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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.

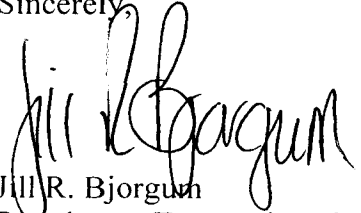
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Otter Tail Power Company submits seven (7) copies each of the following:

- 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

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

Based on Costs in the Four-Month Period Ended	Effective for the Monthly Bill Dated On or After	Adjustment per kWh
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)