

Otter Tail Power Company

Schedule of Costs of Energy Adjustment
Factors for North Dakota Customers
Period from July 1, 2011 through June 30, 2012



Deloitte & Touche LLP
50 South Sixth Street
Suite 2800
Minneapolis, MN 55402-1538
USA
Tel: +1 612 397 4000
Fax: +1 612 397 4450
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To Otter Tail Power Company:

We have audited the accompanying schedule of costs of energy adjustment clause factors (the "Schedule") for Otter Tail Power Company (the "Company") for North Dakota customers for the 12 months ended June 30, 2012. 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 costs of energy adjustment clause, including 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.

In our opinion, the costs of energy adjustment clause factors shown on the attached Schedule for the 12 months ended June 30, 2012, are presented fairly, in all material respects, in accordance with the costs of energy adjustment clause approved by the Commission, and in conformity with the uniform system of accounts prescribed by the 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 30, 2012

OTTER TAIL POWER COMPANY

SCHEDULE OF COSTS OF ENERGY ADJUSTMENT FACTORS FOR NORTH DAKOTA CUSTOMERS PERIOD FROM JULY 1, 2011 THROUGH JUNE 30, 2012

Based on Costs in the Four-Month Period Ended	Effective for the Monthly Bill Dated on or After	Adjustment per kWh
July 31, 2011	September 1, 2011	\$ (0.0091)
August 31, 2011	October 3, 2011	(0.0069)
September 30, 2011	November 1, 2011	(0.0068)
October 31, 2011	December 1, 2011	(0.0044)
November 30, 2011	January 3, 2012	(0.0025)
December 31, 2011	February 1, 2012	(0.0019)
January 31, 2012	March 2, 2012	(0.0022)
February 29, 2012	April 2, 2012	(0.0044)
March 31, 2012	May 2, 2012	(0.0068)
April 30, 2012	June 1, 2012	(0.0079)
May 31, 2012	July 1, 2012	(0.0071)
June 30, 2012	August 1, 2012	(0.0052)

See accompanying note to the Schedule of Costs of Energy Adjustment Factors.

NOTE TO THE SCHEDULE OF COSTS OF ENERGY ADJUSTMENT FACTORS FOR THE PERIOD FROM JULY 1, 2011 THROUGH JUNE 30, 2012

INTERPRETATIONS OF THE COST OF ENERGY ADJUSTMENT CLAUSE

The Company has developed the following interpretations with respect to the costs 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 costs 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 costs of energy adjustment clause factors.
3. The North Dakota costs 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 costs of energy adjustment clause factors; this has been interpreted to mean that the most recent four-month period for which the actual costs and sales are available. The energy costs associated with retail sales have been interpreted to mean actual kWh sales of electricity.