	\$ 483,723.29
53	TOTAL		\$ (11,843.12)	\$ (55,296.02)	\$ (81,976.01)	\$ (316,377.38)	\$ (555,436.68)	\$ (222,866.88)	\$ (228,102.56)	\$ (349,857.67)	\$ (290,866.23)	\$ -	\$ -	\$ -	\$ (2,968,637.55)
54	Grandfathered Charge Types		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	DA Congestion Rebate on COGA	555.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56	DA Losses Rebate on COGA	555.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57	DA Congestion Rebate on Option B GFA	555.07	\$ (57,626.13)	\$ (52,990.45)	\$ (430,158.71)	\$ (111,706.38)	\$ (102,006.09)	\$ (66,592.79)	\$ (2,669.22)	\$ (2,669.22)	\$ -	\$ -	\$ -	\$ -	\$ (825,549.77)
58	DA Losses Rebate on Option B GFA	555.08	\$ (475,638.21)	\$ (419,085.56)	\$ (111,534.64)	\$ (125,277.97)	\$ (111,150.30)	\$ (126,096.47)	\$ (281,264.88)	\$ (288,197.01)	\$ -	\$ -	\$ -	\$ -	\$ (1,838,245.04)
59	RT Congestion Rebate on COGA	555.22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60	RT Loss Rebate on COGA	555.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	TOTAL		\$ (53,464.34)	\$ (471,676.01)	\$ (316,377.38)	\$ (555,436.68)	\$ (222,866.88)	\$ (228,102.56)	\$ (349,857.67)	\$ (290,866.23)	\$ -	\$ -	\$ -	\$ -	\$ (2,968,637.55)
62	MISO MISO DAY 2 CHARGES - Energy Adjustment Rider		\$ 1,660,572.89	\$ 1,648,306.00	\$ 1,115,500.01	\$ 1,126,694.84	\$ 908,517.20	\$ 1,499,969.45	\$ 1,042,159.53	\$ 1,628,311.70	\$ -	\$ -	\$ -	\$ -	\$ 10,629,931.62
63	MISO RSG Bad Debt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64	TOTAL FOR MN ENERGY ADJUSTMENT RIDER		\$ 1,660,572.89	\$ 1,648,306.00	\$ 1,115,500.01	\$ 1,126,694.84	\$ 908,517.20	\$ 1,499,969.45	\$ 1,042,159.53	\$ 1,628,311.70	\$ -	\$ -	\$ -	\$ -	\$ 10,629,931.62

Otter Tail Power Company Monthly MISO Day 2 Charges for ND Non-Energy Adjustment Rider January - December 2010 Includes Any Adjustments															
NO	CHARGE TYPE DESCRIPTION	ACCT	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	YEAR TO DATE
Trade Secret Data Begins...															
1	DA Asset Energy Amt	555.02													
2	DA FBT Loss Amt	555.04													
3	DA Non-Asset Energy Amt	555.09													
4	RT Asset Energy Amt	555.19													
5	RT Distribution of Losses Amt	555.24													
6	RT FBT Loss Amt	555.21													
7	RT Non-Asset Energy Amt	555.26													
8	TOTAL														\$ (4,214,826.24)
<b>Virtual Energy</b>															
9	DA Virtual Energy Amt	555.12													
10	RT Virtual Energy Amt	555.32													
11	TOTAL														\$ (20,448.35)
<b>Schedules 16 &amp; 17</b>															
12	DA Mkt Admin Amt	555.01													
13	RT Mkt Admin Amt	555.18													
14	FTR Mkt Admin Amt	555.13													
15	TOTAL														\$ 47,336.88
<b>Congest &amp; FTRs</b>															
16	DA FBT Congestion Amt	555.03													
17	RT FBT Congestion Amt	555.20													
18	FTR Hourly Allocation Amt	555.14													
19	FTR Monthly Allocation Amt	555.15													
20	FTR Yearly Allocation Amt	555.17													
21	FTR Monthly Transaction Amt	555.16													
22	FTR_ARR_FTR_TXN	555.38													
23	FTR_ARR_ARR_TXN	555.39													
24	FTR_ARR_INF_UPL	555.40													
25	FTR_ARR_STG2_DIST	555.41													
26	TOTAL														\$ (65,967.61)
<b>RSG &amp; Make Whole Payments</b>															
27	DA Revenue Sufficiency Guarantee Distribution Amt	555.10													
28	DA Revenue Sufficiency Guarantee Make Whole Pymt Am	555.11													
29	RT Revenue Sufficiency Guarantee First Pass Distribution	555.29													
30	RT Revenue Sufficiency Guarantee Make Whole Pymt Am	555.30													
31	TOTAL														\$ (122,620.88)
<b>Revenue Neutrality Uplift</b>															
32	RT Revenue Neutrality Uplift Amt	555.28													
33	TOTAL														\$ 28,753.37
<b>Other Charges</b>															
34	RT Misc Amt	555.25													
35	RT Net Inadvertent Amt	555.27													
36	RT Uninstructed Deviation Amt	555.31													
37	TOTAL														\$ 949.99
<b>ASM Charges</b>															
38	DA_ASM_REG	555.43													
39	RT_MISC	555.25													
40	DA_ASM_SPIN	555.44													
41	DA_ASM_SUPP	555.45													
42	RT_ASM_REC	555.46													
43	RT_ASM_SPIN	555.47													
44	RT_ASM_SUPP	555.48													
45	RT_ASM_NRGA	555.49													
46	RT_ASM_EXE_DFE_DEP	555.50													
47	RT_ASM_CROFC	555.51													
48	RT_ASM_REG_DIST	555.52													
49	RT_ASM_SPIN_DIST	555.53													
50	RT_ASM_SUPP_DIST	555.54													
51	RT_ASM_NXE	555.55													
52	RT_ASM_EXE	555.56													
53	TOTAL														\$ (920,780.72)
<b>Grandfathered Charge Types</b>															
54	DA Congestion Rebate on COGA	555.05													
55	DA Losses Rebate on COGA	555.06													
56	DA Congestion Rebate on Option B GFA	555.07													
57	DA Losses Rebate on Option B GFA	555.08													
58	RT Congestion Rebate on COGA	555.22													
59	RT Loss Rebate on COGA	555.23													
60	TOTAL														\$ -
61	TOTAL MISO DAY 2 CHARGES - Non-Energy Adjustment Rider		\$ (871,100.72)	\$ 82.07	\$ (942,823.18)	\$ (2,193,466.71)	\$ (1,280,275.22)	\$ (1,788,399.31)	\$ (1,861,439.06)	\$ (1,502,504.66)	\$ -	\$ -	\$ -	\$ -	\$ (15,287,603.66)
62	TOTAL FOR ND NON-ENERGY ADJUSTMENT RIDER		\$ (871,100.72)	\$ 82.07	\$ (942,823.18)	\$ (2,193,466.71)	\$ (1,280,275.12)	\$ (1,788,399.31)	\$ (1,861,439.06)	\$ (1,502,504.66)	\$ -	\$ -	\$ -	\$ -	\$ (10,439,946.69)

Otter Tail Power Company									
Detail of MISO Day 2 Charges by Charge Group for Current Month - ND									
August 2010* includes any adjustments									
No.	Day Ahead & Real Time Asset & Non Asset Energy & Lo	Acct	Retail Debits	Retail Credits	(D) Retail Adjustments	(E) Net Retail	(F) Net Intersystem	(G) Total	(H)** Charge Types with MWH for Retail
1	DA Asset Energy Amt	555 02	\$ 13,403,240.07	\$ (12,675,794.77)	\$ -	\$ 727,445.30	\$ -	\$ -	355,137 (333,407)
2	DA FBT Loss Amt	555 04	\$ 576,393.56	\$ -	\$ -	\$ 576,393.56	\$ -	\$ -	-
3	DA Non-asset Energy Amt	555 09	\$ 450,822.30	\$ (175,924.02)	\$ -	\$ 274,898.28	\$ -	\$ -	(4,415)
4	RT Asset Energy Amt	555 19	\$ 219,165.52	\$ (716,804.18)	\$ 386,140.43	\$ (111,498.23)	\$ -	\$ -	(19,866)
5	RT Distribution of Losses Amt	555 24	\$ -	\$ (87,174.63)	\$ (2,478.63)	\$ (89,653.26)	\$ -	\$ -	-
6	RT FBT Loss Amt	555 21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
7	RT Non-Asset Energy Amt	555 28	\$ 3,834.25	\$ -	\$ -	\$ 3,834.25	\$ -	\$ -	78
8	TOTAL		\$ 14,653,455.70	\$ (13,655,697.60)	\$ 383,661.80	\$ 1,381,419.90	\$ -	\$ -	372,223 (357,688)
<b>Virtual Energy</b>									
9	DA Virtual Energy Amt	555 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
10	RT Virtual Energy Amt	555 32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
11	TOTAL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>Schedules 16 &amp; 17</b>									
12	DA Mkt Admin Amt	555 01	\$ 52,186.55	\$ -	\$ -	\$ 52,186.55	\$ -	\$ -	-
13	RT Mkt Admin Amt	555 18	\$ 5,052.16	\$ -	\$ 524.27	\$ 5,576.43	\$ -	\$ -	-
14	FTR Mkt Admin Amt	555 13	\$ 4,613.43	\$ -	\$ -	\$ 4,613.43	\$ -	\$ -	-
15	TOTAL		\$ 61,852.14	\$ -	\$ 524.27	\$ 62,376.41	\$ -	\$ -	-
<b>Congest &amp; FTRs</b>									
16	DA FBT Congestion Amt	555 03	\$ 23,919.16	\$ (21,249.96)	\$ -	\$ 2,669.22	\$ -	\$ -	-
17	RT FBT Congestion Amt	555 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
18	FTR Hourly Allocation Amt	555 14	\$ 9,274.65	\$ (15,728.18)	\$ (0.77)	\$ (6,454.30)	\$ -	\$ -	-
19	FTR Monthly Allocation Amt	555 15	\$ -	\$ (827.38)	\$ (0.31)	\$ (827.69)	\$ -	\$ -	-
20	FTR Yearly Allocation Amt	555 17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
21	FTR Monthly Transaction Amt	555 16	\$ 2,158.14	\$ (2,156.09)	\$ 0.09	\$ 2.14	\$ -	\$ -	-
22	FTR_ARR_FTR_TXN	555 38	\$ 6,741.10	\$ (1,644.59)	\$ -	\$ 5,096.51	\$ -	\$ -	-
23	FTR_ARR_ARR_TXN	555 39	\$ 1,636.63	\$ (6,738.98)	\$ -	\$ (5,102.35)	\$ -	\$ -	-
24	FTR_ARR_INF_UPL	555 40	\$ 1,492.94	\$ -	\$ -	\$ 1,492.94	\$ -	\$ -	-
25	FTR_ARR_STG2_DIST	555 41	\$ -	\$ (30,726.20)	\$ 17.28	\$ (30,708.92)	\$ -	\$ -	-
26	TOTAL		\$ 45,222.64	\$ (79,071.38)	\$ 16.29	\$ (33,832.45)	\$ -	\$ -	-
<b>RSG &amp; Make Whole Payments</b>									
27	DA Revenue Sufficiency Guarantee Distribution Amt	555 10	\$ 16,214.31	\$ -	\$ -	\$ 16,214.31	\$ -	\$ -	-
28	DA Revenue Sufficiency Guarantee Make Whole Pymt	555 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
29	RT Revenue Sufficiency Guarantee First Pass Distribu	555 29	\$ 116,936.25	\$ -	\$ 1,425.64	\$ 118,361.89	\$ -	\$ -	-
30	RT Revenue Sufficiency Guarantee Make Whole Pymt	555 30	\$ -	\$ (36,918.95)	\$ 710.91	\$ (36,208.04)	\$ -	\$ -	-
31	TOTAL		\$ 133,150.56	\$ (36,918.95)	\$ 2,136.55	\$ 98,368.16	\$ -	\$ -	-
<b>Revenue Neutrality Uplift</b>									
32	RT Revenue Neutrality Uplift Amt	555 28	\$ 16,971.30	\$ (3,620.90)	\$ 2,200.47	\$ 15,550.87	\$ -	\$ -	-
33	TOTAL		\$ 16,971.30	\$ (3,620.90)	\$ 2,200.47	\$ 15,550.87	\$ -	\$ -	-
<b>Other Charges</b>									
34	RT Misc Amt	555 25	\$ -	\$ -	\$ (174.55)	\$ (174.55)	\$ -	\$ -	-
35	RT Net Inadvertent Amt	555 27	\$ 11,277.86	\$ (223.45)	\$ (590.49)	\$ 10,463.92	\$ -	\$ -	-
36	RT Uninstructed Deviation Amt	555 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
37	TOTAL		\$ 11,277.86	\$ (223.45)	\$ (765.04)	\$ 10,289.37	\$ -	\$ -	-
<b>ASM Charges</b>									
38	DA_ASM_REG	555 43	\$ -	\$ (20,685.66)	\$ -	\$ (20,685.66)	\$ -	\$ -	(1,003)
39	DA_ASM_SPIN	555 44	\$ -	\$ (39,909.97)	\$ -	\$ (39,909.97)	\$ -	\$ -	(8,495)
40	DA_ASM_SUPP	555 45	\$ -	\$ (22,935.74)	\$ -	\$ (22,935.74)	\$ -	\$ -	(7,946)
41	RT_ASM_REG	555 46	\$ 3,500.31	\$ (14,682.41)	\$ -	\$ (11,182.10)	\$ -	\$ -	(350)
42	RT_ASM_SPIN	555 47	\$ 2,573.18	\$ (4,415.76)	\$ -	\$ (1,842.58)	\$ -	\$ -	(124)
43	RT_ASM_SUPP	555 48	\$ 5,113.48	\$ (3,715.55)	\$ -	\$ 1,397.93	\$ -	\$ -	(86)
44	RT_ASM_NRGA	555 49	\$ 1,708.28	\$ (797.41)	\$ -	\$ 910.87	\$ -	\$ -	-
45	RT_ASM_EXE_DFE_DEP	555 50	\$ 119.91	\$ -	\$ 0.24	\$ 120.15	\$ -	\$ -	-
46	RT_ASM_CRDFC	555 51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
47	RT_ASM_REG_DIST	555 52	\$ 27,025.08	\$ (170.75)	\$ 1,264.48	\$ 28,118.81	\$ -	\$ -	-
48	RT_ASM_SPIN_DIST	555 53	\$ 18,508.04	\$ -	\$ 675.68	\$ 19,183.72	\$ -	\$ -	-
49	RT_ASM_SUPP_DIST	555 54	\$ 6,963.43	\$ -	\$ 364.27	\$ 7,327.70	\$ -	\$ -	-
50	RT_MISC	555 25	\$ -	\$ -	\$ (414.12)	\$ (414.12)	\$ -	\$ -	-
51	RT_ASM_NXE	555 55	\$ 877,333.90	\$ (452,417.24)	\$ -	\$ 424,916.66	\$ -	\$ -	22,974 (14,668)
52	RT_ASM_EXE	555 56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4)
53	TOTAL		\$ 942,845.61	\$ (559,730.49)	\$ 1,890.55	\$ 385,005.67	\$ -	\$ -	27,203 (32,678)

Otter Tail Power Company								
Detail of MISO Day 2 Charges by Charge Group for Current Month - ND								
August 2010* includes any adjustments								
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)**
<b>Grandfathered Charge Types</b>								
54	DA Congestion Rebate on COGA	\$ 555.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	DA Losses Rebate on COGA	\$ 555.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56	DA Congestion Rebate on Option B GFA	\$ 555.07	\$ 21,249.96	\$ (23,919.18)	\$ -	\$ (2,669.22)	\$ -	\$ -
57	DA Losses Rebate on Option B GFA	\$ 555.08	\$ -	\$ (288,197.01)	\$ -	\$ (288,197.01)	\$ -	\$ -
58	RT Congestion Rebate on COGA	\$ 555.22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
59	RT Loss Rebate on COGA	\$ 555.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60	<b>TOTAL</b>	<b>\$ 21,249.96</b>	<b>\$ (312,116.19)</b>	<b>\$ -</b>	<b>\$ (290,866.23)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
61	<b>TOTAL MISO DAY 2 CHARGES</b>	<b>\$ 15,886,025.77</b>	<b>\$ (14,647,378.96)</b>	<b>\$ 389,664.89</b>	<b>\$ 1,628,311.70</b>	<b>\$ 125,807.04</b>	<b>\$ 399,426</b>	<b>(390,366)</b>
62	<b>MISO RSG Bad Debt</b>							
63	<b>TOTAL FOR ND COST OF ENERGY ADJUSTMENT</b>	<b>\$ 15,886,025.77</b>	<b>\$ (14,647,378.96)</b>	<b>\$ 389,664.89</b>	<b>\$ 1,628,311.70</b>			
64	Net MISO Charges for Retail = (B) + (C) + (D)		\$ 1,628,311.70					
65	Net KWH for retail = ((G) + (H)) * 1,000		9,060.037					9,060.037
66	* covers time period of 07/23/10 -- 08/23/10 ** increased for losses of							
67	<b>MISO Book Totals</b>		<b>Net Retail</b>	<b>Net MISO KWH</b>				
68	MISO RSG Bad Debt	\$ 1,238,646.81		9,060.037				
69	August Adjustments	\$ 389,664.89		15,838,938				
70	<b>Total MISO</b>	<b>\$ 1,628,311.70</b>		<b>24,898,975</b>				

Otter Tail Power Company  
Plant Conditions

**Plant Conditions for August 2010**

Big Stone:

The unit generated 271,991 net MWh for the month. Unit availability was 93.5% and equivalent availability was 92.3%. Fuel prices were 5.01% under budget.

Coyote:

The Unit generated 264,106 net MWh for the month. Availability for the month was 87.6% and equivalent availability was 86.0%. Fuel prices were on budget.

Hoot Lake:

Unit 2 generated 23,885.4 net MWh for the month. Unit 2 had an availability of 77.4% and an equivalent availability of 77.2%. Fuel costs were about 4.75% under budget.

Unit 3 generated 43,757.7 net MWh for the month. Unit 3 had an availability of 99.7% and an equivalent availability of 98.3%. Fuel costs were about 4.15% under budget.

**Plant Conditions for July 2010**

Big Stone:

The unit generated 306,295 net MWh for the month. Unit availability was 100% and equivalent availability was 99.6%. Fuel prices were 2.17 under budget.

Coyote:

The Unit generated 279,478 net MWh for the month. Availability for the month was 92.8% and equivalent availability was 92.0%. Fuel prices were 1.96% over budget.

Hoot Lake:

Unit 2 generated 28,002.9 net MWh for the month. Unit 2 had an availability of 91.7% and an equivalent availability of 87.5%. Fuel costs were about 2.69% under budget.

Unit 3 generated 42,438.2 net MWh for the month. Unit 3 had an availability of 97.2% and an equivalent availability of 97.2%. Fuel costs were about 3.19% under budget.

## INDEPENDENT AUDITORS' REPORT

To Otter Tail Power Company:

We have audited the accompanying schedule of cost of energy adjustment factors (the "Schedule") for Otter Tail Power Company (the "Company") for North Dakota customers for the 12-months ended June 30, 2010. This Schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as it relates to the Schedule as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting as it relates to the Schedule. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule was prepared for the purpose of complying with the North Dakota Public Service Commission's (the "Commission") approved cost of energy adjustment clause, including the related fuel clause rider, dockets, and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and is not intended to be a complete presentation of the Company's revenues and expenses.

We have been informed that the Company has developed the following interpretations with respect to the cost of energy adjustment clause:

1. The monthly fuel costs for electric generation and the monthly kilowatt-hour (kWh) sales of the combined North Dakota system and the non-North Dakota system are used in the calculation of the North Dakota cost of energy adjustment clause factors.
2. The fuel-related costs calculated by the Company to be associated with intersystem sales and the production of steam supplied to wholesale customers are not included in the calculation of the North Dakota cost of energy adjustment clause factors.
3. The North Dakota cost of energy adjustment clause states that the fuel costs and related kWh sales (exclusive of intersystem sales) for the most recent four-month period are to be used in calculating the cost of energy adjustment factor; this has been interpreted to mean the most recent four-month period for which the actual costs and sales are available. The energy associated with retail sales has been interpreted to mean the sum of kWh from net generation and purchased power less intersystem sales, reduced by an average system loss factor of 12% through November 2009. From December 2009

through June 2010, the energy associated with retail sales has been interpreted to mean actual kWh sales of electricity. This change in methodology is a result of Order on Settlement of Increase in Electric Rates, Case No. PU-08-862.

In our opinion, the cost of energy adjustment clause factors shown on the attached Schedule for the 12-months ended June 30, 2010, are presented fairly, in all material respects, in accordance with the cost of energy adjustment clause approved by the Commission, and in conformity with the uniform system of accounts prescribed by FERC.

This report is intended solely for the use of the board of directors, management of the Company, and the Commission and should not be used for any other purpose.

*Deloitte + Touche LLP*

August 25, 2010

# OTTER TAIL POWER COMPANY

## SCHEDULE OF COST OF ENERGY ADJUSTMENT FACTORS FOR NORTH DAKOTA CUSTOMERS PERIOD FROM JULY 1, 2009 TO JUNE 30, 2010

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<b>Based on Costs in the Four-Month Period Ended</b>	<b>Effective for the Monthly Bill Dated On or After</b>	<b>Adjustment per kWh</b>
July 31, 2009	September 1, 2009	\$ (0.0043)
August 31, 2009	October 2, 2009	(0.0038)
September 30, 2009	November 2, 2009	(0.0042)
October 31, 2009	December 1, 2009	(0.0022)
November 30, 2009	January 4, 2010	(0.0038)
December 31, 2009	February 1, 2010	(0.0018)
January 31, 2010	March 2, 2010	(0.0039)
February 29, 2010	April 2, 2010	(0.0048)
March 31, 2010	May 3, 2010	(0.0054)
April 30, 2010	June 2, 2010	(0.0080)
May 31, 2010	July 1, 2010	(0.0090)
June 30, 2010	August 3, 2010	(0.0086)