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November 7, 2019

Mr. Steve Kahl
Director of Administration/Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0408

RE: In the Matter of Otter Tail Power Company's Request to Transition to Calendar Year Reporting for the Annual Fuel Clause Audit Case No. PU-19-13 Letter

Dear Mr. Kahl:

Otter Tail Power Company (Otter Tail) submits this letter seeking approval of a change in the timing of Otter Tail's annual independent audit of its Annual Automatic Adjustment (Fuel Clause) to a calendar year, and to utilize an eighteen-month audit report to facilitate the transition to future calendar year reporting, which Otter Tail proposes to begin with the 2020 calendar year.

Pursuant to North Dakota Admin. Rule 69-09-02-39(12), each utility shall cause an independent audit of its Fuel Clause to be performed annually. A copy of the auditor's report must be filed annually with the Commission.

Otter Tail has historically submitted its annual North Dakota Fuel Clause independent audit report each fall for the twelve-month reporting period ending June 30 of that year. When ready, the report has been included with Otter Tail's monthly Fuel Clause rate update filing. By this letter Otter Tail seeks to complete future audits of the Fuel Clause on a calendar year basis. A calendar year audit of the Fuel Clause will align with Otter Tail's annual financial statement audit performed by the same independent auditor, as well as align with another jurisdictional Fuel Clause audit that is also transitioning to calendar year reporting and being performed by the same independent auditor.

Otter Tail discussed this transition with North Dakota Public Service Commission staff and collectively we determined that to facilitate this transition, the most efficient approach would be for Otter Tail's independent auditor to complete a transitional period audit report which covers the eighteen-month period running from July 1, 2018 to December 31, 2019. This transitional audit would be completed in early 2020, with the expectation that Otter Tail would file that report by the end of Q1, 2020. A similar eighteen-month audit is currently planned in the other jurisdiction to facilitate a similar transition to a calendar year for future annual Fuel Clause audit reporting.

As contemplated above, subsequent annual audits and associated reports, beginning with calendar year 2020, would then be conducted on a calendar year basis, and submitted at the end of Q1 following each reporting year.

Creating alignment of the timing of the Fuel Clause audit with other audit work being conducted will create additional efficiencies across the independent audit process. For these reasons, Otter Tail respectfully requests approval of this transition plan related to its annual North Dakota Fuel Clause audit reporting.

Please contact me at (218) 739-8279, or stommerdahl@otpc.com should you have any questions with respect to this request.

Very truly yours,

/S/ STUART TOMMERDAHL
Stuart D. Tommerdahl
Manager Regulatory Administration

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Enclosures
By electronic filing
c: Service List