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**VIA E-FILING**

October 30, 2007

Dr. Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

RE: In The Matter of the Commission's Investigation into the Appropriateness of Continuing to Permit Electric Energy Cost Adjustments  
Docket No. E-999/CI-03-802

Dear Dr. Haar:

On August 16, 2007, the Public Utilities Commission issued a Notice of Comment Period, setting September 28, 2007, for initial comments and October 30, 2007, for reply comments. Otter Tail Corporation d/b/a Otter Tail Power Company ("Otter Tail") did not provide initial comments but offers the following reply comments in this docket.

Both Minnesota Power and Xcel Energy in their September 28, 2007, comments support a concept of periodic informational meetings held by each utility with its stakeholders. The goal of these meetings is to help interested parties understand key drivers, expected trends, and planned and unplanned events that impact the cost of energy. The process will allow stakeholders to better measure, assess, and understand budget assumptions and the potential for deviations from budget that will occur over the course of the year. Otter Tail supports this concept. It is our understanding that, while information provided is specific to each utility, a guide or template is being developed so that all utilities provide similar types of information and meet stakeholders' expectations. Development of the process is expected to be evolving and iterative. Otter Tail plans to participate actively in this development.

The purpose of the monthly fuel clause adjustment is the same today as when it was originally designed – to provide recovery for variable fuel costs without embarking on a full general rate case. This monthly cost adjustment mechanism operates to the benefit of both customers and

Dr. Burl W. Haar

October 30, 2007

Page 2

utilities as it passes along both decreases and increases in energy costs. Otter Tail supports efforts to improve the information, understanding, and comfort of stakeholders with the existing mechanism. Otter Tail believes it is inappropriate to make significant changes to the monthly mechanism at this time. Minnesota Power in its September 28, 2007, comments on pages 2-7 clearly articulates the reasons for continuing the current method. Otter Tail supports Minnesota Power's comments.

Otter Tail appreciates the opportunity to comment in this docket and looks forward to participating with other parties in the development of the process for improving communication and understanding of energy costs.

Yours truly,

/s/ BERNADEEN BRUTLAG

Bernadeen Brutlag

Manager, Regulatory Services

c: Service List

STATE OF MINNESOTA    )  
  ) SS.  
COUNTY OF OTTER TAIL )

AFFIDAVIT OF SERVICE

**Re:   In The Matter of the Commission’s Investigation into the Appropriateness of  
Continuing to Permit Electric Energy Cost Adjustments  
Docket No. E-999/CI-03-802**

I, Jennifer Winningham-Floden, being first duly sworn on oath, depose and say:

That on the 30th day of October, 2007, I served the attached reply comments of Otter Tail Power Company for the above-reference docket, on Dr. Burl W. Haar and Sharon Ferguson by e-filing and to all other persons on the attached service list the summary of filing by United States first class mail.

/s/ JENNIFER WINNINGHAM-FLODEN  
Jennifer Winningham-Floden

Subscribed and sworn to before me this 30th day of October, 2007.

/s/ CATHY LOUISA FOGALE  
Cathy Lousia Fogale  
Notary Public

My Commission Expires on January 31, 2010.

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