

Volume 4A – Section 1
2007 Test Year work papers
Test Year Adjustments

South Dakota Test Year Adjustments

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ADJUSTMENT TO ANNUALIZE DEPRECIATION AND OTHER OPERATING EXPENSE ON CURRENT AND FUTURE CAPITAL PROJECTS

<u>Depreciation Expense</u>	<u>System-Wide</u>	<u>Allocation Factor</u>	<u>Allocation Percentage</u>	<u>SD Test-Year Amount</u>	<u>PJB Schedule 8 Reference</u>
Additions					
Production					
Base Demand	6,052,235	E1	9.370380%	567,117	
Peak Demand	2,366,511	D1	9.055845%	214,308	
Total Production	<u>8,418,746</u>			<u>781,425</u>	
Transmission	279,702	D2	8.969502%	25,088	
Distribution	19,747	P60	9.868893%	1,949	
General	68,156	P90	9.077176%	6,187	
Intangible	155,242	P90	9.077176%	14,092	
Total Depreciation Expense Additions	<u>8,941,593</u>			<u>828,740</u>	Col (G); Line 12
<u>Other Operating Expenses</u>					
Operating Expense					
Base Demand	1,126,796	E1	9.370380%	105,585	Col (G); Line 4
Peak Demand	440,593	D1	9.055845%	39,899	Col (G); Line 4
Property Insurance	242,400	NEPIS	9.367635%	22,707	Col (G); Line 10
Property Taxes	985,000	NEPIS	9.367635%	92,271	Col (G); Line 13
Total Other Operating Expenses	<u>2,794,789</u>			<u>260,463</u>	
Total Depreciation & Operating Expense Adjustments	<u>11,736,382</u>			<u>1,089,203</u>	Col (G); Line 14
Investment Tax Credit	(7,914,521)	EPIS	9.370467%	(741,628)	
Income Tax Impact: SD Tax Rate is	35.00%			<u>(381,221)</u>	Col (G); Line 19
Net Operating Income Impact				<u>33,646</u>	Col (G); Line 21

ADJUSTMENT TO ANNUALIZE PLANT-IN-SERVICE ON CURRENT AND FUTURE CAPITAL PROJECTS

<u>Plant-in-Service</u>	<u>System-Wide</u>	<u>Allocation Factor</u>	<u>Allocation Percentage</u>	<u>SD Test-Year Amount</u>	<u>KAS Schedule 4 Reference</u>
Additions					
Production					
Base Demand	127,915,641	E1	9.370380%	11,986,182	
Peak Demand	50,016,812	D1	9.055845%	4,529,445	
Total Production	<u>177,932,453</u>			<u>16,515,627</u>	Col (B); Line 1
Transmission	12,631,899	D2	8.969502%	1,133,018	Col (B); Line 2
Distribution - Load Mgmt	666,561	C9	10.038365%	66,912	Col (B); Line 3
General					
Production	570,641	P10	9.277153%	52,939	
Transmission	218,428	D2	8.969502%	19,592	
Distribution	388,178	P60	9.868893%	38,309	
Customer Acctg	277,492	OXC	9.223750%	25,595	
Customer Srvc	95,494	OXI	4.519899%	4,316	
Total General	<u>1,550,233</u>			<u>140,751</u>	Col (B); Line 4
Intangible	388,106	P90	9.077176%	35,229	Col (B); Line 5
Total Plant-in-Service Additions	<u>193,169,252</u>			<u>17,891,537</u>	Col (B); Line 6
Accumulated Depreciation					
	<u>System-Wide</u>	<u>Allocation Factor</u>	<u>Allocation Percentage</u>	<u>SD Test-Year Amount</u>	
Additions					
Production					
Base Demand	(6,055,462)	E1	9.370380%	(567,420)	
Peak Demand	(2,367,773)	D1	9.055845%	(214,422)	
Total Production	<u>(8,423,235)</u>			<u>(781,842)</u>	Col (B); Line 7
Transmission	(279,702)	D2	8.969502%	(25,088)	Col (B); Line 8
Distribution	(43,539)	P60	9.868893%	(4,297)	Col (B); Line 9
General	(68,156)	P90	9.077176%	(6,187)	Col (B); Line 10
Intangible	(155,242)	P90	9.077176%	(14,092)	Col (B); Line 11
Total A/D Additions	<u>(8,969,874)</u>			<u>(831,506)</u>	Col (B); Line 12
L-T Construction Work-in-Progress					
	<u>System-Wide</u>	<u>Allocation Factor</u>	<u>Allocation Percentage</u>	<u>SD Test-Year Amount</u>	
Adjustments					
Production	(4,954,628)	P10	N/A	0	
Transmission	(1,296,255)	D2	N/A	0	
Distribution	(223,750)	P60	N/A	0	
General	(324,949)	P90	N/A	0	
Intangible	(301,460)	P90	N/A	0	
Total L-T CWIP Adjustments	<u>(7,101,042)</u>			<u>0</u>	Col (B); Line 22
Accumulated Deferred Income Taxes					
	<u>System-Wide</u>	<u>Allocation Factor</u>	<u>Allocation Percentage</u>	<u>SD Test-Year Amount</u>	
Adjustments					
All Other					
Federal	(7,243,451)	NEPIS	9.367635%	(678,540)	
Total ADIT Adjustments	<u>(7,243,451)</u>			<u>(678,540)</u>	Col (B); Line 28

**Otter Tail Power Company
Capitalized Projects Adjustment
Adjustment Annualizes the Investment**

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	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Projects Moved from CWIP @ 12/31/06 to Capitalized Accounts During 2007								
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/06	Additional Charges Incurred During 2007	Total Project Costs		
1	102499	Load Mgmt Replacement	Distribution	447,499	885,624	1,333,123		
2	102879	PNAA	Intangible	602,919	173,292	776,212		
3	103405	BSP - Brine Concentrator	Production	463	756,712	757,176		
4	102747	Hoot Lake - VIC Site Work	Production	800,622	1,200	801,822		

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Test Year Adjustment to CWIP to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/06	Amount in CWIP @ 12/31/07	Average Rate Base	2007 Test Year CWIP Adjustment	Input Cell
5	102499	Load Mgmt Replacement	Distribution	447,499	0	223,750	(223,750)	C199
6	102879	PNAA	Intangible	602,919	0	301,460	(301,460)	C201
7	103405	BSP - Brine Concentrator	Production	463	0	232	(232)	C197
8	102747	Hoot Lake - VIC Site Work	Production	800,622	0	400,311	(400,311)	C197
9				1,851,504	0	925,752	(925,753)	
10				Total 2007 Test Year Adjustment to CWIP			(925,753)	

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Test Year Adjustment to Plant in Service to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount Capitalized @ 12/31/06	Amount Capitalized @ 12/31/07	Average Rate Base	2007 Test Year Plant-in-Service Adjustment	Input Cell
11	102499	Load Mgmt Replacement	Distribution	0	1,333,123	666,561	666,561	C43
12	102879	PNAA	Intangible	0	776,212	388,106	388,106	C57
13	103405	BSP - Brine Concentrator	Production	0	757,176	378,588	378,588	
14	102747	Hoot Lake - VIC Site Work	Production	0	801,822	400,911	400,911	
15		Base Demand - 71.89%		0	1,120,764	560,382	560,382	C15
16		Peak Demand - 28.11%		0	438,234	219,117	219,117	C16
17				0	3,668,332	1,834,166	1,834,166	
18				Total 2007 Test Year Adjustment to Plant in Service			1,834,166	

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(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to Accumulated Depreciation to Reflect Increase in Plant in Service								
Line No.	Project	Project Description	Function	Accumulated Depreciation @ 12/31/06	Accumulated Depreciation @ 12/31/07	Average Rate Base	2007 Test Year A/D Adjustment	Input Cell(s)
1	102499	Load Mgmt Replacement	Distribution	0	(47,584)	(23,792)	(23,792)	
2	102879	PNAA	Intangible	0	0	0	0	
3	103405	BSP - Brine Concentrator	Production	0	0	0	0	
4	102747	Hoot Lake - VIC Site Work	Production	0	(8,980)	(4,490)	(4,490)	
5		Base Demand - 71.89%		0	(6,456)	(3,228)	(3,228)	
6		Peak Demand - 28.11%		0	(2,524)	(1,262)	(1,262)	
7				0	(56,564)	(28,282)	(28,282)	
8				Total 2007 Test Year Adjusment to Plant in Service			(28,282)	
		Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	
9		Distribution	(23,792)	P60	9.868893%	(2,348)	(21,444)	C113, C111
10		Intangible	0	P90	9.077454%	0	0	C126
11		Prod - Base Demand	(3,228)	E1	9.370380%	(302)	(2,925)	C91, C89
12		Prod - Peak Demand	(1,262)	D1	9.055845%	(114)	(1,148)	C95, C93
13						(2,765)	(25,517)	
14				Total System Adjusment			(28,282)	

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to Depreciation Expense to Reflect Increase in Plant in Service								
Line No.	Project	Project Description	Function	Depreciation Expense 2007	Depreciation Expense 2008	Difference	2007 Test Year Expense Adjustment	Input Cell(s)
15	102499	Load Mgmt Replacement	Distribution	47,584	67,331	19,747	19,747	
16	102879	PNAA	Intangible	0	155,242	155,242	155,242	
17	103405	BSP - Brine Concentrator	Production	0	25,777	25,777	25,777	
18	102747	Hoot Lake - VIC Site Work	Production	8,980	28,761	19,781	19,781	
19		Base Demand - 71.89%		6,456	39,207	32,752	32,752	
20		Peak Demand - 28.11%		2,524	15,331	12,806	12,806	
21				56,564	277,111	220,547	220,547	
22				Total 2007 Test Year Adjusment to Plant in Service			220,547	
		Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	
23		Distribution	19,747	P60	9.868893%	1,949	17,798	C644, C642
24		Intangible	155,242	P90	9.077454%	14,092	141,150	C656
25		Prod - Base Demand	32,752	E1	9.370380%	3,069	29,683	C622, C620
26		Prod - Peak Demand	12,806	D1	9.055845%	1,160	11,647	C626, C624
						20,270	200,277	
27				Total System Adjusment			220,547	
Note: The inputs for A/D are the opposite sign as expense adj's and are located in same cell references as A/D adjustment above.								

**Otter Tail Power Company
Capitalized Projects Adjustment
Adjustment Annualizes the Investment**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Projects Moved from CWIP @ 12/31/07 to Capitalized Accounts During 2008							
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/07	Additional Charges Incurred During 2008	Additional Charges Incurred During 2009	Total Project Costs
1 x	103495	Hi-Tech Addition	General	649,897	900,336	0	1,550,233
2 x	103560	HL - #2 Burner Upgrade	Production	768,759	1,669,964	0	2,438,723
3 x	103371	HL - Superheater Tubes	Production	1,071,351	379,128	0	1,450,479
4 x	103228	Coyote - GSU	Production	955,200	1,653,841	0	2,609,041
5 x	103540	Langdon Wind	Production	6,217,910	6,608,352	0	12,826,262
6 x	103615	Hensel Substation	Transmission	402,359	1,988,022	0	2,390,381
7 x	74198 & 103317	Appleton/Canby	Transmission	1,859,496	370,713	810,009	3,040,218
8				11,924,972	13,570,356	810,009	26,305,337

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to CWIP to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/06	Amount in CWIP @ 12/31/07	Average Rate Base	2007 Test Year CWIP Adjustment	Input Cell
9 x	103495	Hi-Tech Addition	General	0	649,897	324,949	(324,949)	C200
10 x	103560	HL - #2 Burner Upgrade	Production	0	768,759	384,380	(384,380)	
11 x	103371	HL - Superheater Tubes	Production	94,950	1,071,351	583,151	(583,151)	
12 x	103228	Coyote - GSU	Production	0	955,200	477,600	(477,600)	
13 x	103540	Langdon Wind	Production	0	6,217,910	3,108,955	(3,108,955)	
14				94,950	9,013,220	4,554,085	(4,554,085)	C197
15 x	103615	Hensel Substation	Transmission	0	402,359	201,180	(201,180)	
16 x	74198 & 103317	Appleton/Canby	Transmission	330,654	1,859,496	1,095,075	(1,095,075)	
17				330,654	2,261,855	1,296,255	(1,296,255)	C198
18				425,604	11,924,972	6,175,288	(6,175,288)	
19				Total 2007 Test Year Adjustment to CWIP			(6,175,288)	

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to Plant in Service to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount Capitalized @ 12/31/07	Amount Capitalized During '08 or '09	Average Rate Base	2007 Test Year Plant-in-Service Adjustment	Input Cell
20 x	103495	Hi-Tech Addition	General	0	1,550,233	775,117	1,550,233	
21		Production - 36.81%			570,641	285,320	570,641	C48
22		Transmission - 14.09%			218,428	109,214	218,428	C49
23		Distribution - 25.04%			388,178	194,089	388,178	C50
24		Customer Acctg - 17.90%			277,492	138,746	277,492	C51
25		Customer Srvc - 6.16%			95,494	47,747	95,494	C52
26 x	103560	HL - #2 Burner Upgrade	Production	0	2,438,723	1,219,362	2,438,723	
27 x	103371	HL - Superheater Tubes	Production	0	1,450,479	725,240	1,450,479	
28 x	103228	Coyote - GSU	Production	0	2,609,041	1,304,521	2,609,041	
29 x	103540	Langdon Wind	Production	0	12,826,262	6,413,131	12,826,262	
30		Base Demand - 71.89%		0	13,892,387	6,946,193	13,892,387	C15
31		Peak Demand - 28.11%		0	5,432,118	2,716,059	5,432,118	C16
32 x	103615	Hensel Substation	Transmission	0	2,390,381	1,195,191	2,390,381	
33 x	74198 & 103317	Appleton/Canby	Transmission	0	3,040,218	1,520,109	3,040,218	
34				0	5,430,599	2,715,300	5,430,599	C30
35				0	26,305,337	13,152,668	26,305,337	
36				Total 2007 Test Year Adjustment to Plant in Service			26,305,337	

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(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to Accumulated Depreciation to Reflect Increase in Plant in Service								
Line No.	Project	Project Description	Function	Accumulated Depreciation @ 12/31/07	Accumulated Depreciation @ 12/31/08 or 12/31/09	Difference	2007 Test Year A/D Adjustment	Input Cell
1	x	103495	Hi-Tech Addition	General	0	(68,156)	(68,156)	(68,156)
2	x	103560	HL - #2 Burner Upgrade	Production	0	(87,477)	(87,477)	(87,477)
3	x	103371	HL - Superheater Tubes	Production	0	(52,029)	(52,029)	(52,029)
4	x	103228	Coyote - GSU	Production	0	(47,401)	(47,401)	(47,401)
5	x	103540	Langdon Wind	Production	0	(513,589)	(513,589)	(513,589)
6			Base Demand - 71.89%		0	(503,587)	(503,587)	(503,587)
7			Peak Demand - 28.11%		0	(196,909)	(196,909)	(196,909)
8	x	103615	Hensel Substation	Transmission	0	(51,831)	(51,831)	(51,831)
9	x	74198 & 103317	Appleton/Canby	Transmission	0	(53,950)	(53,950)	(53,950)
10					0	(105,781)	(105,781)	(105,781)
11					0	(874,433)	(874,433)	(874,433)
12							(874,433)	
Total 2007 Test Year Adjustment to Accumulated Depreciation							(874,433)	
		Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	
13		General	(68,156)	P90	9.077454%	(6,187)	(61,969)	C120, C118
14		Prod - Base Demand	(503,587)	E1	9.370380%	(47,188)	(456,399)	C91, C89
15		Prod - Peak Demand	(196,909)	D1	9.055845%	(17,832)	(179,078)	C95, C93
16		Transmission	(105,781)	D2	8.969502%	(9,488)	(96,293)	C106, C104
17						(80,695)	(793,738)	
18					Total System Adustment		(874,433)	

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to Depreciation Expense to Reflect Increase in Plant in Service								
Line No.	Project	Project Description	Function	Depreciation Expense 2007	Normalized Depreciation Expense 2008/2009	Difference	2007 Test Year Expense Adjustment	Input Cell
19	x	103495	Hi-Tech Addition	General	0	68,156	68,156	68,156
20	x	103560	HL - #2 Burner Upgrade	Production	0	87,477	87,477	87,477
21	x	103371	HL - Superheater Tubes	Production	0	52,029	52,029	52,029
22	x	103228	Coyote - GSU	Production	0	47,401	47,401	47,401
23	x	103540	Langdon Wind	Production	0	513,589	513,589	513,589
24			Base Demand - 71.89%		0	503,587	503,587	503,587
25			Peak Demand - 28.11%		0	196,909	196,909	196,909
26	x	103615	Hensel Substation	Transmission	0	51,831	51,831	51,831
27	x	74198 & 103317	Appleton/Canby	Transmission	0	53,950	53,950	53,950
28					0	105,781	105,781	105,781
29					0	874,433	874,433	874,433
30							874,433	
Total 2007 Test Year Adjustment to Depreciation Expense							874,433	
		Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	
31		General	68,156	P90	9.077454%	6,187	61,969	C651, C649
32		Prod - Base Demand	503,587	E1	9.370380%	47,188	456,399	C622, C620
33		Prod - Peak Demand	196,909	D1	9.055845%	17,832	179,078	C626, C624
34		Transmission	105,781	D2	8.969502%	9,488	96,293	C637, C635
35						80,695	793,738	
36					Total System Adustment		874,433	

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(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Projects Started and Placed-in-Service During 2007							
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/06	Additional Charges Incurred During 2007	Total Project Costs	
1	103401	BSP - Condenser Retube	Production	0	1,879,849	1,879,849	
2	103402	BSP - AHPC Replacement	Production	0	8,431,462	8,431,462	
3	103404	BSP - Generator Rewind	Production	0	4,659,425	4,659,425	
4	103540	Langdon Wind Farm	Production	0	65,000,000	65,000,000	
5				0	79,970,735	79,970,735	

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to CWIP to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/06	Amount in CWIP @ 12/31/07	Average Rate Base	2007 Test Year CWIP Adjustment	Input Cell
6	103401	BSP - Condenser Retube	Production	0	0	0	0	
7	103402	BSP - AHPC Replacement	Production	0	0	0	0	
8	103404	BSP - Generator Rewind	Production	0	0	0	0	
9	103540	Langdon Wind Farm	Production	0	0	0	0	
10					0	0	0	
11				Total 2007 Test Year Adjustment to CWIP			0	N/A

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to Plant in Service to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount Capitalized @ 12/31/06	Amount Capitalized @ 12/31/07	Average Rate Base	2007 Test Year Plant-in-Service Adjustment	Input Cell
12	103401	BSP - Condenser Retube	Production	0	1,879,849	939,924	939,924	
13	103402	BSP - AHPC Replacement	Production	0	8,431,462	4,215,731	4,215,731	
14	103404	BSP - Generator Rewind	Production	0	4,659,425	2,329,712	2,329,712	
15	103540	Langdon Wind Farm	Production	0	65,000,000	32,500,000	32,500,000	
16		Base Demand - 71.89%		0	57,490,961	28,745,481	28,745,481	C15
17		Peak Demand - 28.11%		0	22,479,774	11,239,887	11,239,887	C16
18				Total 2007 Test Year Adjustment to Plant in Service			39,985,368	

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(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Test Year Adjustment to Accumulated Depreciation to Reflect Increase in Plant in Service									
Line No.	Project	Project Description	Function	Accumulated Depreciation @ 12/31/07	Accumulated Depreciation Using Exp for '08 or '09	Difference	2007 Test Year A/D Adjustment	Input Cell	
19	103401	BSP - Condenser Retube	Production	0	(63,996)	(63,996)	(63,996)		
20	103402	BSP - AHPC Replacement	Production	(42,866)	(239,215)	(196,349)	(196,349)		
21	103404	BSP - Generator Rewind	Production	0	(158,621)	(158,621)	(158,621)		
22	103540	Langdon Wind	Production	0	(2,600,000)	(2,600,000)	(2,600,000)		
23		Base Demand - 71.89%		(30,816)	(2,201,151)	(2,170,335)	(2,170,335)		
24		Peak Demand - 28.11%		(12,050)	(860,681)	(848,631)	(848,631)		
25	Total 2007 Test Year Adjustment to Accumulated Depreciation							(3,018,966)	
		Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	Input Cell	
26		Prod - Base Demand	(2,170,335)	E1	9.370380%	(203,369)	(1,966,966)	C91, C89	
27		Prod - Peak Demand	(848,631)	D1	9.055845%	(76,851)	(771,781)	C95, C93	
28						(280,219)	(2,738,747)		
29	Total System Adustment							(3,018,966)	

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Test Year Adjustment to Depreciation Expense to Reflect Increase in Plant in Service									
Line No.	Project	Project Description	Function	Depreciation Expense 2007	Depreciation Expense 2008 or 2009	Difference	2007 Test Year Expense Adjustment	Input Cell	
30	103401	BSP - Condenser Retube	Production	0	63,996	63,996	63,996		
31	103402	BSP - AHPC Replacement	Production	42,866	239,215	196,349	196,349		
32	103404	BSP - Generator Rewind	Production	0	158,621	158,621	158,621		
33	103540	Langdon Wind	Production	0	2,600,000	2,600,000	2,600,000		
34		Base Demand - 71.89%		30,816	2,201,151	2,170,335	2,170,335		
35		Peak Demand - 28.11%		12,050	860,681	848,631	848,631		
36	Total 2007 Test Year Adjustment to Depreciation Expense							3,018,966	
		Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	Input Cell	
37		Prod - Base Demand	2,170,335	E1	9.370380%	203,369	1,966,966	C622, C620	
38		Prod - Peak Demand	848,631	D1	9.055845%	76,851	771,781	C626, C624	
39						280,219	2,738,747		
40	Total System Adustment							3,018,966	

Otter Tail Power Company
Capitalized Projects Adjustment
Adjustment Annualizes the Investment

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(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Projects Started and Placed-in-Service During 2008 & 2009							
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/07	Additional Charges Incurred During 2008	Additional Charges Incurred During 2009	Total Project Costs
1	x	103855	HL - Unit 3; Superheater Tubes	Production	0	300,000	1,500,000
2	x	103843	Ashtabula Wind Farm	Production	0	116,343,081	116,343,081
3	x	103806	Casselton Ethanlol Plant	Transmission	0	7,201,300	7,201,300
4					0	123,844,381	125,044,381

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to CWIP to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount in CWIP @ 12/31/06	Amount in CWIP @ 12/31/07	Average Rate Base	2007 Test Year CWIP Adjustment	Input Cell
5	x	103855	HL - Unit 3; Superheater Tubes	Production	0	0	0	0
6	x	103843	Ashtabula Wind Farm	Production	0	0	0	0
7				0	0	0	0	N/A
8	x	103806	Casselton Ethanlol Plant	Transmission	0	0	0	0
9				0	0	0	0	N/A
10				0	0	0	0	
11				Total 2007 Test Year Adjustment to CWIP			0	

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Test Year Adjustment to Plant in Service to Transfer Project Costs to Capitalized Accounts								
Line No.	Project	Project Description	Function	Amount Capitalized @ 12/31/07	Amount Capitalized @ 12/31/08 & '09	Difference	2007 Test Year Plant-in-Service Adjustment	Input Cell
12	x	103855	HL - Unit 3; Superheater Tubes	Production	0	1,500,000	1,500,000	1,500,000
13	x	103843	Ashtabula Wind Farm	Production	0	116,343,081	116,343,081	116,343,081
14			Base Demand - 71.89%	0	84,717,391	84,717,391	84,717,391	C15
15			Peak Demand - 28.11%	0	33,125,690	33,125,690	33,125,690	C16
16	x	103806	Casselton Ethanlol Plant	Transmission	0	7,201,300	7,201,300	7,201,300
17				0	7,201,300	7,201,300	7,201,300	C30
18				0	125,044,381	125,044,381	125,044,381	
19				Total 2007 Test Year Adjustment to Plant in Service			125,044,381	

Otter Tail Power Company
Capitalized Projects Adjustment
Adjustment Annualizes the Investment

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Test Year Adjustment to Accumulated Depreciation to Reflect Increase in Plant in Service									
Line No.	Project	Project Description	Function	Accumulated Depreciation @ 12/31/07	Accumulated Depreciation @ 12/31/08 or '09	Difference	2007 Test Year A/D Adjustment	Input Cell	
1	x	103855	HL - Unit 3; Superheater Tubes	Production	0	0	0	0	
2	x	103843	Ashtabula Wind Farm	Production	0	(4,653,723)	(4,653,723)	(4,653,723)	
3			Base Demand - 71.89%	0	(3,345,561)	(3,345,561)	(3,345,561)		
4			Peak Demand - 28.11%	0	(1,308,162)	(1,308,162)	(1,308,162)		
5	x	103806	Casselton Ethanol Plant	Transmission	0	(173,921)	(173,921)	(173,921)	
6				0	(173,921)	(173,921)	(173,921)		
7				0	(4,827,644)	(4,827,644)	(4,827,644)		
8				Total 2007 Test Year Adjustment to Accumulated Depreciation			(4,827,644)		
9			Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	Input Cell
10			Prod - Base Demand	(3,345,561)	E1	9.370380%	(313,492)	(3,032,070)	C91, C89
11			Prod - Peak Demand	(1,308,162)	D1	9.055845%	(118,465)	(1,189,696)	C95, C93
12			Transmission	(173,921)	D2	8.969502%	(15,600)	(158,321)	C106, C104
13							(447,557)	(4,380,087)	
							Total System Adustment		(4,827,644)

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Test Year Adjustment to Depreciation Expense to Reflect Increase in Plant in Service									
Line No.	Project	Project Description	Function	Depreciation Expense 2007	Normalized Depreciation Expense 2008 or 2009	Difference	2007 Test Year Expense Adjustment	Input Cell	
14	x	103855	HL - Unit 3; Superheater Tubes	Production	0	0	0	0	
15	x	103843	Ashtabula Wind Farm	Production	0	4,653,723	4,653,723	4,653,723	
16			Base Demand - 71.89%	0	3,345,561	3,345,561	3,345,561		
17			Peak Demand - 28.11%	0	1,308,162	1,308,162	1,308,162		
18	x	103806	Casselton Ethanol Plant	Transmission	0	173,921	173,921	173,921	
19				0	173,921	173,921	173,921		
20				0	4,827,644	4,827,644	4,827,644		
21				Total 2007 Test Year Adjustment to Depreciation Expense			4,827,644		
22			Function	System Amount	Allocation Factor	Allocation Percentage	SD Allocation	Other Allocation	Input Cell
23			Prod - Base Demand	3,345,561	E1	9.370380%	313,492	3,032,070	C622, C620
24			Prod - Peak Demand	1,308,162	D1	9.055845%	118,465	1,189,696	C626, C624
25			Transmission	173,921	D2	8.969502%	15,600	158,321	C637, C635
26							447,557	4,380,087	
							Total System Adustment		4,827,644

Otter Tail Power Company
Wind Tax Investment Credit Offset to Wind Project Additions

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	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
<u>North Dakota ITC - Tax Purposes</u>								
Line No.		2007	2008	2009	2010	2011	2012	Total
1	Langdon	1,950,000	2,334,788	2,334,788	2,334,788	2,334,788	384,788	11,673,940
2	Ashtabula		3,490,292	3,490,292	3,490,292	3,490,292	3,490,292	17,451,460
3								29,125,400

North Dakota ITC - Book Purposes - Amortize over 25 Years - Adjustment to Normalize ND ITC Credit

	2007	2008	2009	Cell Reference
4	Langdon	6,500	466,958	466,958
5	Ashtabula		58,172	698,058
6		6,500	525,129	1,165,016 C718 (1)

Book vs Tax Difference in ND ITC Credit - Adjustment to ADIT for Deferred Tax Credit

	2007	2008	Total	Cell Reference
7	Langdon	(1,943,500)	(1,867,830)	(3,811,330)
8	Ashtabula		(3,432,120)	(3,432,120)
9		(1,943,500)	(5,299,951)	(7,243,451) C247

(1) Enter adjustment as a negative number on the input summary.

Otter Tail Power Company
O & M Expense and Production Tax Credit Adjustments to Wind Project Additions

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	(A)	(B)	(C)	(D)	(E)
<u>O & M Expense</u>					
Line No.	2007	2008	2009	Cell Reference	
Langdon					
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
Ashtabula					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
Combined Totals					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					

<u>Current Federal PTC - Book & Tax Purposes</u>					
	2007	2008	2009	Cell Reference	
34					
35					
36					

(1) Enter adjustment as a negative number on the Input Summary.

ADJUSTMENT TO REVERSE FAS 158 ENTRY TO POST RETIREMENT BENEFITS

		(A)	(B)	(C)	(D)	(E)
Line No.	Description	Total Utility	Allocator	Allocator %	SD	KAS Schedule 4 Reference
1	2007 FAS 158 Adjustment to Prepayments	3,991,701	NEPIS	9.367635%	373,928	Col (C); Line 25

Adjustment to Eliminate FAS 158 Entry Amount

Otter Tail Power Company
Post Retirement Benefits Other Than Pension
Actual 12 Months Ending December 31, 2007

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
	Account 228.03/2440.3200 & 2440.3250											
	Month											
1	December	End	2006	Provision								
2	January	End	2007	(32,254,146)								
3	February	Beg	2007	(32,687,839)								
4	March	End	2007	(32,561,650)								
5	April	Beg	2007	(32,763,953)								
6	May	End	2007	(32,882,312)								
7	June	Beg	2007	(32,952,144)								
8	July	End	2007	(32,989,528)								
9	August	Beg	2007	(33,045,175)								
10	September	End	2007	(33,277,313)								
11	October	Beg	2007	(33,335,013)								
12	November	End	2007	(33,254,489)								
13	December	Beg	2007	(33,409,755)								
14	Total	End	2007	(30,487,764)								
15	Average			(789,060,249)								

Cell Reference
FAS 158 Amount (1) (4,178,445)
D220 (2)

(2) Enter as a positive number on Adjustment Input Summary.
Note: The above adjustment is being made to eliminate the FAS 158 amount included in the current month activity for December 2006. The \$3,991,701 is included in each of the monthly balances shown in Column D above and therefore the entire amount is included in the 13 month average calculation. Additional explanation can be found in the testimony of Mr. Beithon.

YEAR	MONTH	SumOfCurrent Month	SumOfBalance	ACCT	SUB
2006	12	(\$4,178,444.71)	(\$35,804,531.15)	2440	3200
2007	1	(\$401,693.68)	(\$36,206,224.83)	2440	3200
2007	2	(\$20,477.52)	(\$36,226,702.35)	2440	3200
2007	3	(\$167,552.76)	(\$36,394,255.11)	2440	3200
2007	4	(\$255,025.34)	(\$36,649,280.45)	2440	3200
2007	5	(\$206,498.10)	(\$36,855,778.55)	2440	3200
2007	6	(\$174,051.27)	(\$37,029,829.82)	2440	3200
2007	7	(\$192,313.11)	(\$37,222,142.93)	2440	3200
2007	8	(\$292,080.32)	(\$37,514,223.25)	2440	3200
2007	9	(\$65,415.35)	(\$37,579,638.60)	2440	3200
2007	10	\$252,736.71	(\$37,326,901.89)	2440	3200
2007	11	(\$168,726.01)	(\$37,495,627.90)	2440	3200
2007	12	\$2,819,212.89	(\$34,676,415.01)	2440	3200

YEAR	MONTH	SumOfCurrent Month	SumOfBalance	ACCT	SUB
2006	12	\$128,547.00	\$3,550,385.52	2440	3250
2007	1	(\$31,999.67)	\$3,518,385.85	2440	3250
2007	2	\$146,666.66	\$3,665,052.51	2440	3250
2007	3	(\$34,750.80)	\$3,630,301.71	2440	3250
2007	4	\$136,666.67	\$3,766,968.38	2440	3250
2007	5	\$136,666.66	\$3,903,635.04	2440	3250
2007	6	\$136,666.67	\$4,040,301.71	2440	3250
2007	7	\$136,666.67	\$4,176,968.38	2440	3250
2007	8	\$59,942.24	\$4,236,910.62	2440	3250
2007	9	\$7,715.23	\$4,244,625.85	2440	3250
2007	10	(\$172,212.50)	\$4,072,413.35	2440	3250
2007	11	\$13,459.21	\$4,085,872.56	2440	3250
2007	12	\$102,778.75	\$4,188,651.31	2440	3250

Source: GL Fire

ADJUSTMENT TO CHANGE FROM JURISDICTIONAL DIRECT ASSIGNMENT TO ALLOCATED METHOD

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator*	Allocator %	SD	KAS Schedule 4 Reference
1	<u>PRODUCTION</u>					
2	BASE DEMAND	0	Directly Assigned minus E1	See W/P TY-01	(2,467,317)	
3	PEAK DEMAND	0	Directly Assigned minus D1	See W/P TY-01	(1,074,540)	
4	BASE ENERGY	0	Directly Assigned minus E1	See W/P TY-01	<u>0</u>	
5	TOTAL PRODUCTION				(3,541,857)	Col (D); Line 7
6	TRANSMISSION	0	Directly Assigned minus D2	See W/P TY-01	(880,587)	Col (D); Line 8
7	DISTRIBUTION	0	Directly Assigned minus P60	See W/P TY-01	(637,074)	Col (D); Line 9
8	GENERAL	0	Directly Assigned minus P90	See W/P TY-01	(132,876)	Col (D); Line 10
9	INTANGIBLE		P90	9.077176%	<u>-</u>	
10	TOTAL ACCUMULATED DEPRECIATION				<u>(5,192,394)</u>	Col (D); Line 12

*Directly Assigned means the South Dakota percent resulting from the direct assignment. The adjustment is this direct assigned percent minus the percent for the indicated allocator (E1, D1, P60, or P90).

ADJUSTMENT TO CHANGE FROM JURISDICTIONAL DIRECT ASSIGNMENT TO ALLOCATED METHOD

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
	<u>Depreciation Expense</u>					
1	Adj to Change from Direct to Allocated Depr		Adjust SD directly	100.00%	115,688	Col (F); Line 12
2	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>(40,491)</u>	Col (F); Line 19
3	Net Operating Income Impact				<u><u>(75,197)</u></u>	Col (F); Line 21

Otter Tail Power Company
Depreciation Allocation Adjustment

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ADJUSTMENT TO CHANGE FROM JURISDICTIONAL DIRECT ASSIGNMENT TO ALLOCATED METHOD

2007 Actual Year South Dakota CCROSS

Line No.	DEPRECIATION EXPENSE		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Allocators		Total Company	South Dakota	% as assigned (D / C)	Allocated Expense (B x C)	Test Year Adjustment (F minus D)	Input Cell #		
1	PRODUCTION									
2	E1	9.37%	12,902,866	1,152,140	8.93%	\$ 1,209,048	\$ 56,907	E622		
3	D1	9.06%	5,054,287	443,623	8.78%	\$ 457,708	\$ 14,086	E626		
4	E1	9.37%	-	-						
5	TOTAL PRODUCTION		17,957,153	1,595,763		\$ 1,666,756	\$ 70,993			
6	D2	8.97%	4,003,116	333,111	8.32%	\$ 359,060	\$ 25,948	E637		
7	P60	9.87%	8,835,214	856,483	9.69%	\$ 871,938	\$ 15,455	E644		
8	P90	9.08%	2,400,043	214,564	8.94%	\$ 217,856	\$ 3,292	E651		
9	P90	9.08%	678,544	61,593	9.08%	\$ 61,593	\$ -			
10	TOTAL DEPRECIATION EXPENSE		33,874,070	3,061,514		\$ 3,177,202	\$ 115,688			

Note 1: Since total depreciation expense does not change, an amount equal to the SD reduction should be added to MN.

ADJUSTMENT TO CHANGE FROM JURISDICTIONAL DIRECT ASSIGNMENT TO ALLOCATED METHOD

Line 2007 Actual Year South Dakota CCROSS

No.		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		Allocators		Total Company	South Dakota	% as assigned (D / C)	Allocated Acc Depn (B x C)	Test Year Adjustment (F minus D)	Input Cell #
1	<u>PRODUCTION</u>								
2	BASE DEMAND	E1	9.37%	(147,713,708)	(11,374,019)	7.70%	\$ (13,841,336)	\$ (2,467,317)	E91
3	PEAK DEMAND	D1	9.06%	(77,458,500)	(5,939,981)	7.67%	\$ (7,014,521)	\$ (1,074,540)	E95
4	BASE ENERGY	E1	9.37%	-	-				
5	TOTAL PRODUCTION			(225,172,208)	(17,314,001)		\$ (20,855,857)	\$ (3,541,857)	
6	TRANSMISSION	D2	8.97%	(77,658,392)	(6,084,984)	7.84%	\$ (6,965,571)	\$ (880,587)	E106
7	DISTRIBUTION	P60	9.87%	(134,502,640)	(12,636,848)	9.40%	\$ (13,273,922)	\$ (637,074)	E113
8	GENERAL	P90	9.08%	(29,972,643)	(2,587,794)	8.63%	\$ (2,720,669)	\$ (132,876)	E120
9	INTANGIBLE	P90	9.08%	(2,843,053)	(258,069)	9.08%	\$ (258,069)	\$ -	
10	TOTAL ACCUMULATED DEPRECIATION			(470,148,936)	(38,881,695)		\$ (44,074,089)	\$ (5,192,393)	

Note 1: Since total accumulated depreciation does not change, an amount equal to the SD reduction should be adjusted to MN, ND and FERC in order to balance.

ADJUSTMENT FOR AMORTIZED RATE CASE EXPENSES

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	2007 Rate Case Expense Adjustment	N/A	Directly Assigned	100.00%	50,000	Col (R); Line 10
2	Income Tax Impact: SD Tax Rate from Sch C-6 is	35.00%			<u>(17,500)</u>	Col (R); Line 19
3	Net Operating Income Impact				<u><u>(32,500)</u></u>	Col (R); Line 21

**Otter Tail Power Company
Rate Case Adjustment Calculation**

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Rate Case Expense Amortization

Line No.	(A) Description	(B) Amount	(C) Entry Location
1	Rate Case Expenses	\$150,000	
2	Three Year amortization	\$50,000	F567
3	Moss & Barnett, attorneys	\$75,000	
4	Administrative Costs, Consultants, etc.	50,000	
5	PUC and DOC	25,000	
6	Estimated rate case expenses	<u>\$150,000</u>	

Prepared By: KSem

ADJUSTMENT FOR EMPLOYEE BENEFITS MEDICAL/DENTAL

Line #	Description from JCOSS INPUT SUMMARY	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
PRODUCTION						
1	BASE DEMAND	207,525	E1	9.370380%	19,446	
2	PEAK DEMAND	102,816	D1	9.055845%	9,311	
3	TOTAL PRODUCTION EXPENSE	<u>310,341</u>			<u>28,757</u>	Col (I); Line 4
4	TRANSMISSION EXPENSES	118,807	D2	8.969502%	10,656	Col (I); Line 5
DISTRIBUTION EXPENSES						
5	PRIMARY DEMAND	59,758	D3	10.342161%	6,180	
6	SECONDARY DEMAND	19,141	D4	10.704340%	2,049	
7	PRIMARY CUSTOMER	40,833	C2	9.113259%	3,721	
8	SECONDARY CUSTOMER	33,031	C3	9.111530%	3,010	
9	STREETLIGHTING	21,676	C4	10.633834%	2,305	
10	AREA LIGHTING	618	C5	9.490065%	59	
11	METERS	36,013	C6	9.319059%	3,356	
12	LOAD MANAGEMENT					
13	TOTAL DISTRIBUTION EXPENSE	<u>211,071</u>			<u>20,681</u>	Col (I); Line 6
CUSTOMER ACCOUNTING EXPENSES						
14	METER READING	66,851	C7	9.364516%	6,260	
15	OTHER	84,047	C8	9.111783%	7,658	
16	TOTAL CUSTOMER ACCOUNTS	<u>150,898</u>			<u>13,919</u>	Col (I); Line 7
CUSTOMER SERV & INFO EXP - (MN CIP)						
17	-MN	25,958	Direct	100.00000%	25,958	
18	- ND	-				
19	- SD	-				
20	- OTHER	25,995	C1	9.033353%	2,348	
21	TOTAL CUSTOMER SERV & INFORMATION EXP	<u>51,953</u>			<u>28,306</u>	Col (I); Line 8
ADMINISTRATIVE & GENERAL EXPENSES						
SALARIES, SUPPLIES, PENSIONS & BENEFITS						
22	PRODUCTION	150,172	OXPD	9.286300%	13,945	
23	TRANSMISSION	57,482	D2	8.969502%	5,156	
24	DISTRIBUTION	102,155	OXD	9.797576%	10,009	
25	CUSTOMER ACCOUNTS	73,026	OXC	9.223750%	6,736	
26	CUSTOMER SERVICE & INFO	25,131	C1	9.033353%	2,270	
		<u>407,966</u>			<u>38,116</u>	Col (I); Line 10
27	TOTAL	<u>1,251,037</u>			<u>140,436</u>	Col (I); Line 14
28	Income Tax Impact: SD Tax Rate from Sch C-6 is	35.00%			<u>(49,152)</u>	Col (I); Line 19
29	Net Operating Income Impact				<u>(91,283)</u>	Col (I); Line 21

ADJUSTMENT FOR POSTEMPLOYMENT BENEFITS

Line #	Description from JCOSS INPUT SUMMARY	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
	PRODUCTION					
1	BASE DEMAND	12,337	E1	9.370380%	1,156	
2	PEAK DEMAND	<u>6,112</u>	D1	9.055845%	<u>553</u>	
3	TOTAL PRODUCTION EXPENSE	18,449			1,710	Col (K); Line 4
4	TRANSMISSION EXPENSES	7,063	D2	8.969502%	634	Col (K); Line 5
	DISTRIBUTION EXPENSES					
5	PRIMARY DEMAND	3,552	D3	10.342161%	367	
6	SECONDARY DEMAND	1,138	D4	10.704340%	122	
7	PRIMARY CUSTOMER	2,427	C2	9.113259%	221	
8	SECONDARY CUSTOMER	1,964	C3	9.111530%	179	
9	STREETLIGHTING	1,289	C4	10.633834%	137	
10	AREA LIGHTING	37	C5	9.490065%	3	
11	METERS	2,141	C6	9.319059%	200	
12	LOAD MANAGEMENT	-				
13	TOTAL DISTRIBUTION EXPENSE	<u>12,547</u>			<u>1,229</u>	Col (K); Line 6
	CUSTOMER ACCOUNTING EXPENSES					
14	METER READING	3,974	C7	9.364516%	372	
15	OTHER	4,996	C8	9.111783%	455	
16	TOTAL CUSTOMER ACCOUNTS	<u>8,970</u>			<u>827</u>	Col (K); Line 7
	CUSTOMER SERV & INFO EXP - (MN CIP)					
17	-MN	1,543	Direct	100.00000%	1,543	
18	-ND					
19	-SD					
20	-OTHER	1,545	C1	9.033353%	140	
21	TOTAL CUSTOMER SERV & INFORMATION EXP	<u>3,088</u>			<u>1,683</u>	Col (K); Line 8
	ADMINISTRATIVE & GENERAL EXPENSES					
	SALARIES, SUPPLIES, PENSIONS & BENEFITS					
22	PRODUCTION	8,927	OXPD	9.286300%	829	
23	TRANSMISSION	3,417	D2	8.969502%	306	
24	DISTRIBUTION	6,073	OXD	9.797576%	595	
25	CUSTOMER ACCOUNTS	4,341	OXC	9.223750%	400	
26	CUSTOMER SERVICE & INFO	<u>1,494</u>	C1	9.033353%	<u>135</u>	
		<u>24,252</u>			<u>2,266</u>	Col (K); Line 10
27	TOTAL	<u>74,369</u>			<u>8,349</u>	Col (K); Line 14
28	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>(2,922)</u>	Col (K); Line 19
29	Net Operating Income Impact				<u>(5,427)</u>	Col (K); Line 21

ADJUSTMENT FOR POSTEMPLOYMENT BENEFITS

Line #	Description from JCOSS INPUT SUMMARY	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
	PRODUCTION					
1	BASE DEMAND	48,977	E1	9.370380%	4,589	
2	PEAK DEMAND	24,265	D1	9.055845%	2,197	
3	TOTAL PRODUCTION EXPENSE	<u>73,242</u>			<u>6,788</u>	Col (K); Line 4
4	TRANSMISSION EXPENSES	28,039	D2	8.969502%	2,516	Col (K); Line 5
	DISTRIBUTION EXPENSES					
5	PRIMARY DEMAND	14,103	D3	10.342161%	1,459	
6	SECONDARY DEMAND	4,517	D4	10.704340%	484	
7	PRIMARY CUSTOMER	9,637	C2	9.113259%	878	
8	SECONDARY CUSTOMER	7,796	C3	9.111530%	710	
9	STREETLIGHTING	5,116	C4	10.633834%	544	
10	AREA LIGHTING	146	C5	9.490065%	14	
11	METERS	8,499	C6	9.319059%	792	
12	LOAD MANAGEMENT	-				
13	TOTAL DISTRIBUTION EXPENSE	<u>49,814</u>			<u>4,881</u>	Col (K); Line 6
	CUSTOMER ACCOUNTING EXPENSES					
14	METER READING	15,777	C7	9.364516%	1,477	
15	OTHER	19,835	C8	9.111783%	1,807	
16	TOTAL CUSTOMER ACCOUNTS	<u>35,613</u>			<u>3,285</u>	Col (K); Line 7
	CUSTOMER SERV & INFO EXP - (MN CIP)					
17	-MN	6,126	Direct	100.00000%	6,126	
18	-ND					
19	-SD					
20	-OTHER	6,135	C1	9.033353%	554	
21	TOTAL CUSTOMER SERV & INFORMATION EXP	<u>12,261</u>			<u>6,680</u>	Col (K); Line 8
	ADMINISTRATIVE & GENERAL EXPENSES					
	SALARIES, SUPPLIES, PENSIONS & BENEFITS					
22	PRODUCTION	35,441	OXPD	9.286300%	3,291	
23	TRANSMISSION	13,566	D2	8.969502%	1,217	
24	DISTRIBUTION	24,109	OXD	9.797576%	2,362	
25	CUSTOMER ACCOUNTS	17,234	OXC	9.223750%	1,590	
26	CUSTOMER SERVICE & INFO	5,931	C1	9.033353%	536	
		<u>96,282</u>			<u>8,996</u>	Col (K); Line 10
27	TOTAL	<u>295,251</u>			<u>33,144</u>	Col (K); Line 14
28	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>(11,600)</u>	Col (K); Line 19
29	Net Operating Income Impact				<u>(21,544)</u>	Col (K); Line 21

ADJUSTMENT FOR FASB 87 PENSION COSTS

Line #	Description from JCOSS INPUT SUMMARY	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
	PRODUCTION					
1	BASE DEMAND	(226,859)	E1	9.370380%	(21,258)	
2	PEAK DEMAND	(112,395)	D1	9.055845%	(10,178)	
3	TOTAL PRODUCTION EXPENSE	<u>(339,254)</u>			<u>(31,436)</u>	Col (J); Line 4
4	TRANSMISSION EXPENSES	(129,876)	D2	8.969502%	(11,649)	Col (J); Line 5
	DISTRIBUTION EXPENSES					
5	PRIMARY DEMAND	(65,325)	D3	10.342161%	(6,756)	
6	SECONDARY DEMAND	(20,925)	D4	10.704340%	(2,240)	
7	PRIMARY CUSTOMER	(44,638)	C2	9.113259%	(4,068)	
8	SECONDARY CUSTOMER	(36,109)	C3	9.111530%	(3,290)	
9	STREETLIGHTING	(23,696)	C4	10.633834%	(2,520)	
10	AREA LIGHTING	(675)	C5	9.490065%	(64)	
11	METERS	(39,368)	C6	9.319059%	(3,669)	
12	LOAD MANAGEMENT					
13	TOTAL DISTRIBUTION EXPENSE	<u>(230,735)</u>			<u>(22,606)</u>	Col (J); Line 6
	CUSTOMER ACCOUNTING EXPENSES					
14	METER READING	(73,079)	C7	9.364516%	(6,844)	
15	OTHER	(91,877)	C8	9.111783%	(8,372)	
16	TOTAL CUSTOMER ACCOUNTS	<u>(164,956)</u>			<u>(15,215)</u>	Col (J); Line 7
	CUSTOMER SERV & INFO EXP - (MN CIP)					
17	-MN	(28,376)	Direct	100.00000%	(28,376)	
18	- ND					
19	- SD					
20	- OTHER	(28,417)	C1	9.033353%	(2,567)	
21	TOTAL CUSTOMER SERV & INFORMATION EXP	<u>(56,793)</u>			<u>(30,943)</u>	Col (J); Line 8
	ADMINISTRATIVE & GENERAL EXPENSES					
	SALARIES, SUPPLIES, PENSIONS & BENEFITS					
22	PRODUCTION	(164,163)	OXPD	9.286300%	(15,245)	
23	TRANSMISSION	(62,838)	D2	8.969502%	(5,636)	
24	DISTRIBUTION	(111,672)	OXD	9.797576%	(10,941)	
25	CUSTOMER ACCOUNTS	(79,829)	OXC	9.223750%	(7,363)	
26	CUSTOMER SERVICE & INFO	(27,472)	C1	9.033353%	(2,482)	
		<u>(445,974)</u>			<u>(41,668)</u>	Col (J); Line 10
27	TOTAL	<u>(1,367,587)</u>			<u>(153,518)</u>	Col (J); Line 14
28	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>53,731</u>	Col (J); Line 19
29	Net Operating Income Impact				<u>99,787</u>	Col (J); Line 21

**Offter Tail Power Company
Medical, FAS 106 (Postretirement Benefits) & 112 (Postemployment Benefits) and FAS 87 (Pension)**

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
	PRODUCTION			Medical	Cell	FAS 112	Cell	FAS 106	Cell	FAS 87	Cell	Total
					G469 G470		H469 H470		I469 I470		J469 J470	
1	BASE DEMAND	11,325,547	67%	207,525	G469	12,337	H469	48,977	I469	(226,859)	J469	41,980
2	PEAK DEMAND	5,611,117	33%	102,816	G470	6,112	H470	24,265	I470	(112,395)	J470	20,798
3	TOTAL PRODUCTION EXPENSE	16,936,664	100%	310,341		18,449		73,242		(339,254)		62,778
4	TRANSMISSION EXPENSES			118,807	G490	7,063	H490	28,039	I490	(129,876)	J490	24,033
5	<u>DISTRIBUTION EXPENSES</u>											
6	PRIMARY DEMAND	4,157,949	28%	59,758	G493	3,552	H493	14,103	I493	(65,325)	J493	12,088
7	SECONDARY DEMAND	1,331,858	9%	19,141	G494	1,138	H494	4,517	I494	(20,925)	J494	3,872
8	PRIMARY CUSTOMER	2,841,193	19%	40,833	G495	2,427	H495	9,637	I495	(44,638)	J495	8,260
9	SECONDARY CUSTOMER	2,298,330	16%	33,031	G496	1,964	H496	7,796	I496	(36,109)	J496	6,682
10	STREETLIGHTING	1,508,249	10%	21,676	G497	1,289	H497	5,116	I497	(23,696)	J497	4,385
11	AREA LIGHTING	42,974	0%	618	G498	37	H498	146	I498	(675)	J498	125
12	METERS	2,505,796	17%	36,013	G499	2,141	H499	8,499	I499	(39,368)	J499	7,285
13	LOAD MANAGEMENT	-				-						
13	TOTAL DISTRIBUTION EXPENSE	14,686,349	100%	211,071		12,547		49,814		(230,735)		42,697
14	<u>CUSTOMER ACCOUNTING EXPENSES</u>											
14	METER READING	4,654,956	44%	66,851	G505	3,974	H505	15,777	I505	(73,079)	J505	13,523
15	OTHER	5,852,304	56%	84,047	G506	4,996	H506	19,835	I506	(91,877)	J506	17,002
16	TOTAL CUSTOMER ACCOUNTS	10,507,260	100%	150,898		8,970		35,613		(164,956)		30,525
17	<u>CUSTOMER SERV & INFO EXP - (MN CIP)</u>											
18	-MN	2,618,980	50%	25,958	G510	1,543	H510	6,126	I510	(28,376)	J510	5,251
19	-ND	-										
20	-SD	-										
20	-OTHER	2,622,720	50%	25,995	G513	1,545	H513	6,135	I513	(28,417)	J513	5,258
21	TOTAL CUSTOMER SERV & INFORMATION EXP	5,241,700	100%	51,953		3,088		12,261		(56,793)		10,509
22	<u>ADMINISTRATIVE & GENERAL EXPENSES</u>											
22	SALARIES, SUPPLIES, PENSIONS & BENEFITS											
22	PRODUCTION	8,158,582	37%	150,172	G551	8,927	H551	35,441	I551	(164,163)	J551	30,378
23	TRANSMISSION	3,122,913	14%	57,482	G552	3,417	H552	13,566	I552	(62,838)	J552	11,628
24	DISTRIBUTION	5,549,875	25%	102,155	G553	6,073	H553	24,109	I553	(111,672)	J553	20,665
25	CUSTOMER ACCOUNTS	3,967,362	18%	73,026	G554	4,341	H554	17,234	I554	(79,829)	J554	14,772
26	CUSTOMER SERVICE & INFO	1,365,305	6%	25,131	G555	1,494	H555	5,931	I555	(27,472)	J555	5,084
27				407,966		24,252		96,282		(445,974)		82,527
28	TOTAL A&G SALARIES, SUPP, PENSIONS & BENEFIT	22,164,037	100%									
29	TOTAL			<u>1,251,037</u>		<u>74,369</u>		<u>295,251</u>		<u>(1,367,587)</u>		<u>253,070</u>

Otter Tail Power Company
Medical, FAS 106 (Postretirement Benefits) & 112 (Postemployment Benefits) and FAS 87 (Pension)

Line No.	(A) Labor From FERC Form 1 Page 354-355	(B) Amount	(C) % of total	(D) Medical	(E) FAS 112	(F) FAS 106	(G) FAS 87	(H) Total
1	Production	\$ 14,906,456	21.1%	\$ 310,341	\$ 18,449	\$ 73,242	\$ (339,254)	\$ 62,778
2	Transmission	5,706,607	8.1%	118,807	7,063	28,039	(129,876)	24,033
3	Distribution	10,138,266	14.4%	211,071	12,547	49,814	(230,735)	42,697
4	Customer Accounts	7,247,999	10.3%	150,898	8,970	35,613	(164,956)	30,525
5	Customer Service & Information, & Sales (1)	2,495,421	3.5%	51,953	3,088	12,261	(56,793)	10,509
6	Administrative & General	19,595,620	27.8%	407,966	24,252	96,282	(445,974)	82,527
7	Total Labor Expense	\$ 60,090,369		\$ 1,251,037	\$ 74,369	\$ 295,251	\$ (1,367,587)	\$ 253,070
8	Construction Labor	9,230,786	13.1%	192,178	11,424	45,355	(210,082)	38,875
9	Total Utility Labor	\$ 69,321,155		\$ 1,443,215	\$ 85,793	\$ 340,606	\$ (1,577,669)	\$ 291,946
10	Account 417.1 Expenses of Non-Utility Operations	1,161,698	1.6%	24,186	1,438	5,708	(26,439)	4,892
11	Total Otter Tail Power Labor	\$ 70,482,853	100.0%	\$ 1,467,401	\$ 87,231	\$ 346,314	\$ (1,604,108)	\$ 296,838

Otter Tail Power Company
Medical, FAS 106 (Postretirement Benefits) & 112 (Postemployment Benefits) and FAS 87 (Pension)
Adjustment Calculations

Line No.	(A) Year	(B) Medical & Dental*, **	(C) Medical % increase	(D) FAS 112 Expense (Post Employment) Medical)**	(E) FAS 112 Expense % Increase	(F) FAS 106 Expense (Post Retirement) Medical)**	(G) FAS 106 Expense % Increase	(H) Fas 87 Pension Expense	(I) FAS 87 Pension % Increase	(J) Total expenses	(K) Total % change
1	2003	\$ 6,040,289	--	\$ (49,043)	--	\$ 4,574,189	--	\$ 1,442,403	--	\$ 12,007,838	--
2	2004	\$ 6,765,286	12.00%	\$ 569,970	1262.18%	\$ 3,944,860	-13.76%	\$ 1,885,326	30.71%	\$ 13,165,442	9.64%
3	2005	\$ 7,037,358	4.02%	\$ 1,983,077	247.93%	\$ 3,532,466	-10.45%	\$ 4,210,262	123.32%	\$ 16,763,163	27.33%
4	2006	\$ 8,236,703	17.04%	\$ 258,193	-86.98%	\$ 3,135,356	-11.24%	\$ 5,449,510	29.43%	\$ 17,079,762	1.89%
5	2007	\$ 8,304,645	0.82%	\$ 217,619	-15.71%	\$ 2,936,686	-6.34%	\$ 4,230,508	-22.37%	\$ 15,689,458	-8.14%
6	2008	\$ 9,772,046	17.67%	\$ 304,850	40.08%	\$ 3,283,000	11.79%	\$ 2,626,400	-37.92%	\$ 15,986,296	1.89%
7	Adjustment	\$ 1,467,401		\$ 87,231		\$ 346,314		\$ (1,604,108)		\$ 296,838	
8	5-year Average	\$ 7,276,856		\$ 595,963		\$ 3,624,711		\$ 3,443,602		\$ 14,941,133	
9	3-year average	\$ 7,859,569		\$ 819,630		\$ 3,201,503		\$ 4,630,093		\$ 16,510,794	
10	3Yr Avg Adj	\$ (445,076)		\$ 602,011		\$ 264,817		\$ 399,585		\$ 821,336	

* 2008 projected based on actual claims data of January - March 2008 and renewal projections for the remainder of the year.

** 2006 recognized the impact of Medicare Part D subsidy

ADJUSTMENT FOR CORPORATE ALLOCATIONS

	(A)	(B)	(C)	(D)	(E)
Line No.	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	ADMINISTRATIVE & GENERAL EXPENSES				
	SALARIES, SUPPLIES, PENSIONS & BENEFITS				
2	(36,574)	OXPD	9.286300%	(3,396)	
3	(13,999)	D2	8.969502%	(1,256)	
4	(24,879)	OXD	9.797576%	(2,438)	
5	(17,786)	OXC	9.223750%	(1,641)	
6	<u>(6,120)</u>	C1	9.033353%	<u>(553)</u>	
7	TOTAL A&G SALARIES, SUPPLIES, PENSIONS AND BENEFITS			<u>(99,358)</u>	(9,283) Col (Q); Line 10
8	Income Tax Impact: ND Tax Rate from Sch C-6 is 35.00%			<u>3,249</u>	Col (Q); Line 19
9	Net Operating Income Impact			<u>6,034</u>	Col (Q); Line 21

Otter Tail Power Company
Adjustment to Corporate Allocations
South Dakota Share

Line No.	(A) Description from JCOSS INPUT SUMMARY	(B) Total Utility	(C) Allocator	(D) Allocator %	(E) SD
	ADMINISTRATIVE & GENERAL EXPENSES				
	SALARIES, SUPPLIES, PENSIONS & BENEFITS				
1	PRODUCTION	(36,574)	OXPD	9.285878%	(3,396)
2	TRANSMISSION	(13,999)	D2	8.969502%	(1,256)
3	DISTRIBUTION	(24,879)	OXD	9.799763%	(2,438)
4	CUSTOMER ACCOUNTS	(17,786)	OXC	9.223750%	(1,641)
5	CUSTOMER SERVICE & INFO	<u>(6,120)</u>	C1	9.033353%	<u>(553)</u>
6	TOTAL A&G SALARIES, SUPPLIES, PENSIONS & BENEFITS	<u>(99,358)</u>			<u>(9,283)</u>

Prepared By: KSem

Otter Tail Power Company
Allocation of Adjustment to Corporate Allocations

Line No.	(A) Description from JCOSS INPUT SUMMARY	(B) From 2007 Actual Functionalization	(C) Adjustment	(D) Input Summary Cell #
	ADMINISTRATIVE & GENERAL EXPENSES			
	SALARIES, SUPPLIES, PENSIONS & BENEFITS			
1	PRODUCTION	8,158,582	(36,574)	K551
2	TRANSMISSION	3,122,913	(13,999)	K552
3	DISTRIBUTION	5,549,875	(24,879)	K553
4	CUSTOMER ACCOUNTS	3,967,362	(17,786)	K554
5	CUSTOMER SERVICE & INFO	1,365,305	(6,120)	K555
6	TOTAL A&G SALARIES, SUPPLIES, PENSIONS & BENEFITS	22,164,036	<u>(99,358)</u>	
7	Total Corporate labor - 2007	13,390,532		
8	Average Corporate labor increase effective January 2008	5.4%		
9	Corporate labor increase	<u>720,411</u>		
10	Total Corporate labor after 2008 average increase	14,110,942		
11	Average Corporate labor increase effective January 2009	4.0%		
12	Corporate labor increase	<u>564,438</u>		
13	Total Corporate labor increases 2008-2009	1,284,848		
14	Otter Tail Power Company portion	30.0%		
15	Test year increase in utility portion of Corporate costs	216,426	216,426	
16	Reduction to utility allocated corporate costs for capped officer bonuses	See p 2	<u>(315,784)</u>	
17	Net Test Year Adjustment		<u>(99,358)</u>	

Prepared By: KSem

Otter Tail Power Company
Adjustment to Cap Corporate Bonuses at 25%

Line No.	(A) From Proxy Statement for 2007		(C) Bonus capped at 25%	(D) Allocated to OTP		(E)	(F) Bonus capped at 25%
	Officers' Salaries	Cash Bonus		Officers' Salaries	Cash Bonus		
1	JE	453,500	408,016	113,375	218,469	196,558	54,617
2	KM	295,000	168,798	73,750	121,319	69,418	30,330
3	LM	360,500	324,274	90,125	170,938	153,761	42,735
4	GK	252,500	119,563	63,125	106,156	50,267	26,539
5	Total	1,361,500	1,020,651	340,375	616,882	470,004	154,221
6	Non Exec (two over 25%)	348,101	155,408	87,025			0
7	Non Exec (remainder; none over 25%)		423,985	423,985		183,041	183,041
8	OTTR Bonuses		1,600,044	851,385		653,045	337,262
9							
10							
11	OTP share of total bonuses	line 8(b) x line 20		653,045			
12	OTP share of capped bonuses	line 8(c) x line 20		337,262			
13	Adjustment to corporate allocations			(315,784)			
14							
15	<i>Development of OTP share of bonuses</i>						
16	2007 Corporate Costs						
17	OTP share of all labor	line 35(A) of page 4 of 4.		30.0%			
18							
19							
20	OTP share of bonuses	line 8(e) / line 8(b)		40.8%			

Otter Tail Corporation
Corporate Allocations
Year-To-Date - December 31, 2007

Line No.	(A)	(B)	(C)	(D)
1	Allocated to Otter Tail Power	\$ 6,599,861	31.08%	
2	Allocated to Varistar	11,210,723	52.79%	
3	Kept at Corporate	3,427,232	16.14%	
4	Total YTD Corporate Costs	<u>\$ 21,237,816</u>	<u>100.00%</u>	
5				
6	Allocated by:	Otter Tail Power	Varistar	Corporate
7	Direct Charge	\$ 2,716,120	\$ 5,280,518	\$ 3,427,232
8	Indirect Allocation	1,421,486	2,144,995	3,566,481
9	General Allocator	2,462,254	3,785,210	6,247,465
10	Total	<u>\$ 6,599,861</u>	<u>\$ 11,210,723</u>	<u>\$ 3,427,232</u>
11		31.08%	52.79%	16.14%
12				
13	Allocated by:	Otter Tail Power	Varistar	Corporate
14	Direct Charge	23.78%	46.22%	30.00%
15	Indirect Allocation	39.86%	60.14%	0.00%
16	General Allocator	39.41%	60.59%	0.00%
17	Total	<u>31.08%</u>	<u>52.79%</u>	<u>16.14%</u>
18				
19	Adjustments to be made to 2007 actual corporate costs			
20	5% Wage Increase	\$ 201,139	\$ 368,458	\$ 99,929
21	25% Bonus Cap	(315,784)		315,784
22		<u>\$ (114,644)</u>	<u>\$ 368,458</u>	<u>\$ 415,713</u>
23				
24				
25		Otter Tail Power	Varistar	Corporate
26	Labor and labor related costs	\$ 4,022,789	\$ 7,369,163	\$ 1,998,580
27	Other costs	2,577,072	3,841,561	1,428,652
28	Total	<u>\$ 6,599,861</u>	<u>\$ 11,210,723</u>	<u>\$ 3,427,232</u>
29				
30		Otter Tail Power	Varistar	Corporate
31	Labor and labor related costs	\$ 4,022,789	\$ 7,369,163	\$ 1,998,580
32	Total	6,599,861	11,210,723	3,427,232
33	Labor percent of total	60.95%	65.73%	58.31%
34				
35	Percent of total labor	30.04%	55.03%	14.93%

ADJUSTMENT TO ACCUMULATED DEPRECIATION TO REFLECT 2008 RATES

Line No.	Description	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) KAS Schedule 4 Reference
1	<u>PRODUCTION</u>					
2	BASE DEMAND	(130,787)	E1	9.370380%	(12,255)	
3	PEAK DEMAND	(2,625)	D1	9.055845%	(238)	
4	BASE ENERGY	<u>-</u>	E1	9.370380%	<u>0</u>	
5	TOTAL PRODUCTION	(133,412)			(12,493)	Col (E); Line 7
6	TRANSMISSION	51,675	D2	8.969502%	4,635	Col (E); Line 8
7	DISTRIBUTION	38,896	P60	9.868893%	3,839	Col (E); Line 9
8	GENERAL	5,864	P90	9.077176%	532	Col (E); Line 10
9	INTANGIBLE	<u>-</u>	P90	9.077176%	<u>-</u>	
10	TOTAL DEPRECIATION EXPENSE	<u>(36,977)</u>			<u>(3,487)</u>	Col (E); Line 12

ADJUSTMENT FOR DEPRECIATION EXPENSE TO REFLECT 2008 RATES

Line No.	Description	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
1	<u>PRODUCTION</u>					
2	BASE DEMAND	130,787	E1	9.370380%	12,255	
3	PEAK DEMAND	2,625	D1	9.055845%	238	
4	BASE ENERGY	<u>-</u>	E1	9.370380%	<u>0</u>	
5	TOTAL PRODUCTION	133,412			12,493	
6	TRANSMISSION	(51,675)	D2	8.969502%	(4,635)	
7	DISTRIBUTION	(38,896)	P60	9.868893%	(3,839)	
8	GENERAL	(5,864)	P90	9.077176%	(532)	
9	INTANGIBLE	<u>-</u>	P90	9.077176%	<u>-</u>	
10	TOTAL DEPRECIATION EXPENSE	36,977			3,487	Col (H); Line 12
11	Income Tax Impact: ND Tax Rate from Sch C-6 i 35.00%				<u>(1,220)</u>	Col (H); Line 19
12	Net Operating Income Impact				<u>(2,267)</u>	Col (H); Line 21

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IMPACT OF USING 2008 DEPRECIATION RATES

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	DEPRECIATION EXPENSE						
	Allocators	Total Company (2)	Allocated to South Dakota	Input Cell #	Remaining (1)	Input Line #	
1	E1	130,787	12,255	L622; L91	118,532	L620; L89	
2	D1	2,625	238	L626; L95	2,387	L624; L93	
3	E1	-	-				
4		133,412	12,493		120,919		
	TOTAL PRODUCTION						
5	D2	(51,675)	(4,635)	L637; L106	(47,040)	L635; L104	
6	P60	(38,896)	(3,839)	L644; L113	(35,057)	L642; L111	
7	P90	(5,864)	(532)	L651; L120	(5,332)	L649; L118	
8	P90	-	-				
9		36,977	3,487		33,490		
	TOTAL DEPRECIATION EXPENSE						

(1) Since this is an increase in total depreciation expense, the remainder has been entered in MN on the Input Summary in order to have the correct total expense.

(2) The adjustment amounts are found in the MN depreciation filing submitted each year by September 1st.

Note: Inputs for Accumulated Depreciation are entered with the opposite sign as shown above for expense.

ADJUSTMENT TO ACCUMULATED DEPRECIATION TO REFLECT 2009 RATES

Line No.	Description	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) KAS Schedule 4 Reference
1	<u>PRODUCTION</u>					
2	BASE DEMAND	(29,370)	E1	9.370380%	(2,752)	
3	PEAK DEMAND	(57,255)	D1	9.055845%	(5,185)	
4	BASE ENERGY	<u>-</u>	E1	9.370380%	<u>0</u>	
5	TOTAL PRODUCTION	(86,625)			(7,937)	Col (F); Line 7
6	TRANSMISSION	263,103	D2	8.969502%	23,599	Col (F); Line 8
7	DISTRIBUTION	98,325	P60	9.868893%	9,704	Col (F); Line 9
8	GENERAL	226,612	P90	9.077176%	20,570	Col (F); Line 10
9	INTANGIBLE	<u>-</u>	P90	9.077176%	<u>-</u>	
10	TOTAL DEPRECIATION EXPENSE	<u>501,415</u>			<u>45,936</u>	Col (H); Line 12

ADJUSTMENT FOR DEPRECIATION EXPENSE TO REFLECT 2009 RATES

Line No.	Description	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
1	<u>PRODUCTION</u>					
2	BASE DEMAND	29,370	E1	9.370380%	2,752	
3	PEAK DEMAND	57,255	D1	9.055845%	5,185	
4	BASE ENERGY	<u>-</u>	E1	9.370380%	<u>0</u>	
5	TOTAL PRODUCTION	86,625			7,937	
6	TRANSMISSION	(263,103)	D2	8.969502%	(23,599)	
7	DISTRIBUTION	(98,325)	P60	9.868893%	(9,704)	
8	GENERAL	(226,612)	P90	9.077176%	(20,570)	
9	INTANGIBLE	<u>-</u>	P90	9.077176%	<u>-</u>	
10	TOTAL DEPRECIATION EXPENSE	(501,415)			(45,936)	Col (H); Line 12
11	Income Tax Impact: ND Tax Rate from Sch C-6 i 35.00%				<u>16,077</u>	Col (H); Line 19
12	Net Operating Income Impact				<u>29,858</u>	Col (H); Line 21

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IMPACT OF USING 2009 DEPRECIATION RATES

		(A)	(B)	(C)	(D)	(E)	
DEPRECIATION EXPENSE		Allocators		Total Company (2)	Allocated to South Dakota	Input Cell #	Remaining (1)
Line No.	PRODUCTION					Input Line #	
1	BASE DEMAND	E1	9.37%	29,370	2,752	M622; M91	26,618
2	PEAK DEMAND	D1	9.06%	57,255	5,185	M626; M95	52,070
3	BASE ENERGY	E1	9.37%	-	-		
4	TOTAL PRODUCTION			86,625	7,937		78,688
5	TRANSMISSION	D2	8.97%	(263,103)	(23,599)	M637; M106	(239,504)
6	DISTRIBUTION	P60	9.87%	(98,325)	(9,704)	M644; M113	(88,621)
7	GENERAL	P90	9.08%	(226,612)	(20,571)	M651; M120	(206,041)
8	INTANGIBLE	P90	9.08%	-	-		
9	TOTAL DEPRECIATION EXPENSE			(501,415)	(45,936)		(455,479)

(1) Since this is an increase in total depreciation expense, the remainder has been entered in MN on the Input Summary in order to have the correct total expense.

(2) The adjustment amounts are found in the proposed MN depreciation filing submitted on September 1, 2008.

Note: Inputs for Accumulated Depreciation are entered with the opposite sign as shown above for expense.

ADJUSTMENT FOR ECONOMIC DEVELOPMENT

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	2007 Economic Development Adjustment	N/A	Directly Assigned	100.00%	61,922	Col (P); Line 9
2	Income Tax Impact SD: Tax Rate from Sch C-6 is 35.00%				<u>(21,673)</u>	Col (P); Line 19
3	Net Operating Income Impact				<u><u>(40,249)</u></u>	Col (P); Line 21

**Otter Tail Power Company
Economic Development Adjustment**

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Workpaper developing SD economic development proposed spending guidelines

Line <u>No.</u>	(A)	(B)	<u>SD Proposal</u>
1	Community matching grants		\$50,000
2	Labor and/or consultants dedicated to economic development		41,000
3	Loan pool loss provision		1,000
4	Miscellaneous economic development expense		<u>8,000</u>
5			<u><u>\$100,000</u></u>
6	Economic development assigned to SD in 2007 actual year COSS		38,078
7	Test year adjustment - directly assigned to South Dakota	5(B) minus 6(B)	61,922

Input Summary cell **N544**

ADJUSTMENT DUE TO LOAD INCREASE

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	2007 Adjustment Due to Load Increase Revenue	N/A	Directly Assigned		<u>0</u>	
2	2007 Adjustment Due to Load Increase - Base Demand	379,950	E1	9.370380%	35,603	
3	2007 Adjustment Due to Load Increase - Base Energy	6,956,559	E2	9.345615%	<u>650,133</u>	
4	Total Expense Adjustment				<u>685,736</u>	Col (B); Line 4
5	Operating Income Impact				(685,736)	
6	Income Tax Impact ND: Tax Rate from Sch C-6 is 35.00%				<u>240,008</u>	Col (B); Line 19
7	Net Operating Income Impact				<u>(445,728)</u>	Col (B); Line 21

Otter Tail Power Company
Adjustment Due to Load Increase

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	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Revenue Adjustment							
Line No.	Month	KW	kWh	Revenue	Monthly COE Adj	COE Revenue	Total Revenue Adjustment	Cell Reference
1	1	20	13,500,000	\$538,700	\$0.01160	\$156,600	\$695,300	
2	2	20	13,500,000	\$538,700	\$0.01380	\$186,300	\$725,000	
3	3	20	13,500,000	\$538,700	\$0.01390	\$187,650	\$726,350	
4	4	20	13,500,000	\$538,700	\$0.01810	\$244,350	\$783,050	
5	5	20	13,500,000	\$538,700	\$0.01980	\$267,300	\$806,000	
6	6	20	13,500,000	\$538,700	\$0.02160	\$291,600	\$830,300	
7	7	22	15,100,000	\$602,300	\$0.01990	\$300,490	\$902,790	
8	8	22	15,100,000	\$602,300	\$0.01640	\$247,640	\$849,940	
9	9	22	15,100,000	\$602,300	\$0.01050	\$158,550	\$760,850	
10	10	22	15,100,000	\$602,300	\$0.00260	\$39,260	\$641,560	
11	11	20	13,500,000	\$538,700	\$0.00260	\$35,100	\$573,800	
12	12	20	13,500,000	\$538,700	\$0.00360	\$48,600	\$587,300	
13		20	154,900,000	\$6,718,800		\$2,163,440	\$8,882,240	N/A; Directly Assigned to North Dakota
	Expense Adjustment							
14		COE budget 12/08 - 11/09	average purchase price	0.04491				per kWh
15			purchase cost	\$6,956,559				P481 on Details Tab
16			Cost/MW					
17		winter capacity	\$500	\$60,000				
18		summer capacity	\$2,500	319,950				
18		Total capacity cost		\$379,950				P479 on Details Tab

REVENUE ADJUSTMENT DUE TO BILLING CHANGE

		(A)	(B)	(C)	(D)	(E)
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	Other Miscellaneous Revenue Increase	451,503	NEPIS	9.367635%	42,295	Col (C); Line 2
2	Income Tax Impact: ND Tax Rate from Sch C-6 is 35.00%				<u>14,803</u>	Col (C); Line 19
3	Net Operating Income Impact				<u><u>27,492</u></u>	Col (C); Line 21

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
Revenue Adjustment Due to Billing Change

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Line No.		(A)	(B)	(C)	(D)
		Projected Increase in Big Stone Plant Steam Revenue	OTP's Ownership % of BS Plant	Test Year Adjustment	Line #
1	Other Miscellaneous Electric Revenue	837,667	53.90%	451,503	Q421

Note: The method of billing an ethanol plant served by Otter Tail Power Company for steam use at the Big Stone Plant was changed to billing on an hourly basis which is based off a market price. The change became effective on January 17, 2008 and results in a projected increase in revenue of \$837,667. Otter Tail Power Company has a 53.9% ownership in the Big Stone Plant.

Prepared By: KSem

ADJUSTMENT FOR 2008 & 2009 APRIL AND NOVEMBER ANNUAL WAGE INCREASES

Line No.	Description from JCOSS INPUT SUMMARY	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
PRODUCTION						
1	BASE DEMAND	530,409	E1	9.370380%	49,701	
2	PEAK DEMAND	262,785	D1	9.055845%	23,797	
3	TOTAL PRODUCTION EXPENSE	<u>793,195</u>			<u>73,499</u>	Col (M); Line 4
4	TRANSMISSION EXPENSES	303,657	D2	8.969502%	27,237	Col (M); Line 5
DISTRIBUTION EXPENSES						
5	PRIMARY DEMAND	152,734	D3	10.342161%	15,796	
6	SECONDARY DEMAND	48,923	D4	10.704340%	5,237	
7	PRIMARY CUSTOMER	104,365	C2	9.113259%	9,511	
8	SECONDARY CUSTOMER	84,424	C3	9.111530%	7,692	
9	STREETLIGHTING	55,402	C4	10.633834%	5,891	
10	AREA LIGHTING	1,579	C5	9.490065%	150	
11	METERS	92,045	C6	9.319059%	8,578	
12	LOAD MANAGEMENT					
13	TOTAL DISTRIBUTION EXPENSE	<u>539,472</u>			<u>52,854</u>	Col (M); Line 6
CUSTOMER ACCOUNTING EXPENSES						
14	METER READING	170,864	C7	9.364516%	16,001	
15	OTHER	214,813	C8	9.111783%	19,573	
16	TOTAL CUSTOMER ACCOUNTS	<u>385,677</u>			<u>35,574</u>	Col (M); Line 7
CUSTOMER SERV & INFO EXP - (MN CIP)						
17	-MN	66,345	Direct	100.00000%	-	
18	- ND					
19	- SD					
20	- OTHER	66,440	C1	9.033353%	6,002	
21	TOTAL CUSTOMER SERV & INFORMATION EXP	<u>132,785</u>			<u>6,002</u>	Col (M); Line 8
ADMINISTRATIVE & GENERAL EXPENSES						
SALARIES, SUPPLIES, PENSIONS & BENEFITS						
22	PRODUCTION	390,183	OXPD	9.286300%	36,234	
23	TRANSMISSION	155,573	D2	8.969502%	13,954	
24	DISTRIBUTION	245,142	OXD	9.797576%	24,018	
25	CUSTOMER ACCOUNTS	186,437	OXC	9.223750%	17,196	
26	CUSTOMER SERVICE & INFO	65,378	C1	9.033353%	5,906	
		<u>1,042,712</u>			<u>97,308</u>	Col (M); Line 10
27	TOTAL	3,197,498			292,474	Col (M); Line 14
28	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>(102,366)</u>	Col (M); Line 19
29	Net Operating Income Impact				<u>(190,108)</u>	Col (M); Line 21

ADJUSTMENT FOR KPA AND UTILITY MANAGEMENT INCENTIVES

Line No.	Description from JCOSS INPUT SUMMARY	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
PRODUCTION						
1	BASE DEMAND	11,613	E1	9.370380%	1,088	
2	PEAK DEMAND	5,754	D1	9.055845%	521	
3	TOTAL PRODUCTION EXPENSE	<u>17,367</u>			<u>1,609</u>	Col (L); Line 4
4	TRANSMISSION EXPENSES	6,648	D2	8.969502%	596	Col (L); Line 5
DISTRIBUTION EXPENSES						
5	PRIMARY DEMAND	3,344	D3	10.342161%	346	
6	SECONDARY DEMAND	1,071	D4	10.704340%	115	
7	PRIMARY CUSTOMER	2,285	C2	9.113259%	208	
8	SECONDARY CUSTOMER	1,848	C3	9.111530%	168	
9	STREETLIGHTING	1,213	C4	10.633834%	129	
10	AREA LIGHTING	35	C5	9.490065%	3	
11	METERS	2,015	C6	9.319059%	188	
12	LOAD MANAGEMENT	-				
13	TOTAL DISTRIBUTION EXPENSE	<u>11,812</u>			<u>1,157</u>	Col (L); Line 6
CUSTOMER ACCOUNTING EXPENSES						
14	METER READING	3,741	C7	9.364516%	350	
15	OTHER	4,703	C8	9.111783%	429	
16	TOTAL CUSTOMER ACCOUNTS	<u>8,444</u>			<u>779</u>	Col (L); Line 7
CUSTOMER SERV & INFO EXP - (MN CIP)						
17	-MN	1,453	Direct	100.00000%	-	
18	-ND					
19	-SD					
20	-OTHER	1,455	C1	9.033353%	131	
21	TOTAL CUSTOMER SERV & INFORMATION EXP	<u>2,907</u>			<u>131</u>	Col (L); Line 8
ADMINISTRATIVE & GENERAL EXPENSES						
SALARIES, SUPPLIES, PENSIONS & BENEFITS						
22	PRODUCTION	37,202	OXPD	9.286300%	3,455	
23	TRANSMISSION	14,833	D2	8.969502%	1,330	
24	DISTRIBUTION	23,373	OXD	9.797576%	2,290	
25	CUSTOMER ACCOUNTS	17,776	OXC	9.223750%	1,640	
26	CUSTOMER SERVICE & INFO	6,233	C1	9.033353%	563	
		<u>99,418</u>			<u>9,279</u>	Col (L); Line 10
27	TOTAL	146,596			13,551	Col (L); Line 14
28	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>(4,743)</u>	Col (L); Line 19
29	Net Operating Income Impact				<u>(8,808)</u>	Col (L); Line 21

Otter Tail Power Company
Adjustment for 2008, 2009 Wage Increase and Key Performance Plan and Management Incentive Plan

Line No.	(A) Description from JCROSS INPUT SUMMARY	(B) From Functionalization	(C)	(D)	(E)	(F)	(G)	(H)
	PRODUCTION							
1	BASE DEMAND	11,325,547	67%	530,409	R469	11,613	S469	542,022
2	PEAK DEMAND	5,611,117	33%	262,785	R470	5,754	S470	268,539
3	TOTAL PRODUCTION EXPENSE	16,936,664	100%	793,195		17,367		810,561
4	TRANSMISSION EXPENSES			303,657	R490	6,648	S490	310,306
	DISTRIBUTION EXPENSES							
5	PRIMARY DEMAND	4,157,949	28%	152,734	R493	3,344	S493	156,078
6	SECONDARY DEMAND	1,331,858	9%	48,923	R494	1,071	S494	49,994
7	PRIMARY CUSTOMER	2,841,193	19%	104,365	R495	2,285	S495	106,650
8	SECONDARY CUSTOMER	2,298,330	16%	84,424	R496	1,848	S496	86,273
9	STREETLIGHTING	1,508,249	10%	55,402	R497	1,213	S497	56,615
10	AREA LIGHTING	42,974	0%	1,579	R498	35	S498	1,613
11	METERS	2,505,796	17%	92,045	R499	2,015	S499	94,060
12	LOAD MANAGEMENT	0						
13	TOTAL DISTRIBUTION EXPENSE	14,686,349	100%	539,472		11,812		551,284
	CUSTOMER ACCOUNTING EXPENSES							
14	METER READING	4,654,956	44%	170,864	R505	3,741	S505	174,605
15	OTHER	5,852,304	56%	214,813	R506	4,703	S506	219,516
16	TOTAL CUSTOMER ACCOUNTS	10,507,260	100%	385,677		8,444		394,121
	CUSTOMER SERV & INFO EXP - (MN CIP)							
17	-MN	2,618,980	50%	66,345	R510	1,453	S510	67,798
18	- ND	0						
19	- SD	0						
20	- OTHER	2,622,720	50%	66,440	R513	1,455	S513	67,895
21	TOTAL CUSTOMER SERV & INFORMATION EXP	5,241,699	100%	132,785		2,907		135,692
	ADMINISTRATIVE & GENERAL EXPENSES							
	SALARIES, SUPPLIES, PENSIONS & BENEFITS							
22	PRODUCTION	8,158,582	37%	390,183	R551	37,202	S551	427,385
23	TRANSMISSION	3,122,913	15%	155,573	R552	14,833	S552	170,406
24	DISTRIBUTION	5,549,875	24%	245,142	R553	23,373	S553	268,515
25	CUSTOMER ACCOUNTS	3,967,362	18%	186,437	R554	17,776	S554	204,213
26	CUSTOMER SERVICE & INFO	1,365,305	6%	65,378	R555	6,233	S555	71,612
				1,042,712		99,418		1,142,130
	TOTAL A&G SALARIES, SUPP, PENSIONS & BENEFITS	22,164,036	100%					
27	TOTAL			3,197,498		146,596		3,344,094

Prepared By: KSem

Otter Tail Power Company
Adjustment for Employee Performance Incentive and Management Performance Incentive

Line No.	(A) Description from JCOSS INPUT SUMMARY	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		Amount	% of total	Wage Increase	KPP Average	Mgmt Incentive	KPP & Mgmt Incent.	Total
	ADMINISTRATIVE & GENERAL EXPENSES							
	SALARIES, SUPPLIES, PENSIONS & BENEFITS							
	PRODUCTION							
1		8,158,582	21.1%	\$ 793,195	\$ 17,367		\$ 17,367	\$ 810,561
2	TRANSMISSION	3,122,913	8.1%	303,657	6,648		6,648	310,306
3	DISTRIBUTION	5,549,875	14.4%	539,472	11,812		11,812	551,284
4	CUSTOMER ACCOUNTS	3,967,362	10.3%	385,677	8,444		8,444	394,121
5	CUSTOMER SERVICE & INFO	1,365,305	3.5%	132,785	2,907		2,907	135,692
6		22,164,036	27.8%	1,042,712	22,830	76,588	99,418	1,142,130
				\$ 3,197,498	\$ 70,008	\$ 76,588	\$ 146,596	\$ 3,344,094
				491,184	10,754		10,754	501,938
				\$ 3,688,682	\$ 80,762	\$ 76,588	\$ 157,350	\$ 3,846,032
				1,161,698	1,353		1,353	63,169
				\$ 70,482,853	\$ 82,116	\$ 76,588	\$ 158,704	\$ 3,909,201

Prepared By: KSem

Otter Tail Power Company
Adjustment for Employee Annual Labor Increases

Line No.	(A) Group	(B) 2007 Total ⁴	(C) 2007 Total OTP Share	(D) December 2007 ⁷	(E) December 2007 OTP Share	(F) 2008 OTP base wage	(G) 2008 pay increase	(H) 2008 base + increase	(I) 2009 pay increase	(J) 2009 base + increase	(K) Adjustment
1	Nonunion	\$2,547,011.66	\$2,352,589.14	\$2,186,311.96							
2	Union	\$24,858,319.14	\$4,538,901.10	\$4,538,901.10							
3	Total ⁵	\$52,405,330.80									
4	Coyote Union	\$3,498,627.09	\$1,210,484.48	\$319,687.68	\$11,890.69	\$1,342,688.26	\$17,141.65	\$1,359,829.91	\$19,767.75	\$1,379,597.66	\$169,113.18
5	BSP Union	\$3,627,327.41	\$1,955,129.47	\$311,700.00	\$168,006.30	\$2,016,075.60	\$11,760.44	\$2,027,836.04	\$12,563.67	\$2,040,419.71	\$85,290.24
6	Other Union	\$17,772,464.64	\$1,772,464.64	\$1,554,924.28	\$1,554,924.28	\$18,659,091.36	\$108,844.70	\$18,767,936.06	\$116,463.83	\$18,884,399.89	\$1,111,935.25
7	Total Union	\$24,858,319.14	\$20,938,078.60	\$2,186,311.96	\$1,834,821.27	\$22,017,855.22	\$137,746.79	\$22,155,602.01	\$148,815.26	\$22,304,417.27	\$1,366,338.67
8	Coyote Nonunion ¹	\$1,093,799.64	\$382,829.87	\$97,298.00	\$34,054.30	\$408,651.60	\$11,064.24	\$419,715.84	\$14,659.01	\$434,374.86	\$51,544.98
9	BSP Nonunion ²	\$755,301.00	\$407,107.24	\$63,443.00	\$34,195.78	\$410,349.32	\$11,110.21	\$421,459.53	\$14,719.91	\$436,179.45	\$29,072.21
10	Other Nonunion	\$23,259,958.67	\$23,259,958.67	\$1,984,633.87	\$1,984,633.87	\$23,815,606.44	\$644,807.54	\$24,460,413.98	\$854,305.52	\$25,314,719.50	\$2,054,760.83
11	Total nonunion	\$25,109,059.31	\$24,049,895.78	\$2,145,374.87	\$2,052,883.95	\$24,634,607.36	\$666,981.99	\$25,301,589.36	\$883,694.44	\$26,185,273.80	\$2,135,378.02
12	Executive Management	\$1,405,300.26	\$1,405,300.26	\$1,202,278.00	\$1,202,278.00	\$1,443,336.00	\$54,774.60	\$1,498,110.60	\$79,718.95	\$1,577,829.56	\$172,529.30
13	Level 3.3 Managers ³	\$1,032,652.09	\$1,032,652.09	\$86,936.27	\$86,936.27	\$1,043,235.24	\$28,245.59	\$1,071,480.83	\$37,422.59	\$1,108,903.42	\$76,251.33
14	Total Management	\$2,437,952.35	\$2,437,952.35	\$207,214.27	\$207,214.27	\$2,486,571.24	\$83,020.20	\$2,569,591.44	\$117,141.54	\$2,686,732.98	\$248,780.63
15		\$52,405,330.80	\$47,425,926.73	\$4,538,901.10	\$4,094,919.49	\$49,139,033.82	\$887,748.98	\$50,026,782.80	\$1,149,641.24	\$51,176,424.05	\$3,750,497.32
											7.91%

1 Excludes Plant Manager
 2 Excludes Plant Manager
 3 Adjusted Plant Managers to reflect OTP share
 4 Represents base labor.
 5 Does not include Executives or Level 3 Managers

Check to Summary Tab \$3,909,201.01
Difference \$0.00

21 April 2007 average percentage increase for non-union employees was 3.61%. The 2008 increase will be 3.61% and the 2009 estimate is 3.5%.

22 September 2007 average percentage increase for Coyote Union employees was 3.5%. The 2008 increase is being negotiated. The avg of the 3 most recent yrs is 3.83% and will be used for 2008 & 2009.

23 November 2007 average percentage increase for BS & Other Union employees was 3.5%. The 2008 increase will be 3.5%. The Avg of the 3 most recent yrs is 3.67% and will be used for 2009.

24 The Executives 2007 average percentage increase was 10.26%. The 2008 average increase was 5.06% and the avg of the last 5 yrs is 6.58% which will be used for 2009.

25 The Level 3.3 Managers use the same percentages as Non-Union.

	2008		2009	
	Increase	Month of increase	Increase	Month of increase
26				
27				
28	0.0383	9	0.0383	9
29	0.035	11	0.0367	11
30	0.0361	4	0.035	4
31	0.0506	4	0.0658	4

Prepared By: KSem

Otter Tail Power Company
Adjustment for Employee Performance Incentive

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(G)
1	5 year average 2003 - 2007							\$571,062	
2	Amount in Financial Statements/COSS for 2007							<u>(488,946)</u>	accrual for 2007
3	Adjustment							<u>\$82,116</u>	

Key Performance Plan/USIP/Gainshare									
Year	Eligible Earnings	Target	Target %	Maximum	Max %	Budget	Actual	Actual %	
2003	\$18,871,044	\$0	0%	\$1,132,263	6%	\$0	\$943,552	5%	
2004	\$19,029,174	\$0	0%	\$1,141,750	6%	\$0	\$475,729	2%	
2005	\$20,503,592	\$0	0%	\$1,230,216	6%	\$0	\$881,654	4%	
2006	\$21,344,027	\$0	0%	\$1,315,043	6%	\$0	\$213,440	1%	
2007	\$22,728,948	\$0	0%	\$1,400,371	6%	\$0	\$340,934	1%	
5Yr Average	\$20,495,357	\$0		\$1,243,929	6%	\$0	\$571,062	3%	

Prepared By: KSem

Otter Tail Power Company
Adjustment of Management Performance Incentive

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Page 5 of 5

Line No.	(A)	(B)	(C)	(D)	(E)
1	5 year average 2003 - 2007				\$358,248
2	Amount in Financial Statements/COSS for 2007				<u>(281,660)</u>
3	Test Year Adjustment				<u>\$76,588</u>

Management Incentive Plan					
	Year	Budget/Target	Actual	Incentive > 25% of Base Pay	Actual less 25% cap on base pay
4	2003	\$333,742	\$472,690	\$76,312	\$396,378
5	2004	\$365,506	\$388,083	\$25,245	\$362,838
6	2005	\$395,708	\$595,368	\$116,832	\$478,536
7	2006	\$467,445	\$135,619	\$0	\$135,619
8	2007	\$657,254	\$519,679	\$101,811	\$417,868
9	5Yr Average	\$443,931	\$422,288	\$64,040	\$358,248

Prepared By: KSem

ADJUSTMENT FOR AMORTIZED HOLDING COMPANY EXPENSES

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	2007 Holding Company Expense Adjustment	131,708	NEPIS	9.367635%	12,338	Col (S); Line 10
2	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>(4,318)</u>	Col (S); Line 19
3	Net Operating Income Impact				<u><u>(8,020)</u></u>	Col (S); Line 21

**Otter Tail Power Company
Holding Company Adjustment Calculation**

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Holding Company Expense Amortization

Line No.	(A) Description	(B) Amount	(C) Entry Location
1	Total Expenses to Form Holding Company (After Tax)	\$1,100,000	
2	Gross Conversion Factor	<u>1.645413</u>	
3	Total Holding Company Expenses (Before Tax)	\$1,809,954	
4	OTP Corporate Allocation %	36.4% (1)	
5	Estimated holding company expenses (Line 3 * Line 4)	<u><u>\$658,540</u></u>	
6	Five Year amortization	\$131,708	T561

(1) Line 16(A) from Page 2 of 2 of W/P SD TY-13.

Prepared By: KSem

Computation of Allocation Factors for 2008

	(A)	(B)	(C)
General Allocation Factor			
Line No.	REVENUES	2007	
1	Electric Retail Revenue	276,894	
2	Electric Wholes Revenue	20,345	
3	Other Operating Revenues	20,625	
4	Non-Asset Based Power Pool Sales	62,214	
5	Total Electric Revenues	380,078	
6	Total Consolidated Revenues continuing operations	1,295,806	
7	Ratio	29%	29%
Revenue Ratio			
TOTAL ASSETS			
8	Assets - Electric Operations	813,565	
9	Consolidated Assets	1,454,754	
10	Asset Ratio	56%	56%
TOTAL LABOR DOLLARS			
11	Labor Dollars - Electric Operations	61,773	
12	Consolidated Labor Dollars	258,497	
13	Labor Dollars - Ratio	24%	24%
14	2008 General Allocation Factor		36.4%

ADJUSTMENT FOR STORM REPAIR/PROPERTY INSURANCE EXPENSE

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	2007 Storm Repair/Property Insurance Adjustment	285,354	NEPIS	9.367635%	26,731	Col (T); Line 10
2	Income Tax Impact: SD Tax Rate from Sch C-6 is 35.00%				<u>(9,356)</u>	Col (T); Line 19
3	Net Operating Income Impact				<u><u>(17,375)</u></u>	Col (T); Line 21

**Otter Tail Power Company
Test Year Adjustment
Storm Repair/Property Insurance Expense
2003 - 2007**

Line No.	(A) 5 - Year Average	(B) 2007	(C) 2006	(D) 2005	(E) 2004	(F) 2003	
1	Storm Repair/Property Insurance Costs Incurred	1,259,871	974,518	864,416	2,542,064	802,829	1,115,529
2	Adjustment to 2007 account 924 (A) - (B)	<u>285,354</u>	Enter in CELL V562 test year adjustments tab				

Note: The amount listed for 2007 above includes an adjustment made by Accounting to transfer costs related to insurance policies from FERC 924, Property Insurance to FERC 925, Injuries and Damages. The costs were for insurance policies that were not property related policies. The reclassification of the insurance policies to the correct FERC account was discovered in 2007 and in order to calculate an accurate adjustment using a five year average for comparison purposes the above amounts listed for the respective 2003 – 2006 years have been adjusted to reflect the amounts that should have been expensed into FERC 924. The same procedure will be used in calculating an accurate 5 year average for FERC 925 with the net result being no increase or decrease in actual expenses incurred from 2003 – 2006. The table below shows the actual amounts expensed in FERC 924 & 925 as well as the amounts that should have been expensed in each account for the years 2003 – 2007.

	FERC 924 - Property Insurance			FERC 925 - Injuries and Damages			
	Actual Amount Expensed	Correct Amount	Difference	Actual Amount Expensed	Correct Amount	Difference	
3	2003	2,266,231	1,115,529	(1,150,702)	703,919	1,854,621	1,150,702
4	2004	1,735,579	802,829	(932,750)	796,363	1,729,113	932,750
5	2005	3,718,965	2,542,064	(1,176,901)	409,594	1,586,495	1,176,901
6	2006	2,079,320	864,416	(1,214,904)	492,380	1,707,284	1,214,904
7	2007	974,518	974,518	0	1,646,497	1,646,497	0
8				(4,475,257)			4,475,257

Prepared By: KSem

ADJUSTMENT FOR ASSET-BASED MARGINS

Line No.	Description	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
1	Asset-Based Revenue Added	609,734	E2	9.345615%	56,983	Col (E); Line 2
2	Asset-Based Expense Added	<u>1,411,060</u>	E2	9.345615%	<u>131,872</u>	Col (E); Line 4
3	Net Margin	<u>(801,326)</u>			<u>(74,889)</u>	Col (E); Line 15
4	Income Tax Impact: ND Tax Rate from Sch C-6 is 35.00%				(26,211)	Col (E); Line 19
5	Net Operating Income Impact				<u>(48,678)</u>	Col (E); Line 21

Otter Tail Power Company
Asset-Based Wholesale Margins Adjustment

Line No.		(A)	(B)	(C)	(D)	(E)	(F)
	Asset-based	5 Yr Average	2007 Actual	2006 Actual	2005 Actual	2004 Actual	2003 Actual
1	Revenue in COSS (F/S)	20,743,342	20,133,608	22,926,814	24,604,889	17,794,656	18,256,744
2	Expense (adj to PS margin)	10,667,005	9,255,946	11,880,659	13,033,473	9,468,229	9,696,720
3	Margin	10,076,337	10,877,662	11,046,155	11,571,416	8,326,427	8,560,024
4	Net Adjustment	(801,326)					
Adjustment							
5	Revenue in COSS (F/S)	609,734	Z406				
6	Expense (adj to PS margin)	1,411,060	Z471				
7	Margin	(801,326)					

Prepared By: KSem

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
ADJUSTMENT CONVERTING FROM PAYGO TO FAS 106

IMPACT OF REMOVING WORK PAPER ADJUSTMENT SD_05_07A, SOUTH DAKOTA PAY AS YOU GO
(PAYGO) FOR POSTRETIREMENT MEDICAL BENEFITS

Exhibit__(PJB-1),
Schedule 8 or
(KAS-1), Schedule 4
Reference

Line No.	(A)	(B)	(C)	(D)		
ADMINISTRATIVE & GENERAL EXPENSES						
	SALARIES, SUPPLIES, PENSIONS & BENEFITS				South Dakota	
1	PRODUCTION	615,676	OXPD	9.2862996%	57,174	
2	TRANSMISSION	235,666	D2	8.9695016%	21,138	
3	DISTRIBUTION	418,814	OXD	9.7975763%	41,034	
4	CUSTOMER ACCOUNTS	299,392	OXC	9.2237495%	27,615	
5	CUSTOMER SERVICE & INFO	103,031	C1	9.0333526%	9,307	
6	Net Impact on A&G	1,672,578			156,267	Col (U); Line 10
7	Federal Tax Rate	35%			35%	
8	Impact on Federal Income Taxes	(585,402)			(54,694)	Col (U); Line 19

DEFERRED INCOME TAXES						
	System	Allocator	Allocation %	South Dakota		
9	ALL OTHER					
	FEDERAL	(766,029)	NEPIS	9.3676349%	(71,759)	
10	MINNESOTA	(78,599)	NPISM	0.0000000%	-	
11	NORTH DAKOTA	(57,255)	NPISN	0.0000000%	-	
		(901,883)			(71,759)	Col (U); Line 18

Schedule M impact						
	System	Allocator	Allocation %	South Dakota		
12	CHARGES - OPERATING RESERVES				192,468	
13	PROVISIONS - OPERATING RESERVES	(4,382,031)	NEPIS	9.3676349%	(410,493)	
14	Increase to Federal Taxable income	(2,327,425)			(218,025)	
15	Federal Tax Rate	35%			35%	
16	Impact to Income Taxes	(814,599)			(76,309)	Col (U); Line 19

RATE BASE						
	System	Allocator	Allocation %	South Dakota		
17	PREPAYMENTS	(32,877,510)	NEPIS	9.3676349%	(3,079,845)	Col (H); Line 25

Note: This adjustment removes the Actual Year adjustment that converted South Dakota back to a Pay-As-You-Go basis, per Docket No. EL92-016. Unlike the other adjustments that are shown on the Test Year Input Summary located in Volume 4A, Tab - 2007 Test Year Work Papers, this adjustment will not be shown. It eliminates the Actual Year amounts shown on the Actual Year Input Summary located in Volume 4A, Tab - 2007 Actual Year Work Papers.

ADJUSTMENT FOR PROJECTED INCREMENTAL COST OF EXTENDED BIG STONE OUTAGE

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	Purchased Power Reduction	(7,596,764)	E2	9.345615%	(709,964)	Col (N); Line 4
2	Income Tax Impact: ND Tax Rate from Sch C-6 is 35.00%				<u>248,488</u>	Col (N); Line 19
3	Net Operating Income Impact				<u><u>461,477</u></u>	Col (N); Line 21

Otter Tail Power Company
Big Stone Outage Adjustment
2007 Unit Outages and Cost Deviations
December 2007

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Page 1 of 1

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	
Line No.	Unit	Type of Plant	Outage Category	Reason for Outage	Date	Duration (Days)	Total Outage MWh	Outage MWh Replaced by Purchases	Total Purchase Cost	Average Purchase Cost	Unit Incom. Cost	Change in Energy Costs Due to Outages
1	Big Stone	Steam	Forced	FD fan vibration	12/29/07 HE 5 to 12/31/07 HE 1	1.9	11,306	9,374	\$353,787	\$37.74	\$13.18	\$230,242
2	Hoot Lake 2	Steam	Forced	Ice build up by FD fan	12/26/07 HE 14 to 12/28/07 HE 1	1.5	1,872	1,505	\$71,151	\$47.29	\$23.94	\$35,131
3	Hoot Lake 3	Steam	Forced				0					
4	Coyote	Steam	Forced				0					
5	Forced Outages					3.4	13,178	10,879	\$424,938			\$265,373
6	Big Stone	Steam	Scheduled	Major Overhaul	12/01/07 HE 1 to 12/24/07 HE 10	23.4	139,243	133,376	\$9,354,657	\$70.14	\$13.18	\$7,596,764
7	Hoot Lake 2	Steam				0	0					
8	Hoot Lake 3	Steam				0	0					
9	Coyote	Steam	Scheduled	Boiler Wash Outage	12/14/07 HE 1 10 12/17/07 HE 4	3.2	10,967	10,853	\$686,808	\$63.28	\$12.75	\$548,435
10	Scheduled Outages					26.6	150,210	144,229	\$10,041,465			\$8,145,199
11	Total					30	163,388	155,108	\$10,466,403			\$8,410,572

12 (1) Outages of 24 consecutive hours with 0 generation are included

13 (2) Outage MWh are estimated as follows: Unit Dispatch Max Values x 24 hours x Number of outage days

14	Total Replacement Purchase Cost	\$10,466,403
15	Total Replacement Purchase MWh	155,108
16	Average Cost	\$67.48

17 Adjustment Reference Cell
(\$7,596,764) AB481

ADJUSTMENT FOR REMOVAL OF AFFILIATE TRANSACTIONS

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	Total Utility	Allocator	Allocator %	SD	PJB Schedule 8 Reference
1	Affiliate Transactions - Maintenance Expense - FERC 935	(69,778)	P90	9.077176%	(6,334)	Line 2
2	Income Tax Impact: ND Tax Rate from Sch C-6 is 35.00%				<u>2,217</u>	Line 19
3	Net Operating Income Impact				<u><u>(4,117)</u></u>	Line 21

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
Removal of Affiliate Transactions

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<u>Line No.</u>		(C) <u>Test Year Adjustment</u>	(D) <u>Cell Reference</u>
1	Maintenance of General Plant - FERC 935	(69,778)	AC572

Prepared By: KSem

CHANGE IN REVENUE FOR INTER-YEAR BILLING ADJUSTMENTS

Line No.	Description	(A) Total Utility	(B) Allocator	(C) Allocator %	(D) SD	(E) PJB Schedule 8 Reference
1	Increase in Sales Revenue - ND	309,796	N/A	0.00%	0	
2	Increase in Sales Revenue - SD	<u>(13,977)</u>	Direct	100.00%	<u>(13,977)</u>	Col (D); Line 1
3	Total Increase in Revenue	<u>295,819</u>			<u>(13,977)</u>	
4	Income Tax Impact: SD Tax Rate from Sch C-6 is	35.00%			<u>(4,892)</u>	Col (D); Line 19
5	Net Operating Income Impact				<u>(9,085)</u>	Col (D); Line 21

Line No.	(A) Class - NORTH DAKOTA	(B) Class #	(C) KWH CISA 2007	(D) Revenue 2007	(E) COE	(F) CISA (D) + (E)	(G) COSS (W/P B-1)	(H) Diff (F)-(G)	(I) Cell Reference	(J) % diff	(K) KWH COSS 2007	(L) Diff (C)-(J)	(M) % diff
1	Residential	100	453,764,020	\$30,536,642.37	\$5,759,861.90	\$36,296,504	\$36,265,250	\$31,253.85		0.09%	453,773,430	(9,410)	0.00%
2	Farms	101	23,562,531	\$1,336,021.21	\$251,815.80	\$1,587,837	\$1,590,979	(\$3,141.52)		-0.20%	23,613,952	(51,421)	-0.22%
3	General Service	102	417,240,559	\$28,668,771.78	\$5,178,004.15	\$33,846,776	\$33,768,335	\$78,440.49		0.23%	417,178,604	61,955	0.01%
4	Large General Service	103	456,708,700	\$21,468,525.26	\$5,527,862.27	\$26,996,388	\$26,783,847	\$212,540.11		0.79%	456,145,640	563,060	0.12%
5	Irrigation	104	656,682	\$34,612.27	\$10,959.90	\$45,572	\$45,674	(\$102.31)		-0.22%	659,077	(2,395)	-0.36%
6	Area and Street Lighting	105	22,847,012	\$2,091,625.97	(\$1,266)	\$2,091,625	\$2,091,712	(\$87.60)		0.00%	22,848,389	(1,377)	-0.01%
7	OPA	106	17,001,233	\$729,724.88	\$228,167.56	\$957,892	\$961,697	(\$3,804.69)		-0.40%	17,002,170	(937)	-0.01%
8	Water Heating	107	19,786,036	\$915,686.73	\$258,243.70	\$1,173,930	\$1,177,185	(\$3,254.42)		-0.28%	19,848,693	(62,657)	-0.32%
9	Service Interrupt	108	162,382,956	\$4,734,907.45	\$337.19	\$4,735,245	\$4,737,220	(\$1,974.90)		-0.04%	162,511,270	(128,314)	-0.08%
10	Service Deferred	109	19,241,383	\$668,507.97	\$172,649.91	\$841,158	\$841,231	(\$72.89)		-0.01%	19,239,254	2,129	0.01%
11			1,593,191,112	\$91,185,025.89	\$17,387,901.12	\$108,572,927	\$108,263,131	\$309,796.12	AD389	0.29%	1,592,820,479	370,633	0.02%
12	Residential	100	96,519,527	\$6,571,058.08	\$1,117,520.98	\$7,688,579.06	7,686,407	\$2,172.27	H846	0.03%	96,543,012	(23,485)	-0.02%
13	Farms	101	8,312,190	\$503,535.17	\$93,505.71	\$597,140.88	506,221	\$90,919.60	H847	17.96%	6,943,577	1,368,613	19.71%
14	General Service	102	85,589,281	\$5,567,887.82	\$993,839.46	\$6,561,727.28	6,661,131	(\$99,404.00)	H848	-1.49%	87,056,185	(1,466,904)	-1.69%
15	Large General Service	103	157,821,566	\$6,438,669.22	\$1,886,808.95	\$8,325,478.17	8,334,741	(\$9,263.09)	H849	-0.11%	157,821,566	-	0.00%
16	Irrigation	104	367,542	\$18,806.23	\$5,176.98	\$23,983.21	23,983	\$0.00	H850	0.00%	367,542	-	0.00%
17	Area and Street Lighting	105	4,464,324	\$526,767.91	\$0.00	\$526,767.91	525,045	\$1,722.91	H851	0.33%	4,448,103	16,221	0.36%
18	OPA	106	3,817,664	\$168,347.40	\$45,508.11	\$213,855.51	213,851	\$4.79	H852	0.00%	3,817,672	(8)	0.00%
19	Water Heating	107	6,671,992	\$281,341.55	\$79,357.01	\$360,698.56	362,058	(\$1,359.58)	H853	-0.38%	6,703,070	(31,078)	-0.46%
20	Service Interrupt	108	28,862,747	\$960,427.64	\$0.00	\$960,427.64	959,329	\$1,098.93	H854	0.11%	28,820,666	42,061	0.15%
21	Service Deferred	109	4,833,946	\$160,612.01	\$38,393.38	\$199,005.39	198,874	\$131.49	H855	0.07%	4,828,790	5,156	0.11%
22	Class Not Defined	111		\$0.00	(\$2.93)								
23			397,260,779	\$21,197,453.03	\$4,260,207.65	25,457,664	25,471,640	(\$13,976.68)	AD390	-0.05%	397,350,183	(89,404)	-0.02%

Note: The Customer Class amounts listed below should be entered on the Input Summary Tab labeled "ND Input". The overall totals should be entered on the tab labeled "Test Year Adjustment Details".

Prepared By: PBeithon

Otter Tail Power Company
Calculation of the change in allocation factors due to the addition of a large load in North Dakota

Line No.	(A) Description	(B) With Large Load - modified allocation factors		(C) Without Large Load - allocation factors		(E) Impact of Change in Allocation Factors	(F) Total Company	(G) SD	(H) Exhibit_(KAS-1), Schedule 4 Reference
		Total Company	SD	Total Company	SD				
1	ELECTRIC PLANT IN SERVICE	994,969,974	93,441,991	994,969,974	95,500,987	-	-	(2,058,996)	
2	ACCUMULATED DEPRECIATION	(461,643,494)	(38,092,614)	(461,643,494)	(38,097,142)	-	-	4,528	
3	NET PLANT EXCLUDING BIG STONE PLANT CAPITALIZED	533,326,480	55,349,377	533,326,480	57,403,844	-	-	(2,054,468)	
4	NET CAPITALIZED ITEMS - BIG STONE PLANT	129,351	10,715	129,351	10,715	-	-	-	
5	NET ELECTRIC PLANT IN SERVICE	533,455,831	55,360,092	533,455,831	57,414,560	-	-	(2,054,468)	
6	PLANT HELD FOR FUTURE USE	29,656	2,845	29,656	2,865	-	-	(20)	
7	CONSTRUCTION WORK IN PROGRESS	26,037,862	-	26,037,862	-	-	-	-	
8	MATERIALS AND SUPPLIES	12,708,690	1,202,330	12,708,690	1,223,736	-	-	(21,406)	
9	FUEL STOCKS	8,133,109	756,356	8,133,109	786,577	-	-	(30,221)	
10	PREPAYMENTS	(1,600,218)	(166,065)	(1,600,218)	(172,228)	-	-	6,163	
11	CUSTOMER ADVANCES	(129,099)	(13,397)	(129,099)	(13,895)	-	-	497	
12	CASH WORKING CAPITAL	10,244,731	918,860	10,143,354	928,358	101,377	101,377	(9,498)	
13	ACCUMULATED DEFERRED INCOME TAXES	(79,499,502)	(6,342,234)	(79,499,502)	(6,577,600)	-	-	235,367	Col (G), Line 28
14	UNAMORTIZED BALANCE - SPIRITWOOD	-	-	-	-	-	-	-	
15	UNAMORTIZED RATE CASE EXPENSE	-	-	-	-	-	-	-	
16	TOTAL AVERAGE RATE BASE	509,381,060	51,718,787	509,279,683	53,592,374	101,377	101,377	(1,873,586)	

Otter Tail Power Company
Calculation of the impact of the change in allocation factors due to the addition of a large load in North Dakota

Line No.	(A) PLANT IN SERVICE	(B) With Large Load - modified allocation factors		(C) Without Large Load - allocation factors		(F) Impact of Change in Allocation Factors		(H) Exhibit (KAS-1), Schedule 4 Reference
		Total Company	SD	Total Company	SD	Total Company	SD	
1	PRODUCTION PLANT							
2	A/C 101 & 106 - BASE DEMAND	278,905,769	26,134,531	278,905,769	27,230,883	-	(1,096,351)	
3	PEAK DEMAND	121,337,669	10,988,151	121,337,669	11,348,949	-	-	
	BASE ENERGY	-	-	-	-	-	-	
4	SUBTOTAL A/C 101 & 106	400,243,438	37,122,682	400,243,438	38,579,831	-	(1,457,150)	
5	A/C 114 - BASE DEMAND	1,101,931	103,255	1,101,931	107,587	-	(4,332)	
6	PEAK DEMAND	486,324	44,041	486,324	45,487	-	(1,446)	
7	BASE ENERGY	-	-	-	-	-	-	
8	SUBTOTAL A/C 114	1,588,255	147,296	1,588,255	153,074	-	(5,778)	
9	TOTAL PRODUCTION PLANT	401,831,692	37,269,978	401,831,692	38,732,905	-	(1,462,927)	Col (G); Line 1
10	TRANSMISSION PLANT							
11	A/C 101 & 106	194,938,793	17,485,038	194,938,793	18,052,234	-	(567,196)	
12	A/C 114	58,287	5,228	58,287	5,398	-	(170)	
13	TOTAL TRANSMISSION PLANT	194,997,080	17,490,266	194,997,080	18,057,632	-	(567,366)	Col (G); Line 2
14	DISTRIBUTION PLANT							
15	PRIMARY DEMAND	103,566,833	10,711,049	103,566,833	10,636,167	-	74,882	
16	SECONDARY DEMAND	52,302,993	5,598,690	52,302,993	5,572,775	-	26,915	
17	PRIMARY CUSTOMER	58,997,143	5,376,562	58,997,143	5,376,562	-	-	
18	SECONDARY CUSTOMER	61,059,674	5,563,471	61,059,674	5,563,471	-	-	
19	STREETLIGHTING	12,178,138	1,295,003	12,178,138	1,295,003	-	-	
20	AREA LIGHTING	4,555,766	432,345	4,555,766	432,345	-	-	
21	METERS	20,073,351	1,870,647	20,073,351	1,870,647	-	-	
22	LOAD MANAGEMENT	8,542,958	857,573	8,542,958	857,573	-	-	
23	TOTAL DISTRIBUTION PLANT	321,276,855	31,705,341	321,276,855	31,604,543	-	100,798	Col (G); Line 3
24	GENERAL PLANT							
25	PRODUCTION	26,733,486	2,479,537	26,733,486	2,576,864	-	(97,327)	
26	TRANSMISSION	10,476,193	939,662	10,476,193	970,144	-	(30,482)	
27	DISTRIBUTION	17,686,440	1,745,394	17,686,440	1,739,845	-	5,549	
28	CUSTOMER ACCOUNTS	13,018,741	1,200,816	13,018,741	1,200,816	-	-	
29	CUSTOMER SERVICE & INFO	4,458,440	201,517	4,458,440	201,517	-	-	
30	LOAD MANAGEMENT	193,518	19,426	193,518	19,426	-	-	
31	TOTAL GENERAL PLANT	72,566,818	6,586,352	72,566,818	6,708,612	-	(122,260)	Col (G); Line 4
32	INTANGIBLE PLANT							
33	INTANGIBLE PLANT	4,297,528	390,055	4,297,528	397,295	-	(7,240)	Col (G); Line 5
34	TOTAL PLANT IN SERVICE	994,969,974	93,441,991	994,969,974	95,500,987	-	(2,058,995)	Col (G); Line 6

Otter Tail Power Company
Calculation of the change in allocation factors due to the addition of a large load in North Dakota

Line No.	(A) ACCUMULATED DEPRECIATION	(B) With Large Load - modified allocation factors		(C) With Large Load - modified allocation factors		(D) Without Large Load - allocation factors		(E) Without Large Load - allocation factors		(F) Impact of Change in Allocation Factors		(G)	(H) Exhibit (KAS-1), Schedule 4 Reference
		Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD		
1	PRODUCTION PLANT												
	BASE DEMAND												
2	PEAK DEMAND												
3	BASE ENERGY												
4	TOTAL PRODUCTION PLANT												
5	TRANSMISSION PLANT												
6	DISTRIBUTION PLANT												
7	GENERAL PLANT												
8	INTANGIBLE PLANT												
9	TOTAL ACCUMULATED DEPRECIATION												
10	NET PLANT EXCLUDING BSP CAPITALIZED ITEMS												
11	BSP CAPITALIZED ITEMS												
12	TOTAL NET PLANT IN SERVICE												
13	PLANT HELD FOR FUTURE USE												
14	PRODUCTION PLANT												
15	TRANSMISSION PLANT												
16	DISTRIBUTION PLANT												
17	GENERAL PLANT												
18	INTANGIBLE PLANT												
18	TOTAL PLANT HELD FOR FUTURE USE												

Otter Tail Power Company
Calculation of the impact of the change in allocation factors due to the addition of a large load in North Dakota

Line No.	Description	(A)		(B)		(C)		(D)		(E)		(F)		(G)	(H)
		Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD		
CONST WORK-IN-PROGRESS - MAJOR PROJECTS															
1	PRODUCTION PLANT		P10	-	-	-	-	-	-	-	-	-	-	-	-
2	TRANSMISSION PLANT		D2	-	-	-	-	-	-	-	-	-	-	-	-
3	DISTRIBUTION PLANT		P60	-	-	-	-	-	-	-	-	-	-	-	-
4	GENERAL PLANT		P90	-	-	-	-	-	-	-	-	-	-	-	-
5	INTANGIBLE PLANT		P90	-	-	-	-	-	-	-	-	-	-	-	-
6	TOTAL CWIP - MAJOR PROJECTS			-	-	-	-	-	-	-	-	-	-	-	-
CONST WORK-IN-PROGRESS - SHORT-TERM															
7	PRODUCTION PLANT	144,982	P10					144,982							
8	TRANSMISSION PLANT	574,800	D2					574,800							
9	DISTRIBUTION PLANT	3,202,396	P60					3,202,396							
10	GENERAL PLANT	1,304,249	P90					1,304,249							
11	INTANGIBLE PLANT	-	P90					-							
12	TOTAL CWIP - SHORT-TERM	5,226,428						5,226,428							
CONST WORK-IN-PROGRESS - LONG TERM															
13	PRODUCTION PLANT	13,197,861	P10					13,197,861							
14	TRANSMISSION PLANT	3,742,692	D2					3,742,692							
15	DISTRIBUTION PLANT	2,703,641	P60					2,703,641							
16	GENERAL PLANT	1,167,240	P90					1,167,240							
17	INTANGIBLE PLANT	-	P90					-							
18	TOTAL CWIP - LONG TERM	20,811,434						20,811,434							
19	TOTAL CONSTRUCTION WORK-IN-PROGRESS	26,037,862						26,037,862							Col (G); Line 22
MATERIALS & SUPPLIES															
20	PRODUCTION	3,728,355	P10	345,806		3,728,355		3,728,355						(13,574)	
21	TRANSMISSION	3,303,989	D2	296,351		3,303,989		3,303,989						(9,613)	
22	DISTRIBUTION	5,676,346	P60	560,173		5,676,346		5,676,346						1,781	
23	TOTAL MATERIALS AND SUPPLIES	12,708,690		1,202,330		12,708,690		12,708,690						(21,406)	Col (G); Line 23
FUEL STOCKS															
24	COAL STOCKS	6,305,796	E1	590,877		6,305,796		6,305,796						(24,787)	
25	FUEL OIL STOCKS	1,827,313	D1	165,479		1,827,313		1,827,313						(5,434)	
26	TOTAL FUEL STOCKS	8,133,109		756,356		8,133,109		8,133,109						(30,221)	Col (G); Line 24
27	PREPAYMENTS	(1,600,218)	NEPS	(166,065)		(1,600,218)		(1,600,218)						6,163	Col (G); Line 25
28	CUSTOMER ADVANCES	(129,099)	NEPS	(13,397)		(129,099)		(129,099)						498	Col (G); Line 26
29	CASH WORKING CAPITAL	10,244,731	OX	918,860		10,244,731		10,143,354				101,377		(9,498)	Col (G); Line 27

Otter Tail Power Company
Calculation of the change in allocation factors due to the addition of a large load in North Dakota

Line No.	(A) Description	(B)		(C)		(D)		(E)		(F)		(G)		(H) Exhibit (PJB-1), Schedule 8 Reference
		With Large Load - modified allocation factors		Without Large Load - allocation factors		Impact of Change in Allocation Factors		Impact of Change in Allocation Factors		Impact of Change in Allocation Factors		Impact of Change in Allocation Factors		
		Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD	Total Company	SD	
1	OPERATING REVENUES													
2	SALES OF ELECTRICITY	268,698,170	25,389,764	268,698,170	25,389,764	268,698,170	25,389,764	268,698,170	25,389,764	-	-	-	-	Col (O); Line 2
	OTHER OPERATING REVENUE	33,216,346	3,191,220	33,216,346	3,305,310	33,216,346	3,305,310	33,216,346	3,305,310	-	-	(114,090)	(114,090)	Col (O); Line 2
3	TOTAL OPERATING REVENUE	301,914,516	28,580,975	301,914,516	28,695,065	301,914,516	28,695,065	301,914,516	28,695,065	-	-	-	(114,090)	
4	OPERATING EXPENSES													
5	PRODUCTION EXPENSES	162,003,159	15,109,648	162,003,159	15,672,533	162,003,159	15,672,533	162,003,159	15,672,533	-	-	(562,885)	(562,885)	Col (O); Line 4
6	TRANSMISSION EXPENSES	10,492,992	941,169	10,492,992	971,700	10,492,992	971,700	10,492,992	971,700	-	-	(30,531)	(30,531)	Col (O); Line 5
7	DISTRIBUTION EXPENSES	14,686,349	1,438,906	14,686,349	1,435,240	14,686,349	1,435,240	14,686,349	1,435,240	-	-	3,666	3,666	Col (O); Line 6
8	CUSTOMER ACCOUNTING EXPENSES	10,507,260	969,163	10,507,260	969,163	10,507,260	969,163	10,507,260	969,163	-	-	-	-	
9	CUSTOMER SERVICE AND INFORMATION EXPENSES	5,241,699	236,920	5,241,699	236,920	5,241,699	236,920	5,241,699	236,920	-	-	-	-	
10	SALES EXPENSES	1,121,951	79,473	1,121,951	79,473	1,121,951	79,473	1,121,951	79,473	-	-	-	-	
11	ADMINISTRATIVE AND GENERAL EXPENSES	30,165,236	2,730,193	30,165,236	2,787,503	30,165,236	2,787,503	30,165,236	2,787,503	-	-	(57,310)	(57,310)	Col (O); Line 10
12	CHARITABLE CONTRIBUTIONS	111,967	-	111,967	-	111,967	-	111,967	-	-	-	-	-	Col (O); Line 12
13	DEPRECIATION EXPENSE	25,396,909	2,275,217	25,396,909	2,276,098	25,396,909	2,276,098	25,396,909	2,276,098	-	-	(882)	(882)	Col (O); Line 12
14	AMORTIZATION OF BIG STONE PLANT CAPITALIZED COSTS	-	-	-	-	-	-	-	-	-	-	-	-	
15	SPIRITWOOD AMORTIZATION	-	-	-	-	-	-	-	-	-	-	-	-	
16	GENERAL TAXES	9,411,607	976,702	9,411,607	1,012,948	9,411,607	1,012,948	9,411,607	1,012,948	-	-	(36,246)	(36,246)	Col (O); Line 13
17	TOTAL OPERATING EXPENSES	269,139,129	24,757,390	269,139,129	25,441,578	269,139,129	25,441,578	269,139,129	25,441,578	-	-	(684,188)	(684,188)	Col (O); Line 14
18	NET OPERATING INCOME BEFORE INCOME TAXES	32,775,387	3,823,584	32,775,387	3,253,487	32,775,387	3,253,487	32,775,387	3,253,487	-	-	570,098	570,098	Col (O); Line 15
19	INCOME TAX EXPENSE	(1,136,657)	(106,748)	(1,136,657)	(109,101)	(1,136,657)	(109,101)	(1,136,657)	(109,101)	-	-	2,352	2,352	Col (O); Line 17
20	INVESTMENT TAX CREDIT	1,387,586	53,134	1,387,586	55,105	1,387,586	55,105	1,387,586	55,105	-	-	(1,972)	(1,972)	Col (O); Line 18
21	DEFERRED INCOME TAXES	5,889,525	693,430	5,654,524	471,106	5,654,524	471,106	5,654,524	471,106	235,001	235,001	222,324	222,324	Col (O); Line 19
22	INCOME TAXES	6,140,454	639,815	5,905,453	417,111	5,905,453	417,111	5,905,453	417,111	-	-	-	-	Col (O); Line 20
23	TOTAL INCOME TAX EXPENSE	6,140,454	639,815	5,905,453	417,111	5,905,453	417,111	5,905,453	417,111	235,001	235,001	222,704	222,704	Col (O); Line 20
24	NET OPERATING INCOME	26,634,932	3,183,769	26,634,932	2,836,376	26,634,932	2,836,376	26,634,932	2,836,376	(235,001)	(235,001)	347,393	347,393	Col (O); Line 21
25	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	2,257,062	-	2,257,062	-	2,257,062	-	2,257,062	-	-	-	-	-	
26	TOTAL AVAILABLE FOR RETURN	28,891,994	3,183,769	29,126,996	2,836,376	29,126,996	2,836,376	29,126,996	2,836,376	(235,001)	(235,001)	347,393	347,393	Col (O); Line 21