

Volume 4A – Section 2

2007 Actual Year work papers

South Dakota Actual Year  
Adjustments

Prepared By: kas  
Reviewed By: pjb

Otter Tail Power Company  
Adjustment To Include CWIP In SD Interest  
Synchronization Calculation  
**Actual Year 2007**

Line No.	(A)	(B)	(C)	(D)	(E)	(F)
1						
2		Balance @	Balance @		South Dakota	South Dakota
3		12/31/06 (1)	12/31/07 (1)	Average	Allocation	Amount
4					Factor (2)	
5	Long-Term CWIP:					
6	Production	\$8,116,845	18,278,877	\$13,197,861	8.525288% (P10)	\$1,125,156
7	Transmission	\$973,307	6,512,077	\$3,742,692	8.326930% (D2)	\$311,651
8	Distribution	\$1,323,875	4,083,407	\$2,703,641	9.696734% (P60)	\$262,165
9	General	\$1,006,426	1,328,054	\$1,167,240	8.653354% (P90)	\$101,005
10	Intangible	\$0	\$0	\$0	8.653354% (P90)	\$0
11						
12	Subtotal	\$11,420,453	\$30,202,415	\$20,811,434		\$1,799,977
13						
14	Short-Term CWIP:					
15	Production	\$102,789	187,176	\$144,982	8.525288% (P10)	\$12,360
16	Transmission	\$469,870	679,730	\$574,800	8.326930% (D2)	\$47,863
17	Distribution	\$4,591,244	1,813,549	\$3,202,396	9.696734% (P60)	\$310,528
18	General	\$1,800,919	807,580	\$1,304,249	8.653354% (P90)	\$112,861
19	Intangible	\$0	\$0	\$0	8.653354% (P90)	\$0
20						
21	Subtotal	\$6,964,821	\$3,488,034	\$5,226,428		\$483,613
22						
23						
24	Total CWIP	\$18,385,274	\$33,690,449	\$26,037,862	(3)	\$2,283,590
25						
26						
27	SD Interest Deduction = (SD Rate Base + CWIP) X WTD Cost Of Debt					
28						
29	(1) Amounts Already Reduced By Reimbursable Amounts; See A-2, Pg 1 of 8					
30	(2) Allocation Factors From 2006 Actual SD COSS Run, Pages 15-1 & 16-1					
31	(3) See SD COSS Run - Page 13A For Use Of Amount (Located At X978)					
32						
33	Note: No Adjustment Is Made To The Input Summary For This Adjustment. Only A Change To The Formula That					
34	Calculates The Interest Deduction In The Federal Income Tax Calculation Is Made. Instead Of Using					
35	SD Rate Base X Weighted Cost Of Debt We Use (SD Rate Base + SD CWIP Above) X Weighted Cost Of Debt.					
36	This Is The Result Of The Settlement Agreement In Our Last Case. (See SD COSS Run, Page 13-A For					
37	Use Of The Amount)					
38						

Otter Tail Power Company  
Adjustment To Use Simple Avg. Instead Of  
12-Month Avg. For M&S, Fuel, Prepayments  
**Actual Year 2007**

Prepared By: kas  
Reviewed By: pjb

Line No.	(A)	(B)	(C)	(D)	(E)
1		Average of			
2		12 average		Simple	
3		Monthly Bals		Average	Adjustment
4	<u>Materials &amp; Supplies:</u>				
5				(1)	
6	Production (2)	3,772,973		3,728,355	(44,618)
7	Transmission (5)	3,598,449		3,401,246	(197,204)
8	Distribution (5)	6,127,090		5,676,346	(450,744)
9					
10	Total Materials & Supplies	13,498,511		12,805,947	(692,565)
11					
12	<u>Fuel Stocks:</u>				
13		(3)			
14	Coal	5,708,035		6,305,796	597,761
15	Oil	1,930,934		1,827,313	(103,621)
16					
17	Total Fuel Stocks	7,638,969		8,133,109	494,140
18					
19		(4)			
20	<u>Prepayments:</u>	(35,518,043)		(34,477,728)	1,040,315
21					
22					
23	Total Adjustment				841,890

		Balance 12/31/06	Balance 12/31/07	Average	
25	<u>Materials &amp; Supplies:</u>				
26					
27					
28					
29	Production (2)	3,601,522	3,855,188	3,728,355	
30	Transmission (6)	3,232,776	3,569,715	3,401,246	
31	Distribution (6)	5,274,528	6,078,164	5,676,346	
32					
33	Total Materials & Supplies	12,108,826	13,503,067	12,805,947	
34					
35	<u>Fuel Stocks:</u>				
36					
37	Coal	5,577,603	7,033,989	6,305,796	
38	Oil	1,890,034	1,764,591	1,827,313	
39					
40	Total Fuel Stocks (3)	7,467,637	8,798,580	8,133,109	
41					
42					
43	<u>Prepayments:</u> (4)	(35,368,909)	(33,586,547)	(34,477,728)	
44					

46	(1) Below				
47	(2) A-3, Page 2 Of 3 (Dec. 31 Balance)				
48	(3) A-8, PAGE 1 OF 1				
49	(4) A-4, Year end balances from Pages 1-4 -->	165,943	152,359	Insurance	
50		0	0	Pension asset	
51		(32,254,146)	(30,487,764)	FAS 106	
52	(5) A-3, PAGE 1 OF 3	(3,280,706)	(3,251,143)	FAS 112	
53	(6) A-3, Page 3 Of 3; FERC Form 1 Amounts	(35,368,909)	(33,586,547)		

Prepared By: kas  
Reviewed By: pjb

Otter Tail Power Company AFDC On Short-Term CWIP - Plant In Service Effect Actual Year 2007
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Line No.	(A)	(B) Adjustment Amount	(C)	(D)
1		12/31/2006	12/31/2007	Average
2				
3				
4	<u>Plant In Service</u>	(1)		
5	Production Plant			
6	A/C 101 - Base Demand	1,543,796	1,550,039 (2)	1,546,918
7	Peak Demand	360,874	363,316 (2)	362,095
8	Base Energy	0	0 (2)	0
9	Total Production Plant	1,904,670	1,913,355 (2)	1,909,013
10				
11	Transmission Plant - A/C 101	4,318,867	4,353,298 (2)	4,336,082
12				
13	<u>Distribution Plant - A/C 101</u>			
14	Primary Demand	2,555,877	2,636,501 (3)	2,596,189
15	Secondary Demand	700,025	722,107 (3)	711,066
16	Primary Customer	835,823	862,189 (3)	849,006
17	Secondary Customer	1,119,507	1,154,821 (3)	1,137,164
18	Streetlighting	186,002	191,869 (3)	188,935
19	Area Lighting	77,874	80,330 (3)	79,102
20	Meters	468,031	482,795 (3)	475,413
21	Load Management	137,856	142,205 (3)	140,030
22	Total Distribution Plant	6,080,994	6,272,817 (2)	6,176,905
23				
24	<u>General Plant - A/C 101</u>			
25	Production	662,209	686,016 (3)	674,112
26	Transmission	289,216	299,613 (3)	294,415
27	Distribution	622,854	645,246 (3)	634,050
28	Customer Accounts	448,313	464,430 (3)	456,371
29	Customer Service & Informational	93,092	96,439 (3)	94,766
30	Load Management	57,458	59,524 (3)	58,491
31	Total General Plant	2,173,143	2,251,267 (2)	2,212,205
32				
33	Intangible Plant - A/C 101	562,507	562,507 (2)	562,507
34				
35	Total Plant In Service - A/C 101	15,040,181	15,353,244 (2)	15,196,713
36				
37				
38	(1) 2006 Actual Year Coss, W/P SD-3, Page 1 Of 8			
39	(2) SD-3, Page 2 Of 8			
40	(3) Spread Within Function Based On 12/31/06 Balances			
41				
42				
43				
44				
45				



Otter Tail Power Company  
AFDC -CWIP - Ratio  
Actual Year 2007

Prepared By: kas  
Reviewed By: pjb

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	PRODUCTION								
	Base Demand	Peak Demand	Total	Transmission	Distribution	General	Intangible	Total	
2	Balance @ 12/31/82 (1)	258,675	23,404	282,079	1,680,147	1,863,880	269,993	62,592	4,158,691
4	Ratio's @ 12/31/82 (1)	6.2%	0.6%	6.8%	40.4%	44.8%	6.5%	1.5%	100.0%
7	Balance @ 12/31/83 (1)	177,937	70,243	248,180	1,409,291	1,339,576	297,341	88,506	3,382,894
9	Ratio's @ 12/31/83 (1)	5.3%	2.1%	7.3%	41.7%	39.6%	8.8%	2.6%	100.0%
11	Balance @ 12/31/84 (1)	172,209	47,698	219,907	1,910,846	2,223,899	507,989	198,033	5,060,674
13	Ratio's @ 12/31/84 (1)	3.4%	0.9%	4.3%	37.8%	43.9%	10.0%	3.9%	100.0%
15	Balance @ 12/31/85 (1)	349,567	91,337	440,904	1,751,201	2,255,375	669,388	158,285	5,275,153
17	Ratio's @ 12/31/85 (1)	6.6%	1.7%	8.4%	33.2%	42.8%	12.7%	3.0%	100.0%
19	Balance @ 12/31/86 (1)	303,640	69,903	373,543	1,220,911	1,798,163	592,916	36,896	4,022,429
21	Ratio's @ 12/31/86 (1)	7.5%	1.7%	9.3%	30.4%	44.7%	14.7%	0.9%	100.0%
23	Balance @ 12/31/87 (1)	425,905	98,051	523,956	843,625	1,529,144	391,082	80,307	3,368,114
25	Ratio's @ 12/31/87 (1)	12.8%	2.9%	15.6%	25.0%	45.4%	11.6%	2.4%	100.0%
27	Balance @ 12/31/88 (1)	582,089	134,007	716,096	786,364	1,700,566	666,851	171,824	4,041,701
29	Ratio's @ 12/31/88 (1)	14.4%	3.3%	17.7%	19.5%	42.1%	16.5%	4.3%	100.0%
31	Balance @ 12/31/89 (1)	652,301	150,172	802,473	740,180	2,039,252	1,470,046	557,273	5,609,224
33	Ratio's @ 12/31/89 (1)	11.6%	2.7%	14.3%	13.2%	36.4%	26.2%	9.9%	100.0%
35	Balance @ 12/31/90 (1)	839,657	193,304	1,032,961	796,180	2,037,535	1,777,569	913,979	6,558,224
37	Ratio's @ 12/31/90 (1)	12.8%	2.9%	15.8%	12.1%	31.1%	27.1%	13.9%	100.0%
39	Balance @ 12/31/91 (1)	1,020,409	234,917	1,255,326	884,571	1,996,493	1,482,551	684,623	6,303,564
41	Ratio's @ 12/31/91 (1)	16.2%	3.7%	19.9%	14.0%	31.7%	23.5%	10.9%	100.0%
43	Balance @ 12/31/92 (1)	746,275	171,806	918,081	1,144,371	2,333,774	933,216	473,883	5,803,324
45	Ratio's @ 12/31/92 (1)	12.9%	3.0%	15.8%	19.7%	40.2%	16.1%	8.2%	100.0%
47	Balance @ 12/31/93 (1)	803,102	184,889	987,991	1,362,268	2,250,963	979,458	306,693	5,887,373
49	Ratio's @ 12/31/93 (1)	13.6%	3.1%	16.8%	23.1%	38.2%	16.6%	5.2%	100.0%
51	Balance @ 12/31/94 (1)	1,525,242	351,138	1,876,380	2,021,836	2,085,929	1,260,492	150,291	7,394,928
53	Ratio's @ 12/31/94 (1)	20.6%	4.7%	25.4%	27.3%	28.2%	17.0%	2.0%	100.0%
55	Balance @ 12/31/95 (1)	1,563,044	359,841	1,922,885	3,203,185	2,490,859	1,076,566	269,194	8,962,687
57	Ratio's @ 12/31/95 (1)	17.4%	4.0%	21.5%	35.7%	27.8%	12.0%	3.0%	100.0%
59	Balance @ 12/31/96 (1)	1,262,849	290,731	1,553,580	3,406,863	3,075,569	890,789	566,518	9,493,318
61	Ratio's @ 12/31/96 (1)	13.3%	3.1%	16.4%	35.9%	32.4%	9.4%	6.0%	100.0%
63	Balance @ 12/31/97 (1)	1,023,065	235,528	1,258,593	3,279,156	3,200,770	324,755	1,262,816	9,326,089
65	Ratio's @ 12/31/97 (1)	11.0%	2.5%	13.5%	35.2%	34.3%	3.5%	13.5%	100.0%
67	Balance @ 12/31/98 (1)	729,957	168,049	898,006	3,663,919	2,753,602	680,262	844,257	8,840,046
69	Ratio's @ 12/31/98 (1)	8.3%	1.9%	10.2%	41.4%	31.1%	7.7%	9.6%	100.0%
71	Balance @ 12/31/99 (1)	767,688	176,736	944,424	2,915,713	2,246,434	1,420,462	0	7,527,034
73	Ratio's @ 12/31/99 (1)	10.2%	2.3%	12.5%	38.7%	29.8%	18.9%	0.0%	100.0%
75	Balance @ 12/31/00 (1)	627,292	144,414	771,706	2,303,949	2,280,589	1,324,587	0	6,680,832
77	Ratio's @ 12/31/00 (1)	9.4%	2.2%	11.6%	34.5%	34.1%	19.8%	0.0%	100.0%
79	Balance @ 12/31/01 (1)	552,914	127,291	680,205	1,570,262	2,088,140	640,921	0	4,979,527
81	Ratio's @ 12/31/01 (1)	11.1%	2.6%	13.7%	31.5%	41.9%	12.9%	0.0%	100.0%
83	Balance @ 12/31/02 (1)	463,539	106,715	570,255	397,258	1,411,974	221,606	0	2,601,093
85	Ratio's @ 12/31/02 (1)	17.8%	4.1%	21.9%	15.3%	54.3%	8.5%	0.0%	100.0%
87	Balance @ 12/31/03 (1)	450,684	103,756	554,439	187,510	1,536,411	334,129	0	2,612,490
89	Ratio's @ 12/31/03 (1)	17.3%	4.0%	21.2%	7.2%	58.8%	12.8%	0.0%	100.0%
91	Balance @ 12/31/04 (1)	405,082	93,257	498,339	(822)	1,706,133	292,503	0	2,496,153
93	Ratio's @ 12/31/04 (1)	16.2%	3.7%	20.0%	0.0%	68.4%	11.7%	0.0%	100.0%
95	Balance @ 12/31/05 (1)	159,413	36,700	196,112	610,791	2,266,531	251,559	0	3,324,994
97	Ratio's @ 12/31/05 (1)	4.8%	1.1%	5.9%	18.4%	68.2%	7.6%	0.0%	100.0%
99	Balance @ 12/31/06 (1)	47,200	33,217	80,417	890,467	3,790,376	1,028,574	0	5,789,834
101	Ratio's @ 12/31/06 (1)	0.8%	0.6%	1.4%	15.4%	65.5%	17.8%	0.0%	100.0%
103	Balance @ 12/31/07 (2)	104,221	40,761	144,982	574,800	3,202,396	1,304,249	0	5,226,428
105	Ratio's @ 12/31/07	2.0%	0.8%	2.8%	11.0%	61.3%	25.0%	0.0%	100.0%

(1) 2006 Actual Year Coss W/P SD-3, Page 3 Of 7  
(2) SD-3, Page 4 Of 8

Prepared By: kas  
Reviewed By: pjb

Otter Tail Power Company CWIP Actual 12 Months Ending 12/31/07
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Line No.	(A)	(B)	(C)	(D)
1		Adjusted Balance		Adjusted Balance
2		12/31/2006		12/31/2007
3				Average Balance 2007
4				
5	Short Term Projects:	(1)	(1)	
6				
7	Production	102,789	187,176	(A)
8	Transmission	469,870	679,730	
9	Distribution	4,591,244	1,813,549	
10	General & Intangible	1,800,919	807,580	
11		0	0	
12				
13	Total Short Term CWIP	6,964,821	3,488,034	(B)
14				5,226,428
15				5.99%
16				313,063
17	(1) A-2, Page 1 of 4			
18				
19	(A) Used The Base/Peak Ratio's As Calculated In 2007 Actual Year COSS W/P C-1.			
20				
21		104,221	BASE	71.89% (2)
22		40,761	PEAK	28.11% (2)
23		<u>144,982</u>		1.000000
24				
25	(B) AFDC Rate for 2007. (Per Tom Weiss)			
26				
27	(2) C-1, Page 1 of 3			

Prepared By: kas  
Reviewed By: pjb

<b>Otter Tail Power Company</b> Calculation Of AFDC Depreciation Expense Actual Year 2007
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Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1							
2		Average	Minnesota	North	South	FERC	Total
3		Balance	Depreciation	Dakota	Dakota	Depreciation	Depreciation
4							
5		(1)	(4)	(4)	(4)	(4)	
6	Production-Base Demand	1,546,918	17,205	12,408	2,761	34	32,408
7	Production-Peak Demand	362,095	12,680	9,144	2,035	25	23,884
8	Transmission	4,336,082	46,938	35,008	7,532	975	90,452
9	Distribution	6,176,905	80,243	78,883	17,132	432	176,690
10	General	2,212,205	61,917	51,194	11,149	322	124,582
11	Intangible	562,507	57,886	44,560	9,735	320	112,501
12							
13		15,196,713	276,870	231,197	50,344	2,107	560,518
14							
15							
16							
17			2007 Depreciation Rates (Monthly)				
18			(2)	(2)	(2)	(2)	
19	Production-Base Demand		0.09269%	0.06684%	0.01487%	0.00018%	
20	Production-Peak Demand		0.29182%	0.21045%	0.04683%	0.00057%	
21	Transmission		0.09021%	0.06728%	0.01448%	0.00187%	
22	Distribution		0.10826%	0.10642%	0.02311%	0.00058%	
23	General		0.23324%	0.19285%	0.04200%	0.00121%	
24							
25			2007 Depreciation Rates (Yearly)				
26							
27			(3)	(3)	(3)	(3)	
28	Intangible		10.29079%	7.92171%	1.73067%	0.05683%	
29							
30							
31	(1) SD-3, Page 1 Of 8						
32	(2) SD-3, Page 7 Of 8						
33							
34	(3) Per SD Rate Case Adjustment 7, Pages 18 And 20 Of 22, Intangible Rate Of 20% Times The 1986						
35	P70 Factor Was Used To Calculate The 1986 Depreciation For This Adjustment. The P70 Factor						
36	No Longer Is Used In COSS. Therefore, Latest Available (Actual 2006 COSS) P90 Factor Is Used Here. From each states coss						
37	P90 Factors:	MN	51.453954%				
38		ND	39.608527%				
39		SD	8.653354%				
40		FERC	0.284165%				
41							
42	(4) Amount (1) Times Rate (2), Except For Intangible, Which Used Rate (3).						



Prepared By: kas  
Reviewed By: pjb

<p><b>Otter Tail Power Company</b>  <b>AFDC On Short-Term CWIP - Accumulated Depreciation Effect</b>  <b>Actual Year 2007</b></p>
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Line No.	(A)	(B)	(C)	(D)	(E)
1	2007		Balance	Balance	
2	Depreciation		12/31/06	12/31/07	Average
3			ok		
4	(1)	Accumulated Depreciation	(2)	(3)	
5		Production Plant			
6	17,205.22	Base Demand - MN	283,983.68	301,188.89	292,586.28
7	12,407.54	- ND	195,077.29	207,484.83	201,281.06
8	2,761.07	- SD	39,978.36	42,739.43	41,358.89
9	33.89	- FERC	2,622.14	2,656.03	2,639.08
10	12,680.18	Peak Demand - MN	81,463.45	94,143.62	87,803.53
11	9,144.30	- ND	64,829.71	73,974.02	69,401.86
12	2,034.90	- SD	13,359.99	15,394.89	14,377.44
13	24.98	- FERC	689.40	714.38	701.89
14	0.00	Base Energy - MN	0.00	0.00	0.00
15	0.00	- ND	0.00	0.00	0.00
16	0.00	- SD	0.00	0.00	0.00
17	0.00	- FERC	0.00	0.00	0.00
18					
19	56,292.07	Total Production Plant	682,004.02	738,296.09	710,150.05
20					
21	46,938.06	Transmission Plant - MN	638,145.22	685,083.28	661,614.25
22	35,007.86	- ND	522,764.37	557,772.24	540,268.30
23	7,531.91	- SD	96,566.27	104,098.18	100,332.23
24	974.60	- FERC	(557.01)	417.59	(69.71)
25					
26	90,452.44	Total Transmission Plant	1,256,918.85	1,347,371.29	1,302,145.07
27					
28	80,242.62	Distribution Plant - MN	1,219,074.90	1,299,317.52	1,259,196.21
29	78,883.29	- ND	1,263,993.81	1,342,877.10	1,303,435.45
30	17,132.33	- SD	262,213.94	279,346.27	270,780.10
31	431.74	- FERC	13,775.76	14,207.50	13,991.63
32					
33	176,689.97	Total Distribution Plant	2,759,058.41	2,935,748.38	2,847,403.40
34					
35	61,917.28	General Plant - MN	628,595.76	690,513.04	659,554.40
36	51,193.87	- ND	571,699.69	622,893.56	597,296.62
37	11,148.62	- SD	118,811.24	129,959.85	124,385.55
38	322.16	- FERC	107,890.34	108,212.51	108,051.42
39					
40	124,581.93	Total General Plant	1,426,997.03	1,551,578.96	1,489,288.00
41					
42	112,501.41	Total Intangible Plant	1,628,536.43	1,741,037.85	1,684,787.14
43					
44	560,517.83	Total Accumulated Depr.	7,753,514.75	8,314,032.57	8,033,773.66
45	(1) SD-3, Page 5 of 8				
46	(2) 2006 Actual Year COSS W/P SD-3; Page 6 of 8.				
47	(3) (1) + (2)				

Otter Tail Power Company  
**2007 Composite Depreciation Rates - Used In SD-3**

Prepared By: kas  
Reviewed By: pjb

Line No.	(A)	(B)	(C)	(D)	(E)	(F)
1		MINN	NDAK	SDAK	FERC	TOTAL
2	<b>Production Depreciation Expense -Base Demand</b>					
3	Total Production - Base Demand (3)	3,534,759	2,549,090	567,254	6,962	6,658,065
4						
5	<b>Production Plant In Service-Base Demand</b>					
6	Steam Plant (Total from Page 8)	168,312,197	119,273,596	26,868,931	325,379	314,780,102
7	Less: Unit Train (Total from Page 8)	0	0	0	0	0
8						
9	Steam W/O Unit Train	168,312,197	119,273,596	26,868,931	325,379	314,780,102
10	Plus: Hydro (Total from Page 8)	1,619,767	1,147,840	258,575	3,131	3,029,314
11						
12	Total Production - Base Demand	169,931,964	120,421,436	27,127,506	328,510	317,809,416
13						
14	Annual Depreciation Rate	2.08%	2.12%	2.09%	2.12%	2.09%
15						
16	2007 Allocation Factors (2)	0.53469770	0.37891085	0.08535778	0.00103367	1.00000000
17						
18	Monthly Depreciation Rates	0.09269%	0.06684%	0.01487%	0.00018%	0.17458%
19						
20						
21	<b>Production-Peak Demand</b>					
22	Depreciation (3)	1,382,467	996,966	221,857	2,723	2,604,012
23	Plant In Service (Total From Page 8)	20,684,679	15,427,277	3,319,165	46,612	39,477,734
24						
25	Annual Depreciation Rates	6.68%	6.46%	6.68%	5.84%	6.60%
26						
27	2007 Allocation Factors (2)	0.52395813	0.39078426	0.08407689	0.00118072	1.00000000
28						
29	Monthly Depreciation Rates	0.29182%	0.21045%	0.04683%	0.00057%	0.54968%
30						
31						
32	<b>Transmission</b>					
33	Depreciation (1)	2,048,582	1,527,896	328,726	42,536	3,947,740
34	Plant In Service (Total From Page 8)	98,204,329	73,243,840	15,758,348	2,039,074	189,245,590
35						
36	Annual Depreciation Rates	2.09%	2.09%	2.09%	2.09%	2.09%
37						
38	2007 Allocation Factors (2)	0.51892532	0.38703063	0.08326930	0.01077475	1.00000000
39						
40	Monthly Depreciation Rates	0.09021%	0.06728%	0.01448%	0.00187%	0.17384%
41						
42						
43	<b>Distribution</b>					
44	Depreciation (1)	3,985,561	3,918,044	850,943	21,444	8,775,992
45	Plant In Service (Total From Page 8)	139,331,232	136,970,925	29,748,137	749,660	306,799,954
46						
47	Annual Depreciation Rates	2.86%	2.86%	2.86%	2.86%	2.86%
48						
49	2007 Allocation Factors (2)	0.45414359	0.44645028	0.09696265	0.00244348	1.00000000
50						
51	Monthly Depreciation Rates	0.10826%	0.10642%	0.02311%	0.00058%	0.23837%
52						
53						
54	<b>General</b>					
55	Depreciation (1)	1,212,572	1,002,568	218,332	6,309	2,439,781
56	Plant In Service (Total From Page 8)	21,575,783	17,766,771	3,869,019	111,687	43,323,260
57						
58	Annual Depreciation Rates	5.62%	5.64%	5.64%	5.65%	5.63%
59						
60	2007 Allocation Factors (2)	0.49801844	0.41009774	0.08930582	0.00257800	1.00000000
61						
62	Monthly Depreciation Rates	0.23324%	0.19285%	0.04200%	0.00121%	0.46930%
63						
64						

(1) B-7, page 2 of 2

(2) Jurisdictionalized Depreciation Factors- See Memo to Bob H. in :RS/Revenue Requirements/COSS/2007/Misc Folde

(3) B-7, page 1 of 2

Otter Tail Power Company Plant In Service Schedule
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Prepared By: kas  
Reviewed By: pjb

Line No.	(A)	(B)	(C)	(D) Beginning Balance 1/1/2007	
1	<b>Steam Plant</b>	Plant in Service (includes Unit Train)	101 310-317	316,027,892	(1)
2		Completed Construction Not Classified	106 310-317	0	(1)
3		Electric Plant Acquisition adjustments	114 310-317	1,588,255	(1)
4		Less: Land	101 310	(1,247,789)	(2)
5		Total Depreciable Steam Plant		314,780,102	
6					
7					
8	<b>Unit Train</b>	Plant In Service	101 312.1	0	(1)
9		Total Unit Train		0	
10					
11	<b>Hydro Plant</b>	Plant In Service	101 330-335	3,336,936	(1)
12		Less: Land	101 330.0,1,.2	(307,623)	(2)
13		Total Depreciable Hydro Plant		3,029,314	
14					
15	<b>IC &amp; Other</b>	Plant In Service	101 340-346	39,350,971	(1)
16		Less: Land	101 340	(126,762)	(2)
17		Total Depreciable IC and Other Plant		39,477,734	
18					
19					
20	<b>Transmission</b>	Plant In Service	101 350-358	189,626,692	(1)
21		Electric Plant Acquisition adjustments	114 350-358	58,287	(1)
22		Less: Land	101 350	(381,102)	(2)
23		Total Depreciable Transmission Plant		189,245,590	
24					
25					
26	<b>Distribution</b>	Plant In Service	101 360-373	307,792,402	(1)
27		Electric Plant Acquisition adjustments	114 360-373	586	(1)
28		Less: Land	101 360	(992,449)	(1)
29		Total Depreciable Distribution Plant		306,799,954	
30					
31					
32	<b>General</b>	Plant In Service	101 389-398	69,493,744	(1)
33		Less: Transportation	101 392	(24,896,979)	(1)
34		Less: Land	101 389	(1,273,504)	(1)
35		Total Depreciable General Plant		43,323,260	

(1) 2006 Functionalization Page 1 of 6 (12/31/06 Amounts)  
 (2) FERC financial information - GLFire query as of 12/31/06 using FERC Accts

Prepared By: kas  
Reviewed By: pjb

Otter Tail Power Company Adjustment To Calculate Deferred Income Taxes For Land Portion Of Big Stone Capitalized Overhead Costs South Dakota Jurisdiction Actual Year 2007
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Line No.	(A)	(B)	(C)	(D)
	<b>SOUTH DAKOTA ADJUSTMENT</b>	<b>SYSTEMWIDE RATE BASE AMOUNTS</b>		
1		Adjustment To	Adjustment To	Adjustment To
2		12/31/2006	12/31/2007	Average Balance
3	Accumulated Deferred Income Taxes:			
4	Items South Dakota Flows Through			
5	Federal	0	0	0
6	Minnesota	0	0	0
7	North Dakota	0	0	0
8				
9	Subtotal	0	0	0
10				
11	Accumulated Deferred Income Taxes:	(1)	(2)	
12	All Other Accumulated Deferred Income Taxes			
13	Federal	(33,119)	(27,389)	(30,254)
14	Minnesota	0	0	0
15	North Dakota	0	0	0
16				
17	Subtotal	(33,119)	(27,389)	(30,254)
18				
19	Total Accumulated Deferred Income Tax	(33,119)	(27,389)	(30,254)
20				
21				
22	(1) 2006 Actual Year Coss W/P SD-4, Page 1 of 3			
23				
24	(2) Amounts At (1) Less Amounts At SD-4, Page 2 of 3			

Prepared By: kas  
Reviewed By: pjb

Otter Tail Power Company  
Adjustment To Calculate Deferred Income Taxes For  
Amortization Of Big Stone Capitalized Overhead Costs  
South Dakota Jurisdiction  
**Actual Year 2007**

(A)

(B)

Line No.	SOUTH DAKOTA ADJUSTMENT	System-Wide Operating Statement Amounts	
		Expense	
1			
2			
3	<u>Deferred Income Taxes:</u>		
4	Items South Dakota Flows Through		
5	Federal	-	
6	Minnesota	-	
7	North Dakota	-	
8			
9	Subtotal	-	
10			
11	<u>Deferred Income Taxes:</u>		
12	All Other Deferred Income Taxes		
13	Federal	(5,729.68)	(1)
14	Minnesota	-	(1)
15	North Dakota	-	(1)
16			
17	Subtotal	(5,729.68)	
18			
19	Total Deferred Income Tax	(5,729.68)	
20			
21			
22			
23	(1) SD-4, PAGE 3 OF 3		

Prepared By: kas  
Reviewed By: pjb

Otter Tail Power Company Adjustment To Calculate Deferred Income Taxes For Amortization Of Big Stone Capitalized Overhead Costs South Dakota Jurisdiction Actual Year 2007
--

Line No.	(A)	(B)	(C)	(D)
	<b>FLOWBACK OF DEFERRED TAXES - SOUTH DAKOTA</b>			
1		Deferred Federal Tax	Deferred State Tax	Deferred Total Tax
2				
3				
4	Required Decrease In SD Deferred Tax (1)	(544)	0	(544)
5	Estimated NEPIS Factor (2)	9.50%	0.00%	N/A
6				
7	System-wide Deferred Tax Decrease	(5,730)	N/A	(5,730)
8				
9				
10	(1) Year End Tax Accrual W/P Source Data-39, Page 3 of 3 (Monthly Amount X 12) (2) 2006 Actual Year COSS. Rounded To 4 Decimal Places To Emphasize That The NEPIS Factor Is Only An Estimate Of The Actual Year 2007 Factors. (page 16-1)  Note: A Gross Up Of Deferred Tax Expense Is Necessary Because We Don't Jurisdictionalize Deferred Tax.			
11				
12				
13				
14				
15				
16				
17				
18				

OTTER TAIL POWER COMPANY SOUTH DAKOTA FAS 106 ADJUSTMENT ACTUAL YEAR ENDED DECEMBER 31, 2007
--

Line No.	(A)	(B)	(C)	(D)	(E)	(F)
	<b>Net Adjustment</b>					
1	Provision for Post Retirement Medical Benefits				4,382,031	(1)
2	Charges against the Provision for Post Retirement Medical Benefits				2,054,606	(1)
3					(2,327,425)	
4						
5	Portion related to Expense Labor		(4)			
6	Ferc Form 1, line 65, p. 355		60,090,369			
7	Ferc Form 1, line 96, p. 355		83,616,913			
8	% Expense labor, electric				71.86%	
9						
10						
11					(1,672,578)	
12						
13						
14						

Adjustments to enter on the INPUT SUMMARY						
Line No.	(A)	(B)	(C)	(D)	(E)	(F)
16	Administrative & General Expenses		%		<b>Adjustment to B-Summary</b>	
17	Salaries, supplies, pensions & benefits		of Total		<b>Page 3 of 7</b>	Check Total: Balance
18	Production (2)	8,158,582	36.81%	(615,676)		7,542,906
19	Transmission (2)	3,122,913	14.09%	(235,666)		2,887,246
20	Distribution (2)	5,549,875	25.04%	(418,814)		5,131,061
21	Customer Accounts (2)	3,967,362	17.90%	(299,392)		3,667,971
22	Customer Service & Info (2)	1,365,305	6.16%	(103,031)		1,262,274
23	Total	22,164,036	100.00%	(1,672,578)		20,491,458
24						
25						
26	<b>Adjustment to rate base for Prepayments</b>					(3)
27	SD Input Summary, A-Summary, page 3 of 5, line 60					32,877,510
28						
29						
30						
31	<b>Adjustment to Schedule M</b>				(1)	(1)
32					Line 10	Line 11
33	SD Input Summary, B-Summary, page 6 of 7, line 10 & 11				(2,054,606)	4,382,031
34	(These #'s from 2006 COSS B-12 page 1 of 10, reserve-post retirement medical)					
35						
36	<b>Adjustment to Deferred taxes</b>				Line 36	Line 37
37					Federal	MN
38	SD Input Summary, B-Summary, page 5 of 7, line 36,37 & 38				766,029	78,599
39	(these #'s are the net of 2007 Coss A-5, page 4 of 5, reserve for post-retirement benefits)					57,255
40						
41						

(1) 2007 Actual COSS B-12, page 4 of 9  
 (2) Current Year Functionalization Run, Pg 6  
 (3) 2007 Actual COSS A-4, page 3 of 4  
 (4) Preliminary numbers  
 South Dakota has not allowed accrual accounting for post retirement medical benefits, this adjustment is designed to put South Dakota back on a pay-as-you-go basis.