

Volume 1 – Section 2

Deficiency and Proposed Revenues

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
Electric Utility - State of South Dakota
JURISDICTIONAL FINANCIAL SUMMARY SCHEDULE

Docket No. EL08-_____
 Exhibit ____ (Application)
 Financial Information
 Schedule 1
 Page 1 of 1

Line No.	Description	(A)	(B)
		2007 Actual Year	2007 Test Year
1	Average Rate Base	\$53,592,374	\$60,230,800
2	Operating Income (Before AFUDC)	\$2,836,376	\$2,834,096
3	Allowance for Funds Used During Construction (AFUDC)	\$0	\$0
4	Total Available for Return (Line 2 + Line 3 + Rounding)	\$2,836,376	\$2,834,096
5	Overall Rate of Return (Line 4 / Line 1)	5.29%	4.71%
6	Required Rate of Return	9.15%	8.89%
7	Operating Income Requirement (Line 1 x Line 6)	\$4,903,702	\$5,354,518
8	Income Deficiency (Line 7 - Line 4)	\$2,067,326	\$2,520,422
9	Gross Revenue Conversion Factor	1.540773	1.540773
10	Revenue Deficiency (Line 8 x Line 9)	\$3,185,280	\$3,883,399
11	Retail Related Revenues Under Present Rates	\$25,389,754	\$25,375,778
12	Percent Increase Needed in Overall Revenue (Line 10 / Line 11)	12.55%	15.30%

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
Electric Utility - State of South Dakota
Test Year Ending December 31, 2007
SUMMARY COMPARISON OF OPERATING REVENUE
UNDER PRESENT AND PROPOSED RATES FOR THE TEST YEAR

Docket No. EL08-_____
 Exhibit ____ (Application)
 Schedule 2
 Page 1 of 1

Service Schedule

	Average No. of Meters	kWh Sales Annual	Annual Revenue		Increase	
			Present	Proposed	Amount	Percent
<u>Residential</u>						
Residential Service	8,425	85,630,309	\$6,978,474	\$7,953,957	\$975,483	13.98%
Residential Demand Control	474	11,438,448	\$688,017	\$862,507	\$174,490	25.36%
<u>Farm Service</u>						
	369	8,083,179	\$584,353	\$672,006	\$87,653	15.00%
<u>Small Commercial</u>						
General Service < 20 kW	1,704	15,943,981	\$1,462,273	\$1,602,771	\$140,498	9.61%
Commercial Demand Control < 20 kW	2	62,832	\$3,969	\$5,556	\$1,587	39.98%
Electric Climate Control < 20 kW	18	289,107	\$23,125	\$26,758	\$3,633	15.71%
General Service >= 20 kW	548	62,709,014	\$4,628,957	\$5,189,556	\$560,599	12.11%
Commercial Demand Control >= 20 kW	2	1,483,569	\$77,352	\$117,309	\$39,958	51.66%
Electric Climate Control >= 20 kW	52	4,952,708	\$344,637	\$417,863	\$73,227	21.25%
Commercial Time of Use	-	-	\$0	\$0	\$0	
<u>Large Commercial</u>						
Large General Service	33	156,513,727	\$8,298,684	\$9,543,753	\$1,245,069	15.00%
Large General Service Time of Day	-	-	\$0	\$0	\$0	
Real Time Pricing	-	-	\$0	\$0	\$0	
Large General Service Rider	-	-	\$0	\$0	\$0	
Large General Service Off-Peak Rider	-	-	\$0	\$0	\$0	
<u>Irrigation Services</u>						
Irrigation Option #1	5	323,857	\$20,497	\$23,803	\$3,306	16.13%
Irrigation Option #2	4	42,496	\$3,409	\$4,167	\$758	22.25%
<u>Outdoor Lighting</u>						
Outdoor Lighting - Energy Only	5	454,792	\$26,438	\$31,725	\$5,287	20.00%
Outdoor Lighting Non-Metered		4,040,348	\$498,642	\$598,371	\$99,728	20.00%
<u>Other Public Authorities</u>						
Municipal Pumping Service	116	3,843,786	\$212,458	\$249,640	\$37,182	17.50%
Civil Defense - Fire Sirens	19	35	\$709	\$833	\$124	17.46%
<u>Water Heating, Controlled</u>						
	2,549	6,662,552	\$359,535	\$478,181	\$118,646	33.00%
<u>Interruptible Loads</u>						
Interruptible Load CT Metering	42	8,260,875	\$208,613	\$313,728	\$105,115	50.39%
Interruptible Load CT Metering Option B	-	-	\$0	\$0	\$0	
Interruptible Load Self Contained Meter	759	10,504,222	\$358,937	\$509,843	\$150,906	42.04%
Bulk Interruptible Load	1	9,313,503	\$389,793	\$420,976	\$31,183	8.00%
Standby Service	-	-			\$0	
<u>Heat Storage</u>						
Deferred Load Controlled Service	138	3,735,008	\$168,527	\$191,155	\$22,628	13.43%
Fix Time of Delivery Service	37	1,295,445	\$38,379	\$44,718	\$6,339	16.52%
<u>Small Power Producer Rider</u>						
	-	-	\$0	\$0	\$0	
Total	15,302	395,583,793	25,375,778	29,259,177	\$3,883,399	15.30%

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 COMPARISON OF PRESENT AND PROPOSED RATES

Docket No. EL08-____
 Exhibit ____ (Application)
 Schedule 3
 Page 1 of 16

2007 Revenue	Proposed Rev	Increase
\$6,978,474	\$7,953,957	13.98%

South Dakota Residential Summary (101)

	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per month	Energy Charge per kWh		
				All Year	Summer	Winter
Current Rate						
Zone 1	\$5.80	\$5.80		First 200 kWh: \$0.08730		
Zone 9 and Cottages	\$6.55	\$6.55		Next 800 kWh: \$0.07604		
				Excess kWh: \$0.06280		
				Water Heating Credit	-\$3.00	
4 Proposed Rate	\$3.00	\$3.00		All kWh	\$0.08881	\$0.08101
		+Facilities	\$5.00			
		Flat Facilities				

South Dakota Residential Controlled Demand - 241

Current Rev.	Proposed Rev.	Increase
\$688,017	\$862,507	25.36%

	Customer Charge per month	Minimum Bill per month	Facilities Charge per KW month	Charge per kWh		Demand Charge per kW per mo.	
				Summer	Winter	Summer	Winter
Current Rate							
No Seasonality - 12-month Demand Ratchet	\$10.55	Customer Charge	\$0.00	\$0.04060	\$0.04060	per 12-mo. max monthly	
						\$3.69	\$7.32
Rate 4							Winter Ratchet
Seasonal with Flat Facilities Charge, with 12-month Winter Ratchet	\$10.55	Customer + Facilities Charge		All kWh: \$0.05435	\$0.05487	\$7.65	\$3.09
			Flat Facilities	\$7.00			

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 COMPARISON OF PRESENT AND PROPOSED RATES

Docket No. EL08-____
 Exhibit ____ (Application)
 Schedule 3
 Page 3 of 16

South Dakota Farm 361

Current Rev	Proposed Rev	Increase
\$584,353	\$672,006	15.00%

	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per kVA of Transformer	Energy per kWh		
				Summer	Winter	All Year
Current Rates	\$7.70	\$7.70 + \$0.80 per kVA above 25 kVA	na		1st 1,600: Excess:	\$0.07281 \$0.06126

2 Proposed Rate	\$8.00	Cust + Fac	3-Phase Surcharge per Mo.			
			Overhead			All Energy
no declining Block			<25 kVA	\$4.81		
seasonal energy			25 kVA or more	\$5.61		
Customer Charge			Underground			
Facilities for 3ph			<25 kVA	\$13.42		
			25 kVA or more	\$21.56		

**South Dakota General Service Lower than 20 kW
 (404 & 405)**

Current Rev	Proposed Rev	Increase
\$1,489,368	\$1,635,085	9.78%
Includes ECC and CDC revenue in current and Proposed		

	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per annual max. kW per month	Energy Charge per kWh			kW
				Summer	Winter	All Year	
SECONDARY							
Current Rate	na		na				
Zone 1:	\$6.00	Customer charge + 50% of highest demand charge over last 11 months		First 1,000 kWh		\$0.09438	
Zone 2:	\$7.20	50% of highest demand charge over last 11 months		Next 1,000		\$0.08304	
				Excess:		\$0.06400	
				All kWh in excess of 200 per kW of billing demand:		\$0.05431	
				All kW over 10 kW			\$2.15
2 Proposed	\$10.00	Customer charge+ Fac	\$3.00				
No dec. Block				\$0.08903	\$0.08122		
With Flat Facilities Charge							
PRIMARY							
Current		5% discount on all charges					
2 Proposed	\$10.00	Customer charge+ Fac	\$2.00				
No dec. Block				\$0.08864	\$0.08083		
With Flat Facilities Charge							

**South Dakota General Service Greater than or Equal
 to 20 kW (401 & 403)**

Current Rev	Proposed Rev	Increase
\$5,050,946	\$5,724,729	13.34%
Includes ECC and CDC rev in both current & proposed		

	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per annual max. kW per month	Energy Charge per kWh			kW
				Summer	Winter	All Year	
SECONDARY							
Current Rate	na		na				
Zone 1:	\$6.00	Customer charge + 50% of highest demand charge over last 11 months			First 1,000 kwh	\$0.09438	
Zone 2:	\$7.20	Customer charge + 50% of highest demand charge over last 11 months			Next 1,000	\$0.08304	
					Excess:	\$0.06400	
					All kWh in excess of 200 per kW of billing demand:	\$0.05431	
					All kW over 10 kW	\$2.15	

2 Proposed	\$12.00	Customer charge+ Fac	\$0.52				
No dec. Block				\$0.08298	\$0.07570		
With Flat Facilities Charge							

PRIMARY

Current	5% discount on all charges						
---------	----------------------------	--	--	--	--	--	--

2 Proposed	\$12.00	Customer charge+ Fac	\$0.38				
No dec. Block				\$0.08261	\$0.07533		
With Flat Facilities Charge							

Current Rev	Proposed Rev	Increase
\$ 8,298,684	\$ 9,543,487	15.00%

Sout Dakota Large General Service- Sec, Prim, Trans. (602, 603 & 632)

	Customer Charge per month	Minimum Bill per month	Facilities Charge per annual max. kW (minimum 80 kw) per month	Energy Charge per kWh		Demand Charge per kW All Year
				Summer	Winter	
SECONDARY						
Current Rate	\$25.50	Demand Charge	All over 360 kWh per kW	\$0.03704		1st 100 kW of billing demand: \$7.05
						Excess kWh \$0.04621
Note: Billing demand is ratcheted						
Rate 3	Seasonal Energ, no decling blocks, Facilities charge, Customer Charge, No Ratchet on Demand.	\$40.00	\$240.00 + facilities charges			Summer \$7.28 Winter \$2.94
			< 1000 kW: \$0.30	All kWh \$0.05171	\$0.05220	
			> 1000 kW: \$0.15			
PRIMARY						
Current Rate	\$25.50	Demand Charge	All over 360 kWh per kW	\$0.03655		1st 100 kW of billing demand: \$6.75
						Excess kWh \$0.04568
Note: Billing demand is ratcheted						
Rate 3	Seasonal Energ, no decling blocks, Facilities charge, Customer Charge, No Ratchet on Demand.	\$40.00	\$240.00 + facilities charges	\$0.11		Summer \$7.23 Winter \$2.92
				All kWh \$0.05150	\$0.05196	
TRANSMISSION						
Rate 3	Seasonal Energ, no decling blocks, Facilities charge, Customer Charge, No Ratchet on Demand.	\$40.00	\$240.00 + facilities charges	\$0.00		Summer \$5.87 Winter \$2.48
				All kWh \$0.05028	\$0.05050	

South Dakota
 Irrigation Option #1 & Irrigation Option #2, (703 - 706)

Current #1	Proposed #1
\$20,190	\$23,803
17.89% Increase	

Current #2	Proposed #2
\$3,716	\$4,167
12.13% Increase	

	Cust. Charge per month	Monthly Min. Bill per month	Facilities Charge per annual max. kW (min. 80)	Energy Charge per kWh		Demand Charge per HP	
				Summer	Winter	Summer	Winter
OPTION 1 SECONDARY							
Current Rate	\$0.00		Customer Specific	0.05235 Plus \$.45 per hp	0.05235 Plus \$.45 per hp		

Rate 2	Option 1 - Seasonal energy with Capacity, Customer-specific facilities charge, Customer Charge	\$1.00	Customer + Facilities	Customer specific	\$0.07096	\$0.05294		
--------	--	--------	-----------------------	-------------------	-----------	-----------	--	--

OPTION 2		Cust. Charge per month	Monthly Min. Bill per month	Facilities Charge per annual max. kW (min. 80)	Declared			Declared			Declared			
					Peak	Intermediate	Off-Peak	Peak	Intermediate	Off-Peak	Peak	Intermediate	Off-Peak	
Current Rate		\$0.00		Customer Specific	\$ 0.10198	\$ 0.07640	\$ 0.04304	\$ 0.10198	\$ 0.07640	\$ 0.04304	na	na	na	na

Rate 2	Option 2 - TOU energy including Capacity, Customer Charge, Customer-specific facilities charge	\$5.00	Customer + Facilities	Customer Specific	\$0.20266	\$0.07631	\$0.03706	\$0.12285	\$0.07168	\$0.03794	na	na	na	na
--------	--	--------	-----------------------	-------------------	-----------	-----------	-----------	-----------	-----------	-----------	----	----	----	----

per kWh per kW

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 COMPARISON OF PRESENT AND PROPOSED RATES

South Dakota Energy Only Lighting (748 & 749)

	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per month	Energy Charge per HP
Metered				
Current Rate	\$1.40	\$0.00	\$0.00	0.06177
Proposed Rate	\$2.00	\$2.00	\$0.00	0.06760
Non-Metered				
Current Rate	Connected kW x	\$20.15		
Proposed Rate	Connected kW x	\$23.10		

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 COMPARISON OF PRESENT AND PROPOSED RATES

Docket No. EL08-____
 Exhibit ____ (Application)
 Schedule 3
 Page 9 of 16

Outdoor Lighting Dusk to Dawn (741 & 743)

STREET AND AREA LIGHTING

TYPE	Present Rate	Proposed Rate
	Rate	Rate
MV-6	\$6.30	\$7.56
MV-6PT	\$9.05	\$10.86
MV-11	\$11.40	\$13.68
MV-21	\$15.10	\$18.12
MV-35	\$22.20	\$26.64
MV-55	\$28.40	\$34.08
MA-8	\$7.14	\$8.57
MA-14	\$13.59	\$16.31
MA-20	\$15.57	\$18.68
MA-36	\$15.40	\$18.48
MA-110	\$32.98	\$39.58
HPS-9	\$6.90	\$8.28
HPS-9PT	\$8.37	\$10.04
HPS-14	\$10.60	\$12.72
HPS-14PT	\$10.76	\$12.91
HPS-19	\$12.20	\$14.64
HPS-23	\$13.90	\$16.68
HPS-44	\$17.20	\$20.64
UMV6	\$8.10	\$9.72
UHPS9	\$8.70	\$10.44
UHPS19	\$14.00	\$16.80
UHPS23	\$15.70	18.84

FLOOD LIGHTING

TYPE	Present Rate	Proposed Rate
	Rate	Rate
400MVF	\$15.65	\$18.78
400MAF	\$16.70	\$20.04
400HPSF	\$17.10	\$20.52
1000MVF	\$27.50	\$33.00
1000MAF	\$28.90	\$34.68

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 COMPARISON OF PRESENT AND PROPOSED RATES

Docket No. EL08-____
 Exhibit ____ (Application)
 Schedule 3
 Page 10 of 16

South Dakota Muni Pump (872 & 874)

Current Rev. Proposed Rev. Increase
 \$212,459 \$249,640 17.50%

Comparison of Current Rate, Recommended Rate and Marginal Cost
 Municipal Pumping

	Customer \$ per month	Minimum Bill \$ per month	Facilities Charge \$ per month	Summer	Winter	All Year
				\$ per kWh per month		
Current Rate	na	\$3.60	na		1st 2500:	\$0.07416
		per metering pt.			Next 1500:	\$0.05768
					Excess:	\$0.04830
Rate 3 Seasonal Energy, Facilities Charge						
Secondary	\$4.00	Cust + Fac	\$4.00	\$0.06599	\$0.06020	all Energy
Primary	\$4.00	Cust + Fac	\$2.68	\$0.06570	\$0.05991	all Energy

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 COMPARISON OF PRESENT AND PROPOSED RATES

Docket No. EL08-____
 Exhibit ____ (Application)
 Schedule 3
 Page 11 of 16

Current Rev.	Proposed Rev.	Increase
\$709.19	\$833.00	17.46%

South Dakota Civil Defense Fire Sirens (843)

	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per month	Energy Charge per HP
SECONDARY				
Current Rate	\$0.00	\$0.00	\$0.00	\$0.60
Proposed Rate	\$1.00	Customer Charge	\$0.00	\$0.51184

South Dakota Water Heating Control (Off-Peak) 191

Current Rev.	Proposed rev	
\$359,535	\$478,181	33.0% Increase

		<u>Customer Charge</u> per month	<u>Monthly Minimum Bill</u> per month	<u>Facilities Charge</u> per month	<u>Energy Charge</u> per kWh		
					<u>All Year</u>	<u>Summer</u>	<u>Winter</u>
Current	Blocked Non-seasonal Plus Customer Charge All Energy	\$1.60	\$1.60	\$0.00	\$0.04676		
Rate 2	Seasonal Energy Flat Facilities	\$1.00	Cust. + Facilities	\$1.00		\$0.06362	\$0.06214

South Dakota Large Dual Fuel CT Metering (170 & 165)

Current Rev.	Proposed Rev	Increase
\$208,613	\$313,728	50.39%

Controlled Service - Interruptible - (CT metering)

	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge	Energy Charge per kWh	
				Summer	Winter
SECONDARY					
Current Rate	\$5.00			\$0.02400	\$0.02400
Option 1					
Rate 3 Seasonal Energy, Flat Facilities	\$4.00	Customer + Facilities charge			
			All kWh	\$0.03863	\$0.03714
			Penalty kWh rate 199	\$0.42614	\$0.15769
			per annual max. kW per month		
			\$0.08		
			\$0.08		

South Dakota Small Dual Fuel (185 & 190)

Current Revenue	Proposed Rev	Increase
\$358,937	\$509,843	42.04%

Controlled Service - Interruptible - SDF, Self-Contained:

SECONDARY	Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per customer per month		Energy Charge per kWh	
					Summer	Winter
Current Rate	\$1.75		First 5,000		\$0.03300	
			Excess		\$0.03000	
			First 1,500		\$0.03150	
			Excess		\$0.02850	
Rate 1 Seasonal Energy Fixed Facilities All kWh	\$2.00	Customer + Facilities charge	Fixed Facilities	\$5.00	\$0.04470	\$0.04215
			Penalty kWh		\$0.4227	\$0.1637

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 COMPARISON OF PRESENT AND PROPOSED RATES

Docket No. EL08-____
 Exhibit ____ (Application)
 Schedule 3
 Page 15 of 16

**South Dakota Controlled Service -
 Deferred Load (197 & 195)**

Current Rev.	Proposed Rev.	Increase
\$168,527	\$191,155	13.43%

		Customer Charge per month	Monthly Minimum Bill per month	Facilities Charge per month	Energy Charge per kWh		
					All Year	Summer	Winter
Current	Seasonal Energy and Customer Charge No Facilities Charge	\$1.75	\$1.75	\$0.00	\$0.04449		
Rate 3	Seasonal Energy and Customer Charge Facilities based on Flat Fixed Charge	\$3.00	Customer Charge+Facilities	\$4.00		\$0.04932	\$0.04786
				Penalty kWh		\$0.38956	\$0.15758

**South Dakota Fixed Time of Delivery
 (301,302,303)**

Current Rev	Proposed Rev.	Increase
\$38,379	\$44,718	16.52%

Customer Charge per month Monthly Minimum Bill per month Facilities Charge per Customer per month Energy Charge per kWh

SECONDARY

Current Rate

	Facilities Charge	Energy Charge
Secondary < 100 kW (301)	\$4.00	\$0.02900
Secondary > 100 kW (302)	\$8.75	\$0.02500
Primary (303)	\$83.00	\$0.02150

2	Seasonal Energy with a Fixed Facility Charge	Customer Charge	Facilities Charge	Energy Charge	
				Summer	Winter
	Self-Contained Metered (301)	\$1.00	\$3.00	\$0.02970	\$0.03145
	CT Metered (302)	\$1.50	\$19.00	\$0.02970	\$0.03145
			Penalty kWhs	\$0.12174	\$0.10283
	Primary (303)	\$3.00	\$9.00	\$0.02959	\$0.03132
			Penalty kWhs	\$0.12163	\$0.10270

Figure 1. Bill Impacts – Residential Service

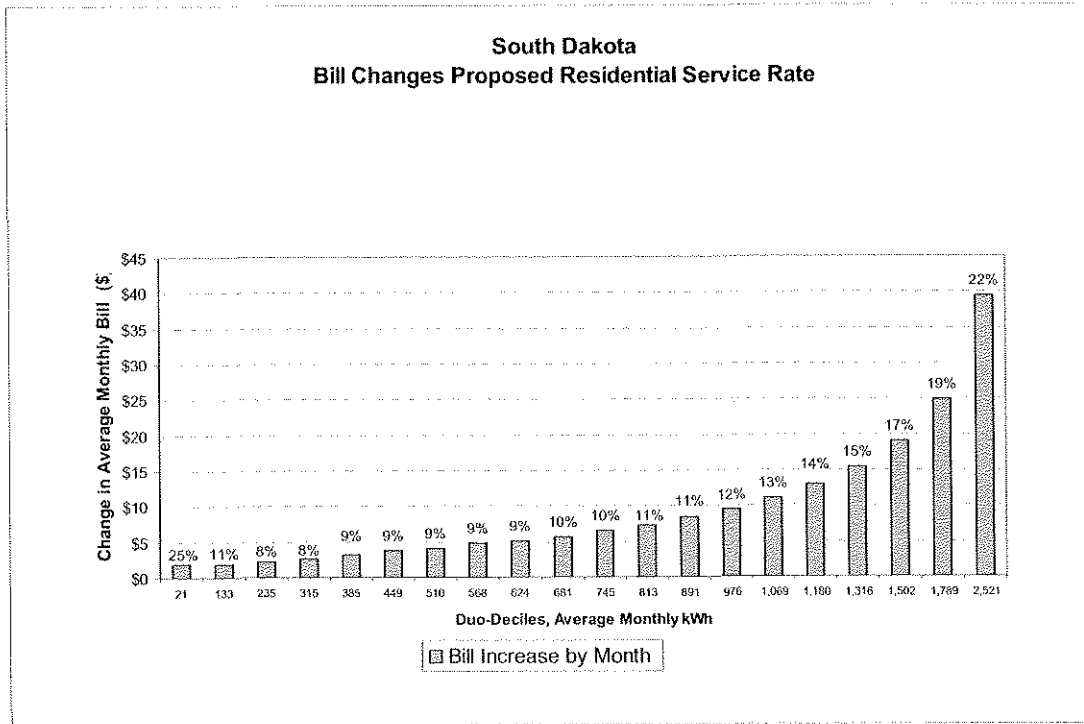


Figure 2. Bill Impacts - Residential Controlled Demand

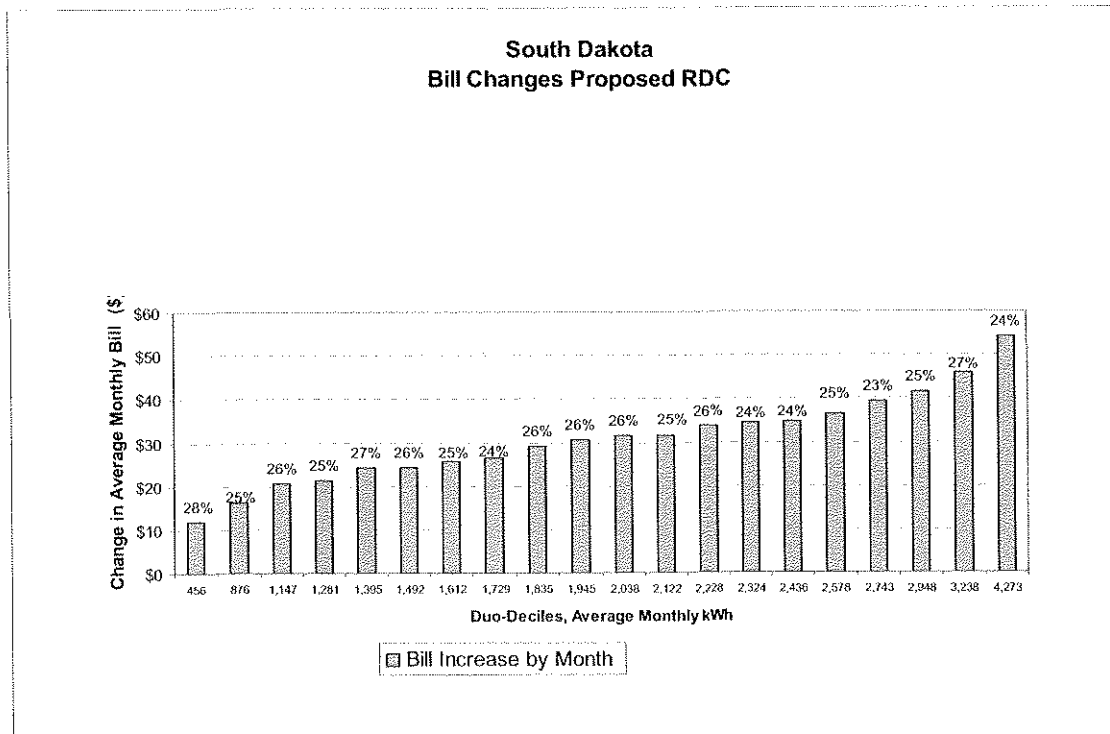


Figure 3. Bill Impacts – Farm Service

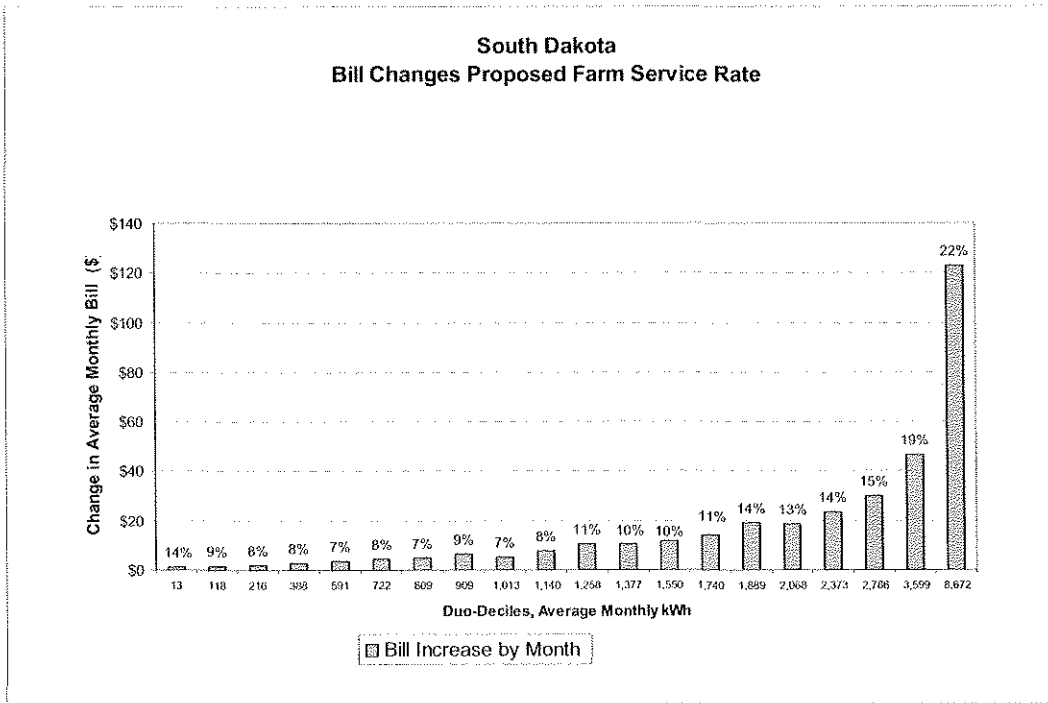


Figure 4. Bill Impacts – Small General Service Less Than 20 kW

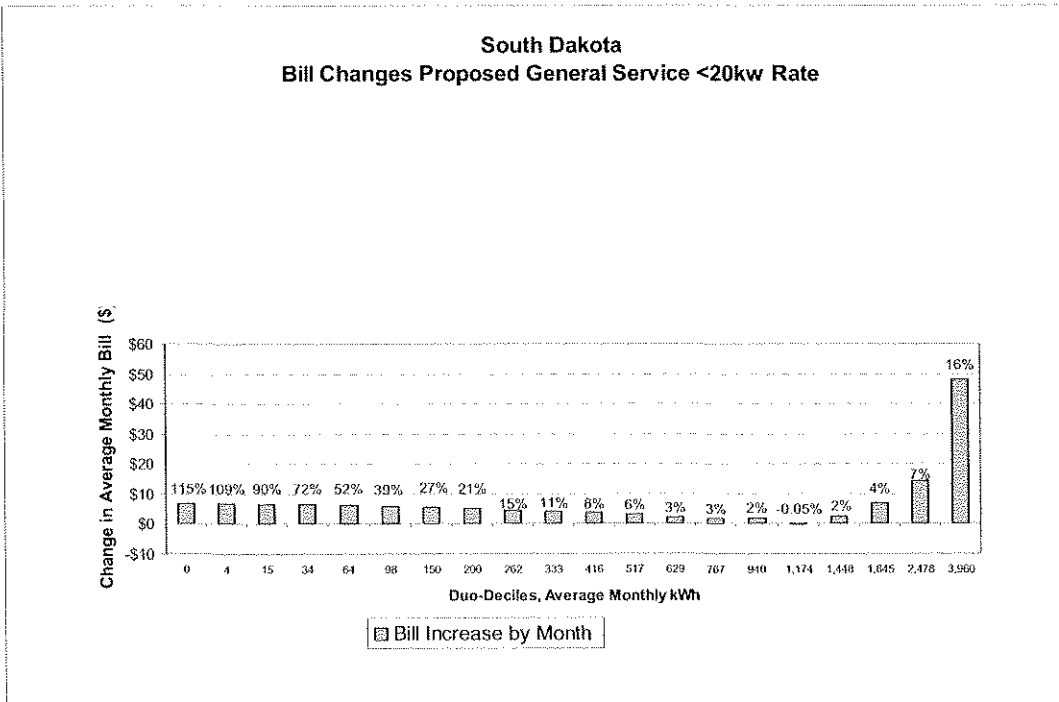


Figure 5. Bill Impacts – Commercial Demand Control Customers Billed on Small General Service Less Than 20 kW

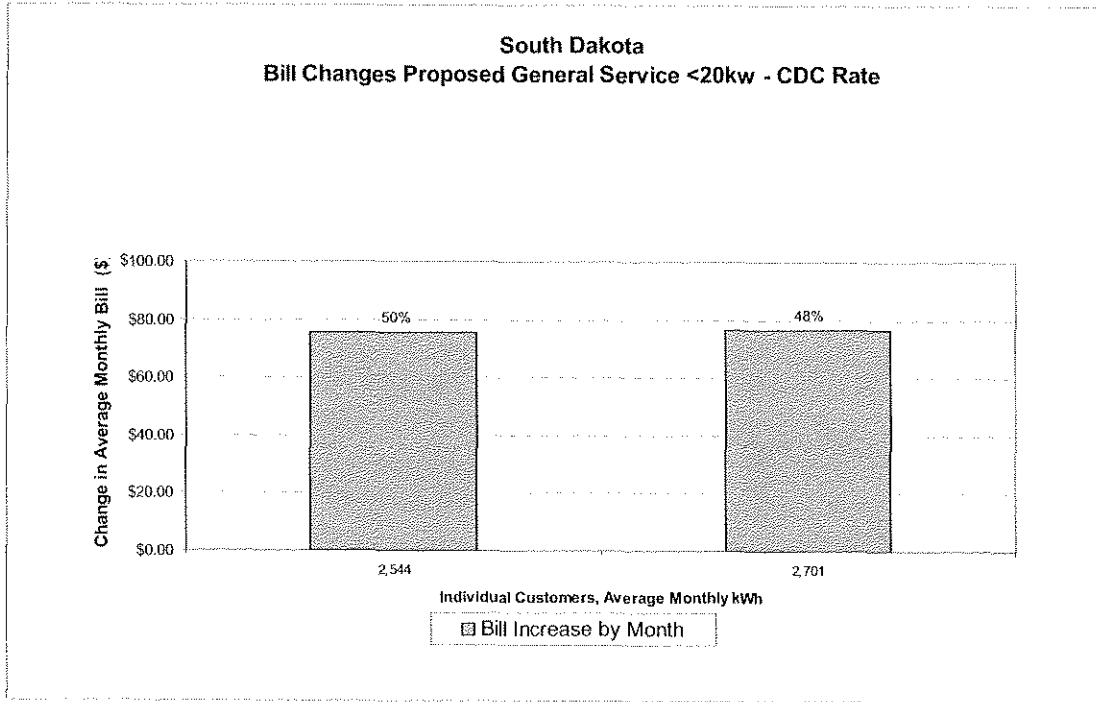


Figure 6. Bill Impacts – Electric Climate Control Customers Billed on Small General Service Less Than 20 kW

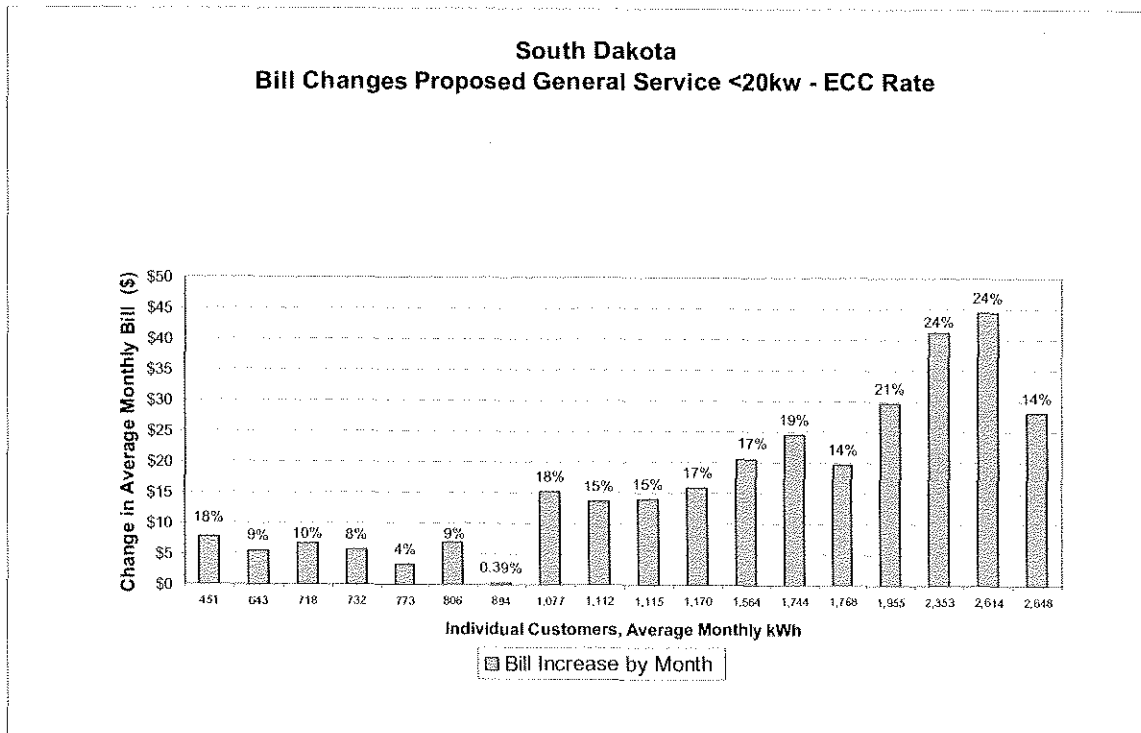


Figure 7. Bill Impacts – Small General Service 20 kW and greater

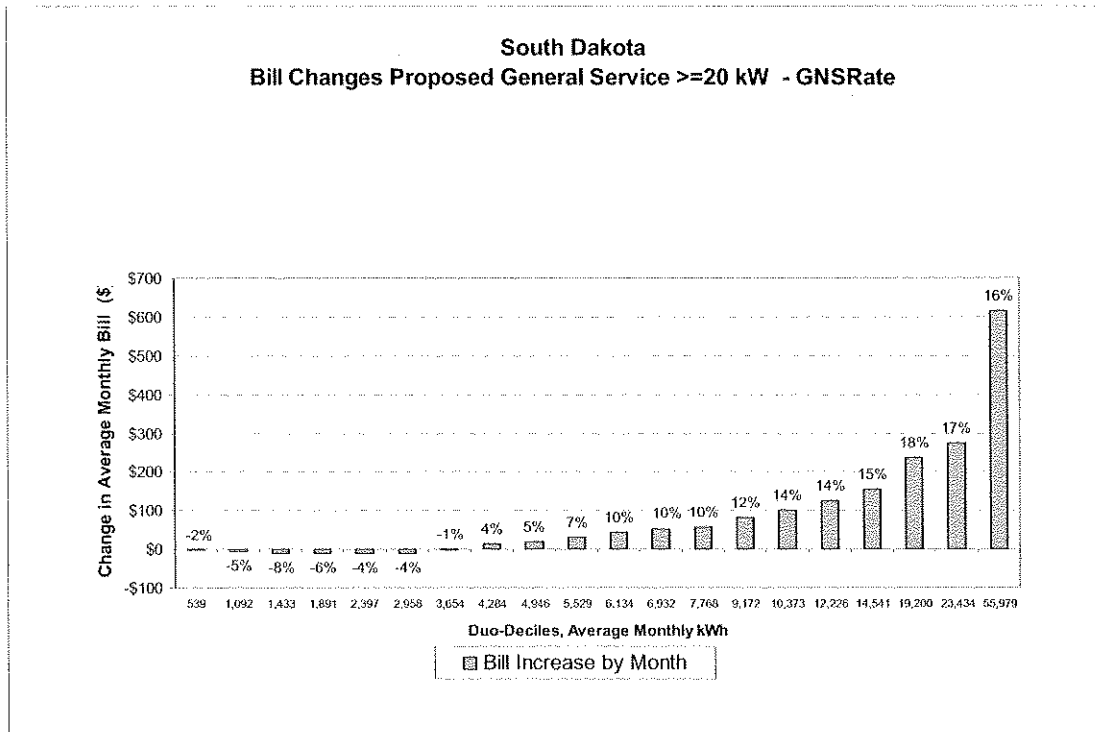


Figure 8. Bill Impacts – Commercial Demand Control Customers Billed on General Service Equal to and Greater Than 20 kW

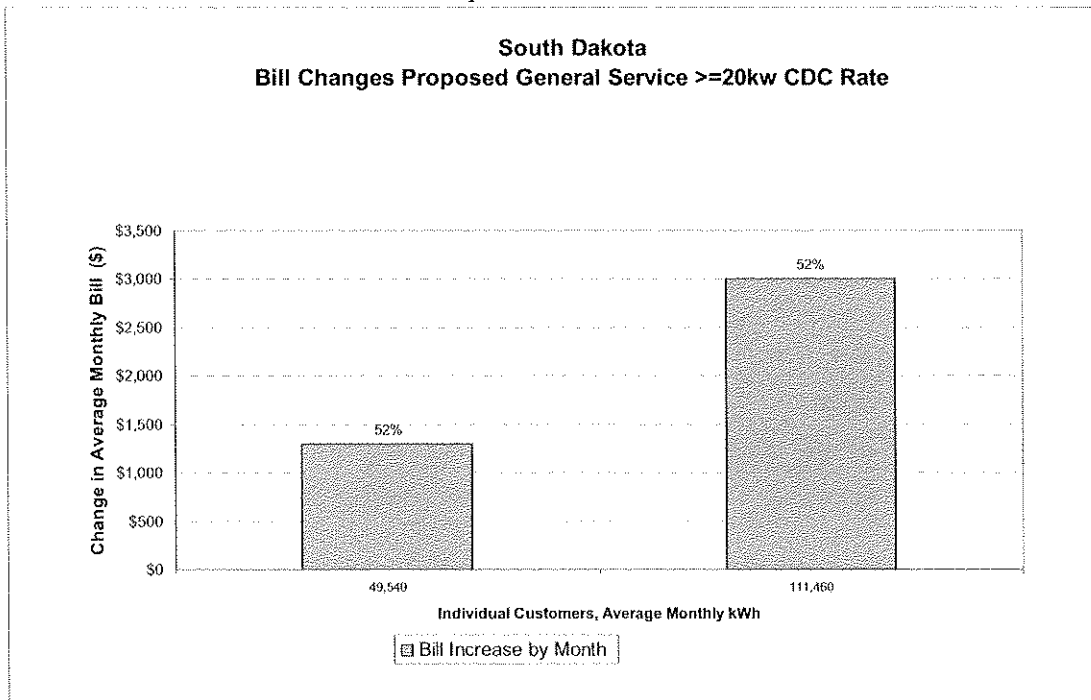


Figure 9. Bill Impacts – Electric Climate Control Customers Billed on General Service Equal to and Greater Than 20 kW

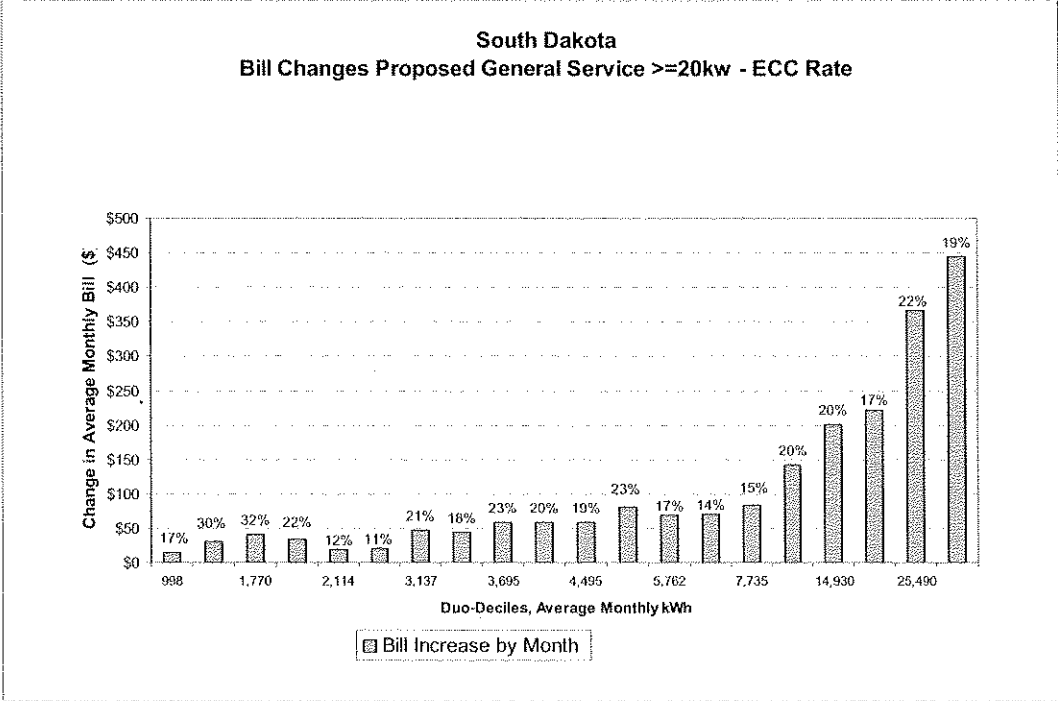


Figure 10. Bill Impacts – Large General Service

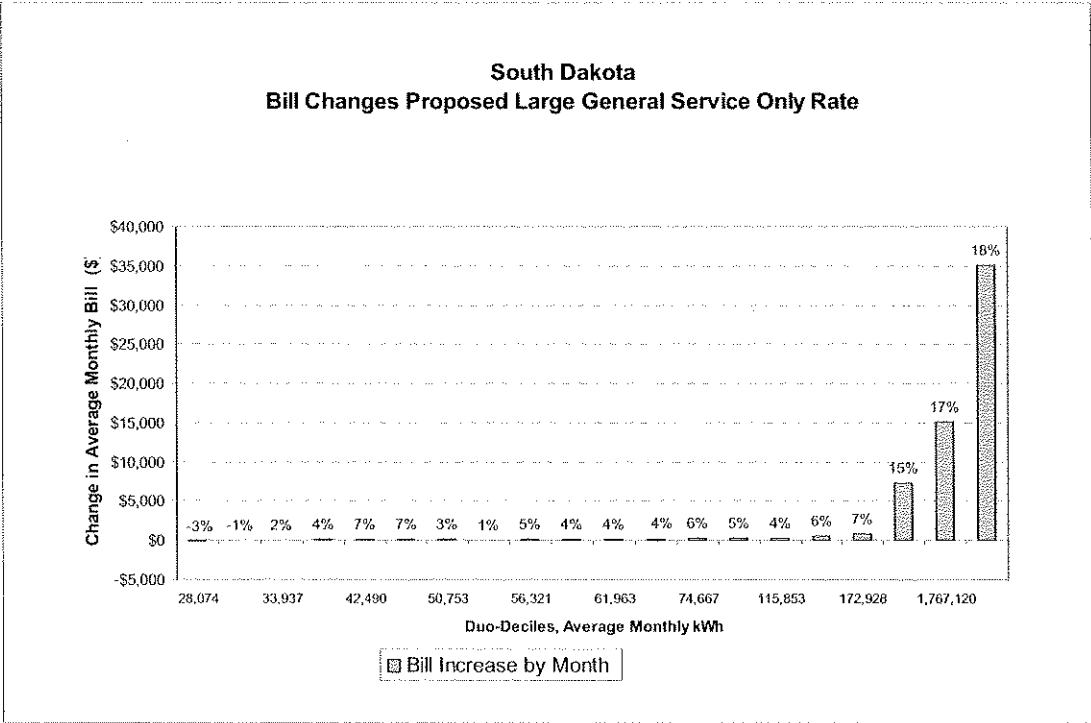


Figure 11. Bill Impacts Large General Service Off Peak Rider Customers billed on the Large General Service Rate

Graph not generated. No customers are taking service on the Rate Schedule

Figure 12. Bill Impacts - Irrigation Option 1

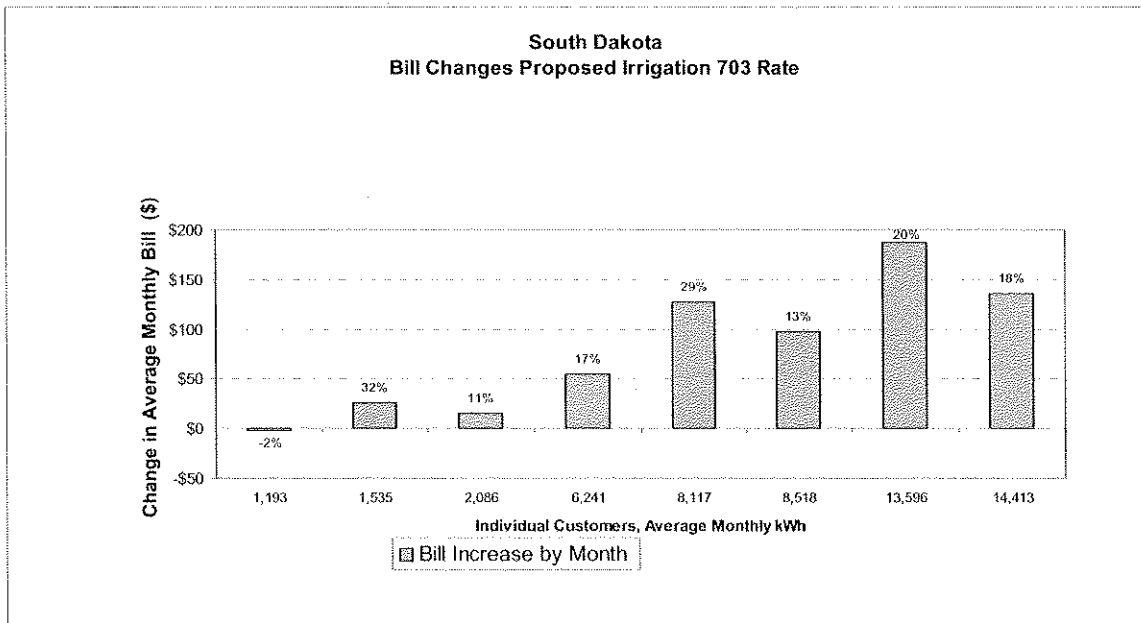


Figure 13. Bill Impacts - Irrigation Option_2

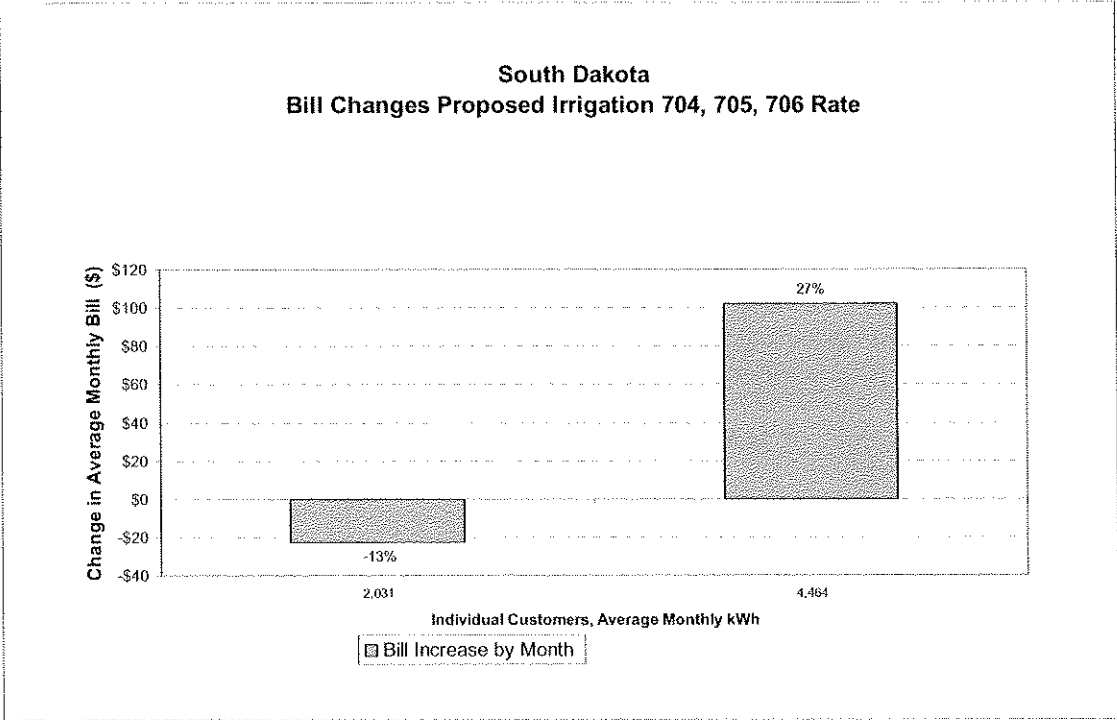


Figure 14. Municipal Pumping Bill Impacts from Recommended Rate

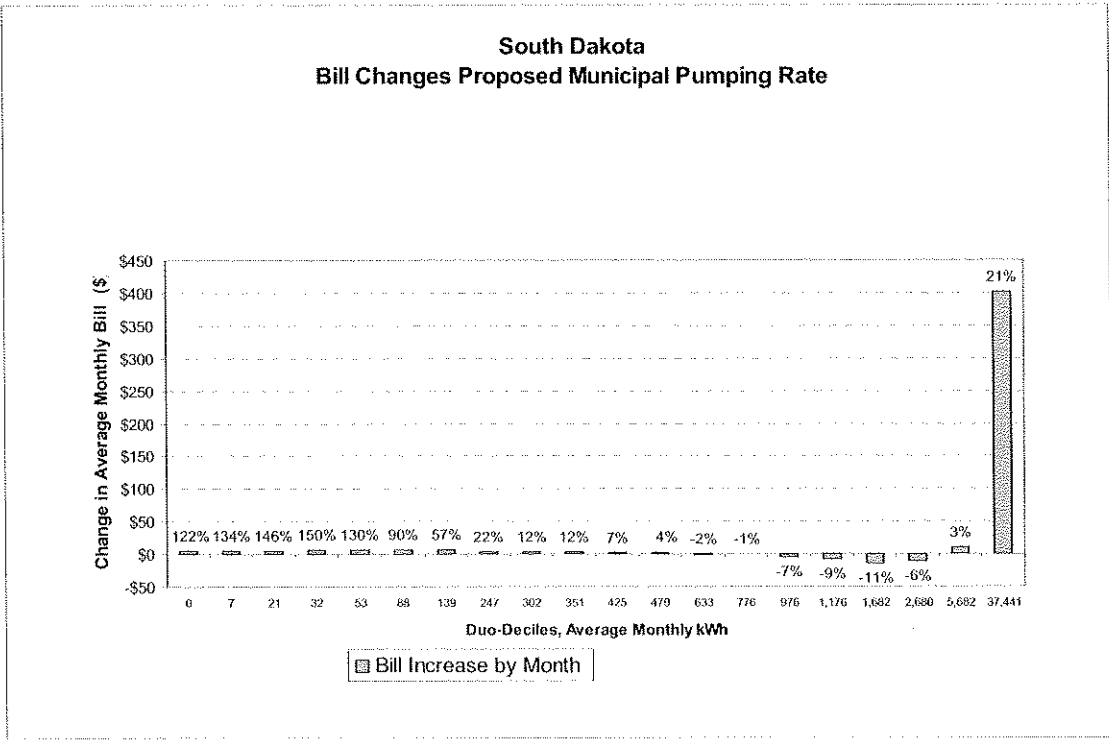


Figure 15. Civil Defense-Fire Sire Service Bill Impacts

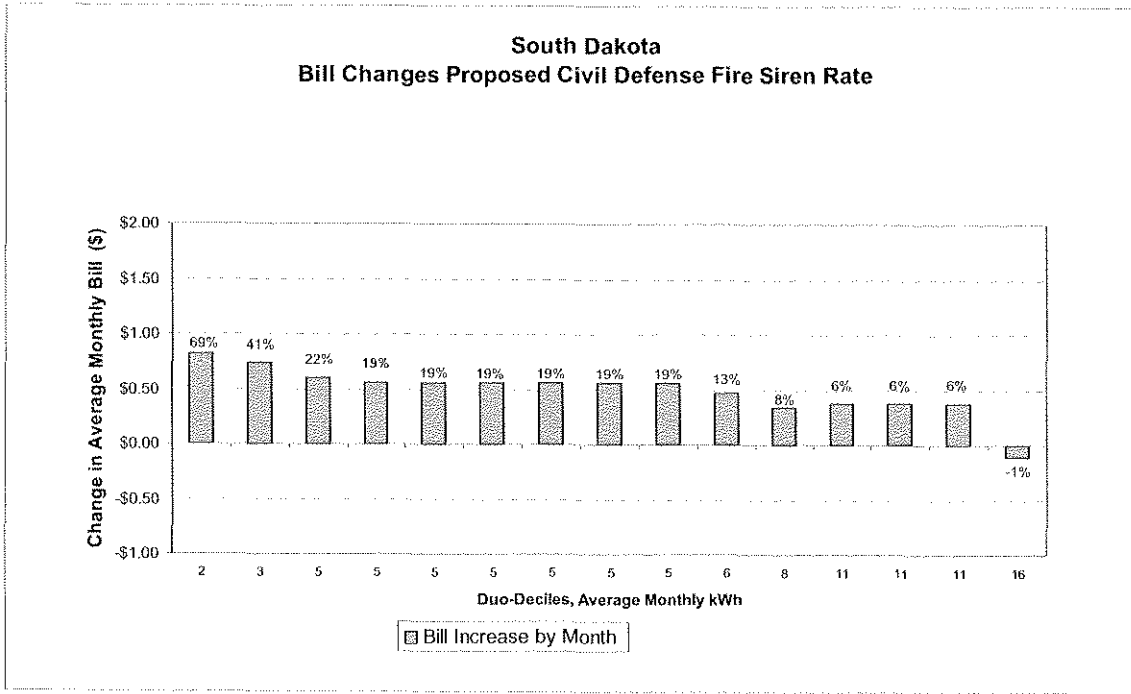


Figure 16. Bill Impacts from Proposed Water Heating –Controlled Service Rider

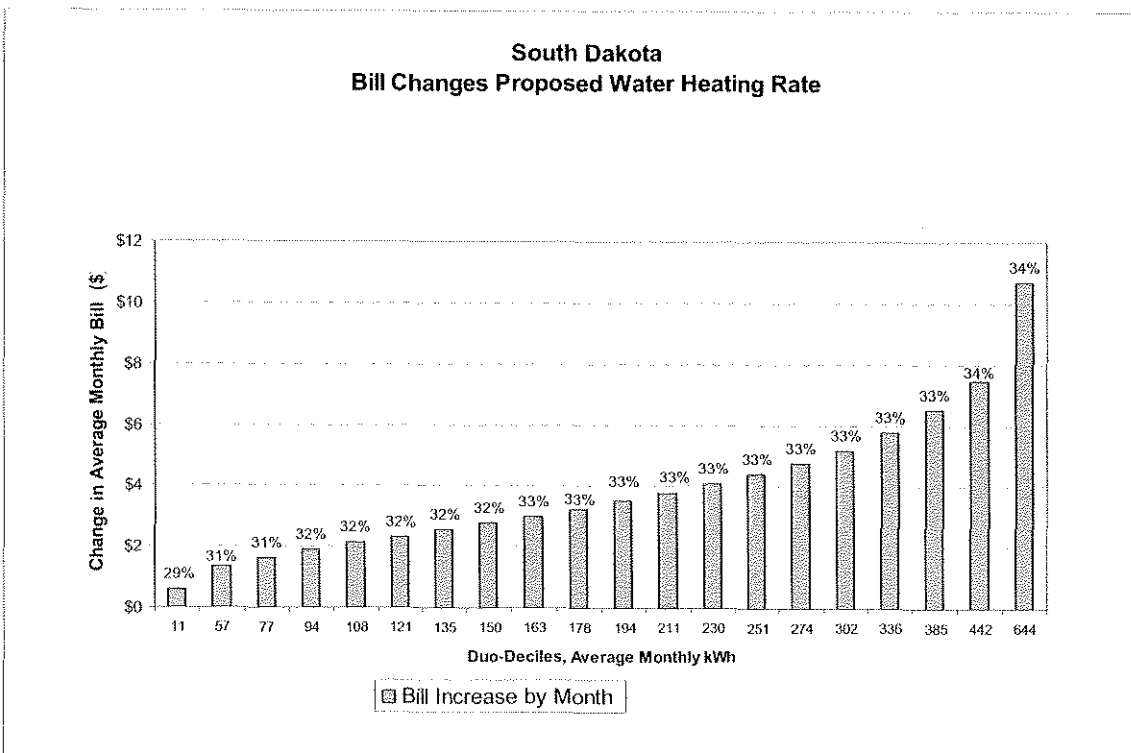


Figure 17a. Option A Bill Impacts from Proposed Controlled Service-Interruptible Load (CT Metering) Rider

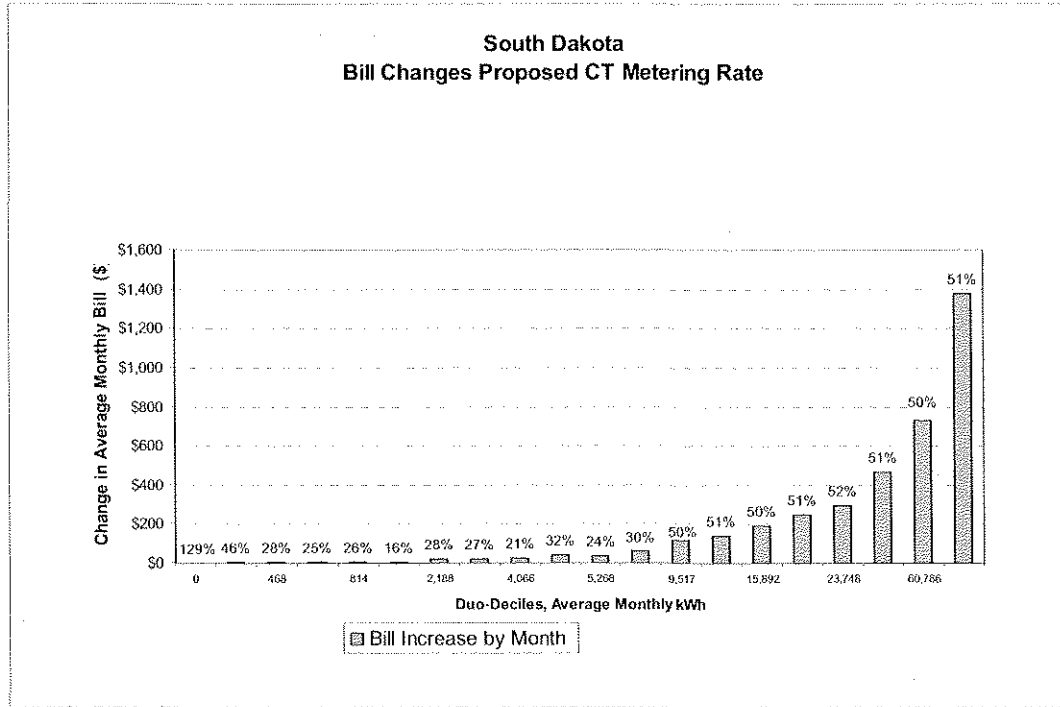


Figure 17a. Option B Bill Impacts from Proposed Controlled Service-Interruptible Load (CT Metering) Rider

Graph not generated. No customers are taking service on the Rate Schedule

Figure 18. Bill Impacts from Proposed Controlled Service-Interruptible Load (Self-Contained) Rider

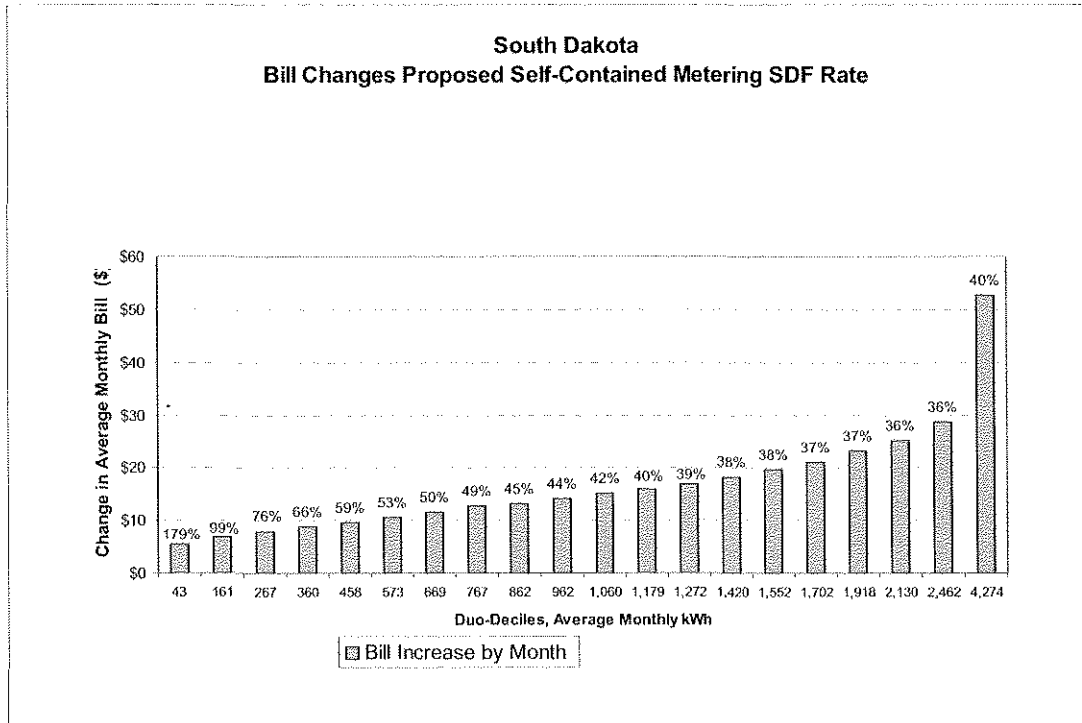


Figure 19 – Bill Impacts from Proposed Standby Service

Graph not generated. No customers are taking service on the Rate Schedule

Figure 20. Bill Impacts from Proposed Deferred Load Rider

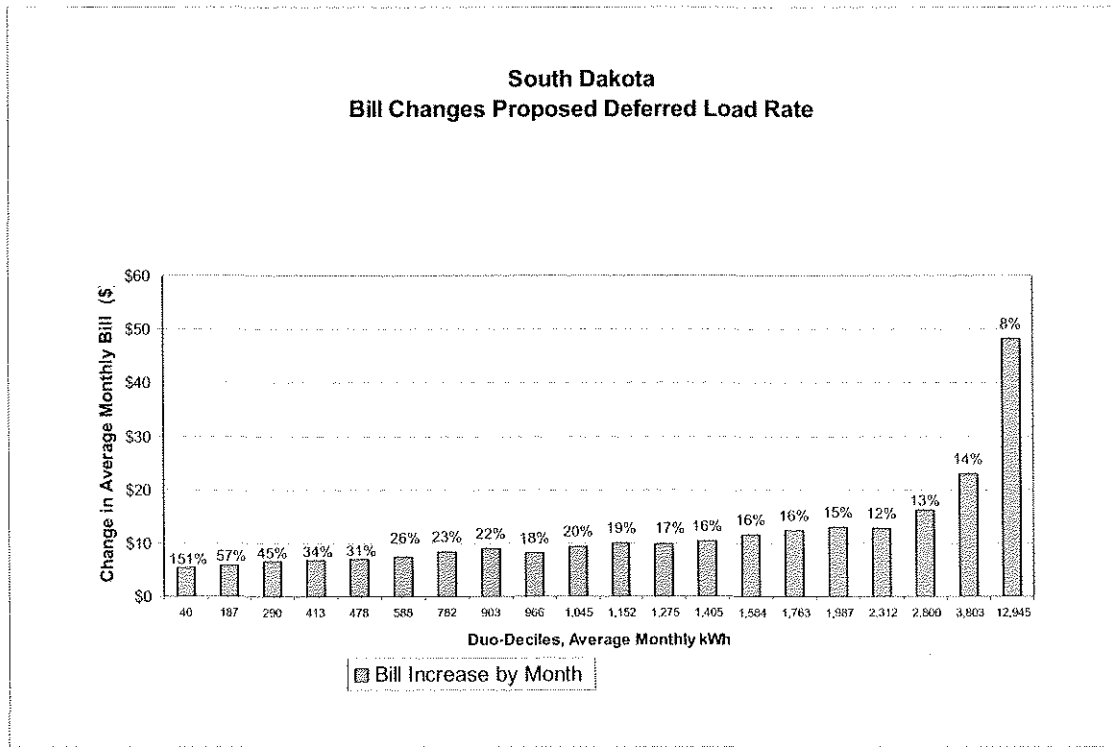


Figure 21. Bill Impacts from Proposed Fixed Time of Delivery (Self-Contained Meter) Rider

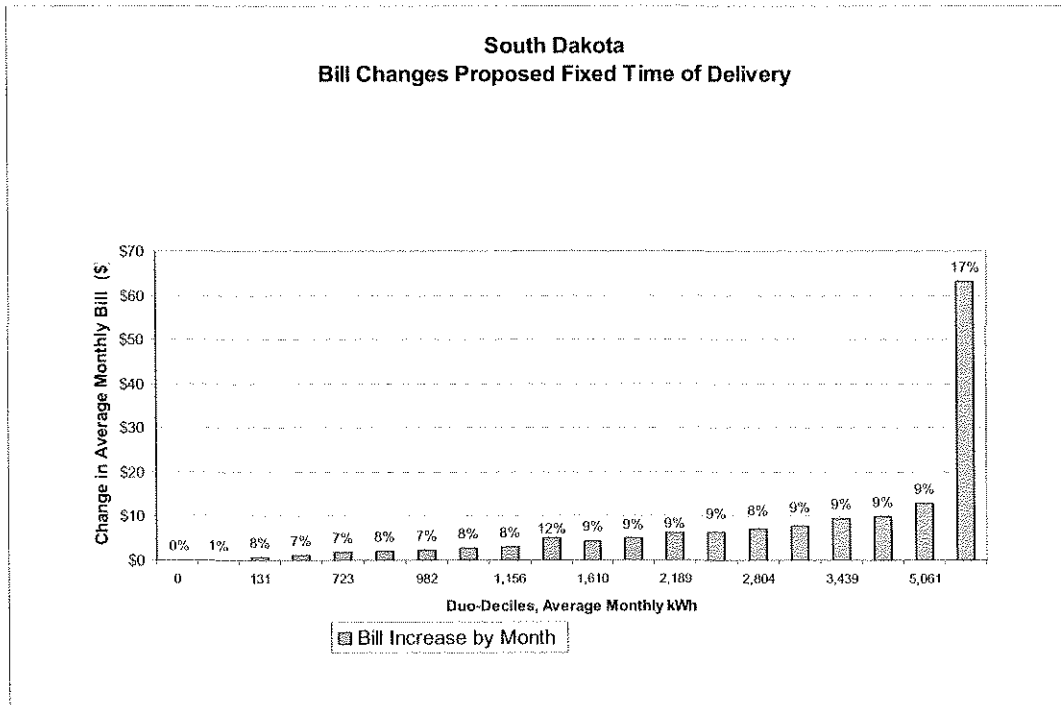
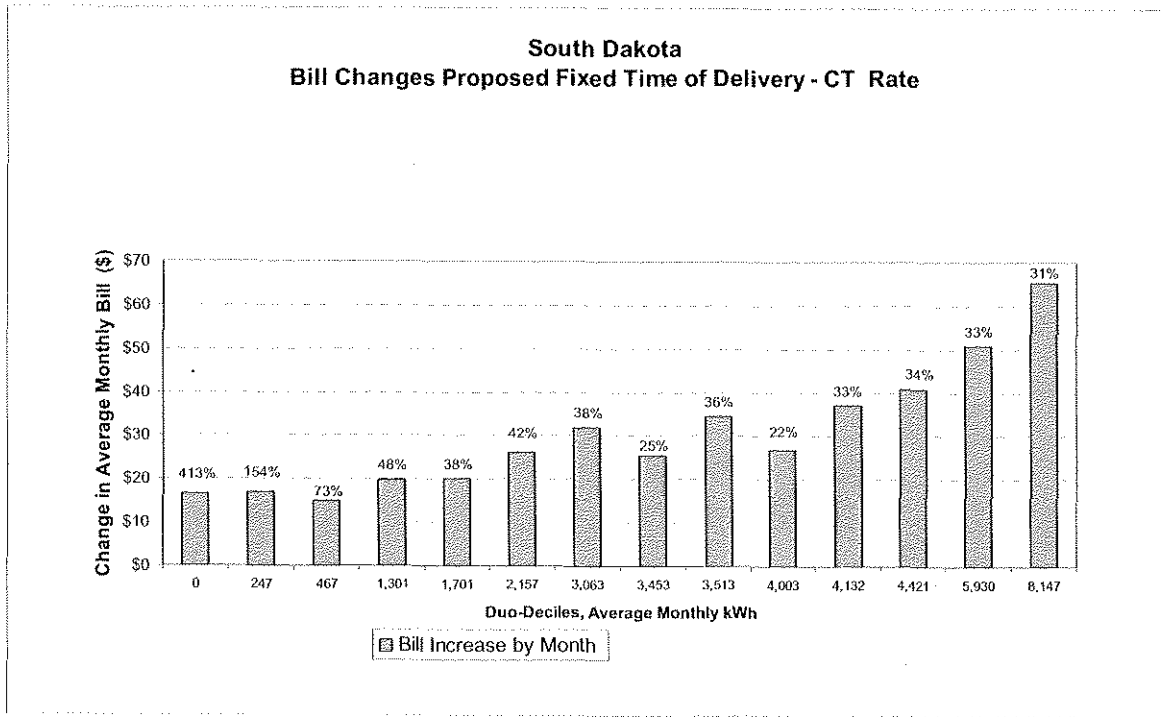


Figure 22. Bill Impacts from Proposed Fixed Time of Delivery (CT Meter) Rider



Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 RATE BASE SCHEDULES
 RATE BASE SUMMARY

Line No.	Description	South Dakota Jurisdiction		
		(A) 2007 Actual Year	(B) 2007 Test Year	(C) (C) = (B) - (A) \$ Change
1	Electric Plant in Service	\$95,511,702	\$111,344,915	\$15,833,213
2	Less: Accumulated Depreciation	<u>(38,097,142)</u>	<u>(44,074,088)</u>	<u>(5,976,946)</u>
3	Net Electric Plant in Service	\$57,414,560	\$67,270,827	\$9,856,267
	Other Rate Base Components:			
4	Plant Held for Future Use	\$2,865	\$2,845	(\$20)
5	Construction Work in Progress	0	0	0
6	Materials and Supplies	1,223,736	1,202,429	(21,307)
7	Fuel Stocks	786,577	756,356	(30,221)
8	Prepayments	(172,228)	(2,855,820)	(2,683,592)
9	Customer Advances	(13,895)	(12,093)	1,802
10	Cash Working Capital	928,358	269,775	(658,583)
11	Accumulated Deferred Income Taxes	(6,577,600)	(6,403,518)	174,082
12	Unamortized Balance - Rate Case Expense	0	0	0
13	Unamortized Balance - Spiritwood	<u>0</u>	<u>0</u>	<u>0</u>
14	TOTAL	<u>\$53,592,374</u>	<u>\$60,230,800</u>	<u>\$6,638,427</u>

Note: The 2007 Actual Year is based on 2007 historic financial information. The 2007 Test Year is the 2007 Actual Year with known and measureable adjustments to arrive at the Test Year.

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
OPERATING INCOME SCHEDULES
TOTAL UTILITY AND SOUTH DAKOTA TEST YEAR

Line No.	Description	(A)	(B)	(C)	(D)
		Actual Year Total Utility	Actual Year SD Jurisdiction	Adjustments	Proposed SD Jurisdiction
2007 Test Year					
<u>OPERATING REVENUES</u>					
1	Retail Revenue	\$268,698,170	\$25,389,754	(\$13,977)	\$25,375,778
2	Other Electric Operating Revenue	33,216,346	3,305,310	(130,964)	3,174,346
3	TOTAL OPERATING REVENUE	\$301,914,516	\$28,695,065	(\$144,941)	\$28,550,123
<u>OPERATING EXPENSES</u>					
4	Production Expenses	\$162,003,159	\$15,672,533	(\$228,831)	\$15,443,701
5	Transmission Expenses	10,492,992	971,700	-542	971,158
6	Distribution Expenses	14,686,349	1,435,240	61,862	1,497,102
7	Customer Accounting Expenses	10,507,260	969,163	39,168	1,008,332
8	Customer Service and Information Expenses	5,241,699	236,920	6,608	243,528
9	Sales Expenses	1,121,951	79,473	61,922	141,395
10	Administration and General Expenses	30,165,236	2,787,503	266,902	3,054,404
11	Charitable Contributions	111,967	0	0	0
12	Depreciation Expense	25,396,909	2,276,098	901,103	3,177,201
13	General Taxes	9,411,607	1,012,948	(39,032)	973,916
14	TOTAL OPERATING EXPENSES	\$269,139,129	\$25,441,578	\$1,069,159	\$26,510,737
15	NET OPERATING INCOME BEFORE INCOME TAXES	\$32,775,387	\$3,253,487	(\$1,214,100)	\$2,039,387
<u>INCOME TAX EXPENSE</u>					
17	Investment Tax Credit	(\$1,136,657)	(\$109,101)	(\$739,037)	(\$848,138)
18	Deferred Income Taxes	1,387,586	55,105	(78,902)	(23,796)
19	Income Taxes	5,654,780	471,106	(393,881)	77,225
20	TOTAL INCOME TAX EXPENSE	\$5,905,709	\$417,111	(\$1,211,820)	(\$794,709)
21	NET OPERATING INCOME				
22	Allowance for Funds Used During Construction	\$29,126,740	\$2,836,376	\$0	2,834,096
23	TOTAL AVAILABLE FOR RETURN	\$29,126,740	\$2,836,376	\$0	\$2,834,096

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
OPERATING INCOME SCHEDULES
COMPUTATION OF FEDERAL AND STATE INCOME TAXES

Line No.	Description	(A)	(B)	(C)	(D)
		2007 Actual Year		2007 Test Year	
		Total Utility	SD Jurisdiction	Total Utility	SD Jurisdiction
<u>Income Before Taxes</u>					
1	Total Operating Revenues	\$301,914,516	\$28,695,065	\$312,463,609	\$28,550,123
2	less: Total Operating Expenses	(234,330,613)	(22,152,531)	(242,920,927)	(22,359,619)
3	Book Depreciation & Amortization	(25,396,909)	(2,276,098)	(33,874,064)	(3,177,201)
4	Taxes Other Than Income	(9,411,607)	(1,012,948)	(10,396,607)	(973,916)
5	Interest Cost	(13,624,792)	(1,519,826)	(17,027,798)	(1,700,391)
6	Total Before Tax Book Income	\$19,150,595	\$1,733,661	\$8,244,213	\$338,996
<u>Tax Additions</u>					
7	Additional Tax Depreciation				
8	Directly Assigned Schedule M Items	93,287	7,848	93,287	7,848
9	Provisions - Operating Reserves	4,216,383	453,799	8,598,414	805,468
10	Other Schedule M Items	1,606,800	172,936	1,606,800	150,519
11	Total Tax Additions	\$5,916,470	\$634,583	\$10,298,501	\$963,835
<u>Tax Deductions</u>					
12	Additional Tax Depreciation	\$2,682,696	\$288,732	\$2,682,696	\$251,305
13	Cost to Remove	3,949,203	425,043	3,949,203	369,947
14	Accrued Vacation Pay	87,932	9,464	87,932	8,237
15	Charges - Operating Reserves	2,617,201	281,683	4,671,807	437,638
	Preferred Dividends Paid Credit	160,775	17,304	160,775	15,061
16	Other Schedule M Items	-	-	-	-
17	Total Tax Deductions	\$9,497,807	\$1,022,226	\$11,552,413	\$1,082,188
18	ND Adjustments to Federal Schedule M; ND Jurisdiction	-	-	-	-
19	State Taxable Income	\$15,569,258	\$1,346,018	\$6,990,301	\$220,643
20	State Income Tax Rate	2.03%	0.00%	1.55%	0.00%
21	Total State Income Taxes & ND Incremental Tax Rate Adj (\$505)	\$316,215	\$0	\$108,630	\$0
22	Federal Taxable Income	\$15,253,043	\$1,346,018	\$6,881,671	\$220,643
23	Addback of MN Adjustments to Federal Schedule M; MN Jurisdiction	-	-	-	-
24	Adjusted Federal Taxable Income	\$15,253,043	\$1,346,018	\$6,881,671	\$220,643
25	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%
26	Total Federal Income Taxes	\$5,338,565	\$471,106	\$2,408,585	\$77,225
27	Total State and Federal Income Tax	\$5,654,780	\$471,106	\$2,517,215	\$77,225

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 OPERATING INCOME SCHEDULES
 COMPUTATION OF DEFERRED INCOME TAXES

Line No.	Description	2007 Actual Year		2007 Test Year	
		Total Utility (A)	SD Jurisdiction (B)	Total Utility (C)	SD Jurisdiction (D)
1	Excess Tax Over Book Depreciation	\$4,006,368	\$356,574	\$4,006,368	\$310,353
2	Excess Tax Over Book Pensions	(1,759,616)	(\$159,276)	(1,759,616)	(138,630)
3	Capitalized A & G Expenses	(456,241)	(\$41,599)	(456,241)	(36,206)
4	Provisions for Operating Reserves in Excess of Actual Charges	(1,513,024)	(\$138,209)	(1,513,024)	(120,293)
5	Other Capitalized Items	<u>1,110,099</u>	<u>37,615</u>	<u>208,216</u>	<u>(39,019)</u>
6	TOTAL Deferred Income Taxes	<u>\$1,387,586</u>	<u>\$55,105</u>	<u>\$485,703</u>	<u>(\$23,796)</u>

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 DEVELOPMENT OF GROSS REVENUE CONVERSION FACTOR

Definition: The incremental amount of gross revenue required to generate an additional dollar of operating income. Gross earnings fees included.

Line No.	Description	% of Incremental Gross Revenues
1	Federal Income Taxes	35.00%
2	State Income Taxes	0.00%
3	Total Tax Percentage	35.00%

4 SD GROSS REVENUE CONVERSION FACTOR:
 5 (INCLUDING RECOGNITION OF SD SPECIAL HEARING FUND ASSESSMENT)

6 WHERE "X" = GROSS REVENUE DEFICIENCY
 7 "Y" = CONVERSION FACTOR
 8 .0015 = SDPUC SPECIAL HEARING FUND ASSESSMENT
 9 35.00% = FEDERAL TAX RATE

10 $X = [X - .0015X - [(X - .0015X) * .34]] * Y$
 11 $X = [.9985X - (.9985X * .34)] * Y$
 12 $X = (.9985X - .33949X) * Y$
 13 $X = .65901XY$
 14 $1 = .65901Y$
 15 Gross Revenue Conversion Factor $Y = 1.540773$

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
Cost of Service Study
2007 Test Year

Docket No. EL08 _____
 Exhibit _____ (Application)
 Schedule 5
 Page 6 of 10

Capitalization Summary

<u>Line No.</u>	<u>Capitalization:</u>	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>
		<u>Amount</u>	<u>Percent of Total Capitalization</u>	<u>Cost of Capital</u>	<u>Weighted Cost of Capital</u>
1	Long-Term Debt	\$173,571,466	40.3%	6.33%	2.55%
2	Short-Term Debt	12,154,247	2.8%	5.85%	0.16%
3	Long-Term and Short-Term Debt	\$185,725,713	43.1%	6.30%	2.72%
4	Preferred Stock	15,500,000	3.6%	4.75%	0.17%
5	Common Equity	229,633,133	53.3%	11.25%	6.00%
6	Total Capitalization	\$430,858,846	100.0%		8.89%

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 RATE BASE SCHEDULES
 RATE BASE ADJUSTMENTS
 2007 Actual Year versus 2007 Test Year

Line No.	Description	(A) 2007 Actual Year	(B) Annualize Plant in Service	(C) Prepayments	(D) Depreciation Direct Assignment to Allocated	(E) Depreciation to Reflect 2008 Rates	(F) Depreciation to Reflect 2009 Rates	(G) Factor Change for New Large Customer	(H) Eliminate Actual Year FAS 106 PayGo Adjustment	(I) Changes in Allocations due to Effect of Test Year Adjustments	(J) Income Statement Adjustments Affecting CWC	(K) 2007 Test Year
Utility Plant in Service:												
1	Production	\$38,732,905	\$16,515,827					(\$1,462,927)		(\$1)		\$53,785,604
2	Transmission	18,057,632	1,133,018					(567,366)		1		18,623,285
3	Distribution	31,604,543	66,912					100,798		(1)		31,772,252
4	General	6,708,612	140,761					(122,260)		632		6,727,736
5	Intangible	397,295	35,229					(7,240)		39		425,923
6	TOTAL Utility Plant in Service	\$95,500,987	\$17,891,537	\$0	\$0	\$0	\$0	(\$2,058,995)		\$670	\$0	\$111,334,200
Accumulated Depreciation												
7	Production	(\$16,511,729)	(\$781,842)		(\$3,541,857)	(\$12,493)	(\$7,937)					(\$20,855,858)
8	Transmission	(6,088,130)	(25,088)		(880,587)	4,635	23,599					(6,965,571)
9	Distribution	(12,646,093)	(4,297)		(637,074)	3,839	9,704					(13,273,921)
10	General	(2,602,710)	(6,187)		(132,876)	532	20,570			1		(2,720,670)
11	Intangible	(248,481)	(14,092)					4,528		(24)		(258,069)
12	TOTAL Accumulated Depreciation	(\$38,097,144)	(\$831,506)	\$0	(\$5,192,394)	(\$3,487)	\$45,936	\$4,528		(\$23)	\$0	(\$44,074,088)
NET Utility Plant in Service												
13	Production	\$22,221,176	\$15,733,785	\$0	(\$3,541,857)	(\$12,493)	(\$7,937)	(\$1,462,927)		(\$1)	\$0	\$32,929,746
15	Transmission	11,969,502	1,107,930	0	(880,587)	4,635	23,599	(567,366)		1	0	11,657,714
16	Distribution	18,958,450	62,615	0	(637,074)	3,839	9,704	100,798		(1)	0	18,498,331
17	General	4,105,902	134,564	0	(132,876)	532	20,570	(122,260)		633	0	4,007,065
18	Intangible	148,814	21,137	0	0	0	0	(2,712)		15	0	167,254
19	NET Utility Plant in Service	\$57,403,844	\$17,060,031	\$0	(\$5,192,394)	(\$3,487)	\$45,936	(\$2,054,467)		\$647	\$0	\$67,260,111
20	Big Stone Plant capitalized items	\$10,715										10,715
21	Utility Plant Held for Future Use	2,865						(20)				2,845
22	Construction Work in Progress	0						0				0
23	Materials and Supplies	1,223,736						(21,406)		99		1,202,429
24	Fuel Stocks	786,577						(30,221)				756,356
25	Prepayments	(172,228)		373,928				6,163	(3,079,845)	16,162		(2,855,820)
26	Customer Advances	(13,895)						498		1,304		(12,093)
27	Cash Working Capital	928,358						(9,498)			(649,085)	269,775
28	Accumulated Deferred Income Taxes	(6,577,600)	(678,540)					235,366		617,256		(6,403,518)
29	Total Average Rate Base	\$53,592,374	\$16,381,491	\$373,928	(\$5,192,394)	(\$3,487)	\$45,936	(\$1,873,585)		\$635,468	(\$649,085)	\$60,230,800

Column references to adjustment workpapers:

- (B) W/P 2007 ND TY-01
- (C) W/P 2007 ND TY-02
- (D) W/P 2007 ND TY-03
- (E) W/P 2007 ND TY-07
- (F) W/P 2007 ND TY-08

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 OPERATING INCOME STATEMENT SCHEDULES
 OPERATING INCOME STATEMENT ADJUSTMENTS SCHEDULE

		KNOWN AND MEASURABLE CHANGES								
Line No.	Description	(A) 2007 Actual Year	(B) New Large Customer	(C) New Billing for Steam Customer	(D) Inter-Year Billing Adjustment	(E) Wholesale Margins Asset Based Revenue & Expense	(F) Depreciation Direct Assign vs Allocated	(G) Depreciation and Other Operating Expense for New Plant	(H) Update Depreciation Expense	(I) Employee Benefits Medical/Dental
OPERATING REVENUES										
1	Retail Revenue	\$25,389,754			(\$13,977)					
2	Other Electric Operating Revenue	3,305,310		42,295		56,983				
3	TOTAL OPERATING REVENUE	\$28,695,065	\$0	\$42,295	(\$13,977)	\$56,983	\$0	\$0	\$0	\$0
OPERATING EXPENSES										
4	Production Expenses	\$15,672,533	\$685,736			\$131,872		\$145,484		\$28,757
5	Transmission Expenses	971,700								10,656
6	Distribution Expenses	1,435,240								20,661
7	Customer Accounting Expenses	969,163								13,919
8	Customer Service and Information Expenses	236,920								28,306
9	Sales Expenses	79,473								
10	Administration and General Expenses	2,787,503						22,707		38,116
11	Charitable Contributions	0								
12	Depreciation Expense	2,276,098					115,688	828,740	(42,449)	
13	General Taxes	1,012,948						92,271		
14	TOTAL OPERATING EXPENSES	\$25,441,578	\$685,736	\$0	\$0	\$131,872	\$115,688	\$1,089,203	(\$42,449)	\$140,436
15	NET OPERATING INCOME BEFORE INCOME TAXES	\$3,253,487	(\$685,736)	\$42,295	(\$13,977)	(\$74,889)	(\$115,688)	(\$1,089,203)	\$42,449	(\$140,436)
INCOME TAX EXPENSE										
17	Investment Tax Credit	(\$109,101)						(741,628)		
18	Deferred Income Taxes	55,105								
19	Income Taxes	471,106	(240,008)	14,803	(4,892)	(26,211)	(40,491)	(381,221)	14,857	(49,152)
20	TOTAL INCOME TAX EXPENSE	\$417,111	(\$240,008)	\$14,803	(\$4,892)	(\$26,211)	(\$40,491)	(\$1,122,649)	\$14,857	(\$49,152)
21	NET OPERATING INCOME	\$2,836,376	(\$445,728)	\$27,492	(\$9,085)	(\$48,678)	(\$75,197)	\$33,646	\$27,592	(\$91,283)
22	Allowance for Funds Used During Construction	0								
23	TOTAL AVAILABLE FOR RETURN	\$2,836,376	(\$445,728)	\$27,492	(\$9,085)	(\$48,678)	(\$75,197)	\$33,646	\$27,592	(\$91,283)

Column references to adjustment workpapers:
 (B) W/P 2007 SD TY-10 (H) W/P 2007 SD TY-07 & TY-08 (N) W/P 2007 SD TY-17 (T) W/P 2007 SD TY-14
 (C) W/P 2007 SD TY-11 (I) W/P 2007 SD TY-05 (O) W/P 2007 SD TY-20 (U) W/P 2007 SD TY-16
 (D) W/P 2007 SD TY-19 (J) W/P 2007 SD TY-05 (P) W/P 2007 SD TY-09
 (E) W/P 2007 SD TY-15 (K) W/P 2007 SD TY-05 (Q) W/P 2007 SD TY-08
 (F) W/P 2007 SD TY-03 (L) W/P 2007 SD TY-12 (R) W/P 2007 SD TY-04
 (G) W/P 2007 SD TY-01 (M) W/P 2007 SD TY-12 (S) W/P 2007 SD TY-13

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 OPERATING INCOME STATEMENT SCHEDULES
 OPERATING INCOME STATEMENT ADJUSTMENTS SCHEDULE

KNOWN AND MEASURABLE CHANGES

Line No.	Description	(J) FAS 87 Pension Costs	(K) FAS 106 & 112 Benefits	(L) KPA & Utility Management Incentive	(M) Labor Expense - April & November Annual Increases	(N) Big Stone Outage Purchased Power	(O) Factor Change for New Large Customer	(P) Economic Development	(Q) Corporate Allocations	(R) Amortized Rate Case Expenses	(S) Holding Company Formation Costs
OPERATING REVENUES											
1	Retail Revenue										
2	Other Electric Operating Revenue						(114,090)				
3	TOTAL OPERATING REVENUE	\$0	\$0	\$0	\$0	\$0	(\$114,090)	\$0	\$0	\$0	
OPERATING EXPENSES											
4	Production Expenses	(\$31,436)	\$8,496	\$1,609	\$73,499	(\$709,964)	(\$662,885)				
5	Transmission Expenses	(11,649)	3,150	596	27,237		(30,531)				
6	Distribution Expenses	(22,606)	6,110	1,157	52,854		3,666				
7	Customer Accounting Expenses	(15,215)	4,112	779	35,574		0				
8	Customer Service and Information Expenses	(30,943)	8,363	131	6,002		0				
9	Sales Expenses						0	61,922			
10	Administration and General Expenses	(41,666)	11,261	9,279	97,308		(57,310)		(9,283)	50,000	12,338
11	Charitable Contributions						0				
12	Depreciation Expense						(882)				
13	General Taxes						(36,246)				
14	TOTAL OPERATING EXPENSES	(\$153,518)	\$41,495	\$13,551	\$292,474	(\$709,964)	(\$684,186)	\$61,922	(\$9,283)	\$50,000	\$12,338
15	NET OPERATING INCOME BEFORE INCOME TAXES	\$153,518	(\$41,495)	(\$13,551)	(\$292,474)	\$709,964	\$570,098	(\$61,922)	\$9,283	(\$50,000)	(\$12,338)
INCOME TAX EXPENSE											
17	Investment Tax Credit						\$2,352				
18	Deferred Income Taxes						(1,972)				
19	Income Taxes	53,731	(14,523)	(4,743)	(102,366)	248,488	222,324	(21,673)	3,249	(17,500)	(4,318)
20	TOTAL INCOME TAX EXPENSE	\$53,731	(\$14,523)	(\$4,743)	(\$102,366)	\$248,488	\$222,704	(\$21,673)	\$3,249	(\$17,500)	(\$4,318)
21	NET OPERATING INCOME	\$99,787	(\$26,972)	(\$8,808)	(\$190,108)	\$461,477	\$347,393	(\$40,249)	\$6,034	(\$32,500)	(\$8,020)
22	Allowance for Funds Used During Construction										
23	TOTAL AVAILABLE FOR RETURN	\$99,787	(\$26,972)	(\$8,808)	(\$190,108)	\$461,477	\$347,393	(\$40,249)	\$6,034	(\$32,500)	(\$8,020)

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 OPERATING INCOME STATEMENT SCHEDULES
 OPERATING INCOME STATEMENT ADJUSTMENTS SCHEDULE

		<u>KNOWN AND MEASURABLE CHANGES</u>				
Line No.	Description	(T) Normalized Storm Repair Expense	(U) Convert Post Retirement Medical from Pay as you Go to FAS 106	(V) Remove Minor Affiliate Transactions	(W) Changes in Allocations due to Effect of Test Year Adjustments	(X) 2007 Test Year
<u>OPERATING REVENUES</u>						
1	Retail Revenue				\$0	\$25,375,778
2	Other Electric Operating Revenue				(116,151)	3,174,346
3	TOTAL OPERATING REVENUE	\$0			(116,151)	\$28,550,125
<u>OPERATING EXPENSES</u>						
4	Production Expenses				(\$2)	\$15,443,701
5	Transmission Expenses				(2)	971,157
6	Distribution Expenses				1	1,497,103
7	Customer Accounting Expenses				(1)	1,008,332
8	Customer Service and Information Expenses				(5,251)	243,527
9	Sales Expenses				0	141,395
10	Administration and General Expenses	26,731	156,267	(6,334)	(42,511)	3,054,404
11	Charitable Contributions					0
12	Depreciation Expense				6	3,177,201
13	General Taxes				(95,057)	973,917
14	TOTAL OPERATING EXPENSES	\$26,731	\$156,267	(\$6,334)	(\$142,817)	\$28,510,737
15	NET OPERATING INCOME BEFORE INCOME TAXES	(\$26,731)	(\$156,267)	\$6,334	\$26,667	\$2,039,388
<u>INCOME TAX EXPENSE</u>						
17	Investment Tax Credit				\$239	(\$848,137)
18	Deferred Income Taxes		(71,759)		(5,171)	(23,796)
19	Income Taxes	(9,356)	(131,002)	2,217	93,912	77,231
20	TOTAL INCOME TAX EXPENSE	(\$9,356)	(\$202,761)	\$2,217	\$88,980	(\$794,702)
21	NET OPERATING INCOME	(\$17,375)	\$46,494	\$4,117	(\$62,313)	\$2,834,090
22	Allowance for Funds Used During Construction					0
23	TOTAL AVAILABLE FOR RETURN	(\$17,375)	\$46,494	\$4,117	(\$62,313)	\$2,834,090