



OTTER TAIL POWER COMPANY  
OVERALL COST OF SERVICE STUDY  
ACTUAL YEAR 2009 - 10 CLASSES

RUN = ACTUAL 2009      PAGE 1 - 1  
07/27/10  
09:06 AM

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	RATE BASE		648,052,078	62,922,312	585,129,766	1
2						2
3	TOTAL AVAILABLE FOR RETURN		54,838,994	5,568,902	49,270,092	3
4						4
5	RATE OF RETURN EARNED		8.46%	8.85%	8.42%	5
6						6
7	RATE OF RETURN REQUESTED			8.18%		7
8						8
9	OPERATING INCOME REQUIRED			5,147,045		9
10						10
11	TOTAL AVAILABLE FOR RETURN			5,568,902		11
12						12
13	OPERATING INCOME DEFECIENCY			(421,857)		13
14						14
15	INCREMENTAL TAXES	GRCF = 1.540773		(228,129)		15
16						16
17	REVENUE INCREASE REQUIRED			(649,986)		17
18						18
19	PERCENTAGE INCREASE			-2.35%		19
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OTTER TAIL POWER COMPANY  
OVERALL COST OF SERVICE STUDY  
ACTUAL YEAR 2009 - 10 CLASSES

RUN = ACTUAL 10/09/08 8:36 AM PAGE 2 - 1

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	ELECTRIC PLANT IN SERVICE		1,254,440,244	123,390,118	1,131,050,126	1
2						2
3	ACCUMULATED DEPRECIATION		(503,682,227)	(49,764,183)	(453,918,044)	3
4						4
5	NET PLANT EXCLUDING BIG STONE PLANT CAPITALIZED ITEMS		750,758,017	73,625,935	677,132,082	5
6						6
7	NET CAPITALIZED ITEMS - BIG STONE PLANT		40,651	3,366	37,285	7
8						8
9	NET ELECTRIC PLANT IN SERVICE		750,798,668	73,629,301	677,169,367	9
10						10
11	PLANT HELD FOR FUTURE USE		29,657	2,926	26,731	11
12						12
13	CONSTRUCTION WORK IN PROGRESS		41,488,404	0	41,488,404	13
14						14
15	MATERIALS AND SUPPLIES		16,272,126	1,604,175	14,667,951	15
16						16
17	FUEL STOCKS		8,615,745	857,871	7,757,875	17
18						18
19	PREPAYMENTS		(35,012,678)	(3,433,822)	(31,579,056)	19
20						20
21	CUSTOMER ADVANCES		(396,606)	(38,894)	(357,712)	21
22						22
23	CASH WORKING CAPITAL		26,087,939	2,875,500	23,212,439	23
24						24
25	ACCUMULATED DEFERRED INCOME TAXES		(160,158,533)	(12,800,615)	(147,357,917)	25
26						26
27	UNAMORTIZED HOLDING COMPANY FORMATION EXPENSE		112,740	11,056	101,684	27
28						28
29	UNAMORTIZED RATE CASE EXPENSE		214,615	214,615	0	29
30						30
31						31
32	<b>TOTAL AVERAGE RATE BASE</b>		<b>648,052,078</b>	<b>62,922,312</b>	<b>585,129,766</b>	32
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OTTER TAIL POWER COMPANY  
OVERALL COST OF SERVICE STUDY  
ACTUAL YEAR 2009 - 10 CLASSES

RUN = ACTUAL PAGE 7 - 1  
10/09/08  
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LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	OPERATING REVENUES					1
2	SALES OF ELECTRICITY		288,387,480	27,634,807	260,752,673	2
3	OTHER OPERATING REVENUE		23,723,640	2,279,962	21,443,677	3
4						4
5	<b>TOTAL OPERATING REVENUE</b>		<b>312,111,120</b>	<b>29,914,769</b>	<b>282,196,350</b>	5
6						6
7						7
8	OPERATING EXPENSES					8
9	PRODUCTION EXPENSES		138,946,818	13,473,421	125,473,397	9
10	TRANSMISSION EXPENSES		10,686,696	1,048,976	9,637,720	10
11	DISTRIBUTION EXPENSES		14,334,019	1,397,735	12,936,283	11
12	CUSTOMER ACCOUNTING EXPENSES		11,149,593	969,935	10,179,658	12
13	CUSTOMER SERVICE AND INFORMATION EXPENSES		4,939,950	186,556	4,753,394	13
14	SALES EXPENSES		878,227	51,229	826,999	14
15	ADMINISTRATIVE AND GENERAL EXPENSES		32,468,730	3,105,795	29,362,936	15
16	CHARITABLE CONTRIBUTIONS		93,665	0	93,665	16
17	DEPRECIATION EXPENSE		36,158,445	3,550,318	32,608,127	17
18	AMORTIZATION OF BIG STONE PLANT CAPITALIZED COSTS		0	0	0	18
19	SPIRITWOOD AMORTIZATION		0	0	0	19
20	GENERAL TAXES		8,845,653	867,475	7,978,178	20
21						21
22	<b>TOTAL OPERATING EXPENSES</b>		<b>258,501,795</b>	<b>24,651,439</b>	<b>233,850,356</b>	22
23						23
24						24
25	<b>NET OPERATING INCOME BEFORE INCOME TAXES</b>		<b>53,609,325</b>	<b>5,263,330</b>	<b>48,345,995</b>	25
26						26
27						27
28	INCOME TAX EXPENSE					28
29	INVESTMENT TAX CREDIT		(9,310,969)	(915,852)	(8,395,117)	29
30	DEFERRED INCOME TAXES		49,196,013	3,953,396	45,242,617	30
31	INCOME TAXES		(36,898,709)	(3,343,116)	(33,555,593)	31
32						32
33	<b>TOTAL INCOME TAX EXPENSE</b>		<b>2,986,335</b>	<b>(305,572)</b>	<b>3,291,907</b>	33
34						34
35						35
36						36
37	<b>NET OPERATING INCOME</b>		<b>50,622,990</b>	<b>5,568,902</b>	<b>45,054,087</b>	37
38						38
39						39
40	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION		4,216,005	0	4,216,005	40
41						41
42						42
43	<b>TOTAL AVAILABLE FOR RETURN</b>		<b>54,838,994</b>	<b>5,568,902</b>	<b>49,270,092</b>	43
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48	AVERAGE CENTS PER KWH					48
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**OTTER TAIL POWER COMPANY  
STATEMENT M  
OVERALL COST OF SERVICE STUDIES  
2009 TEST YEAR**

Line No.	Description
1	The remaining detail of the 2009 Actual Year Overall Cost of Service Study can be found
2	in Volume 4A, Tab - 2009 Actual Year.

OTTER TAIL POWER COMPANY  
OVERALL COST OF SERVICE STUDY  
TEST YEAR 2009 - 10 CLASSES  
TEST YEAR - 2009 ACTUAL WITH KNOWN AND MEASURABLE CHANGES

RUN = TEST YEAR PAGE 1 - 1

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	RATE BASE		627,686,927	64,406,556	563,280,371	1
2						2
3	TOTAL AVAILABLE FOR RETURN		30,742,610	4,091,636	26,650,975	3
4						4
5	RATE OF RETURN EARNED		4.90%	6.35%	4.73%	5
6						6
7	RATE OF RETURN REQUESTED			9.13%		7
8						8
9	OPERATING INCOME REQUIRED			5,880,319		9
10						10
11	TOTAL AVAILABLE FOR RETURN			4,091,636		11
12						12
13	OPERATING INCOME DEFECIENCY			1,788,683		13
14						14
15	INCREMENTAL TAXES	GRCF = 1.540773		967,271		15
16						16
17	REVENUE INCREASE REQUIRED			2,755,954		17
18						18
19	PERCENTAGE INCREASE			9.96%		19
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OTTER TAIL POWER COMPANY  
OVERALL COST OF SERVICE STUDY  
TEST YEAR 2009 - 10 CLASSES  
TEST YEAR - 2009 ACTUAL WITH KNOWN AND MEASURABLE CHANGES

RUN = TEST YEAR PAGE 2 - 1

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	ELECTRIC PLANT IN SERVICE		1,327,700,479	130,563,662	1,197,136,817	1
2						2
3	ACCUMULATED DEPRECIATION		(520,199,885)	(51,343,632)	(468,856,253)	3
4						4
5	NET PLANT EXCLUDING BIG STONE PLANT CAPITALIZED ITEMS		807,500,594	79,220,029	728,280,565	5
6						6
7	NET CAPITALIZED ITEMS - BIG STONE PLANT		40,651	3,366	37,285	7
8						8
9	NET ELECTRIC PLANT IN SERVICE		807,541,245	79,223,395	728,317,850	9
10						10
11	PLANT HELD FOR FUTURE USE		29,657	2,928	26,729	11
12						12
13	CONSTRUCTION WORK IN PROGRESS		14,013,401	0	14,013,401	13
14						14
15	MATERIALS AND SUPPLIES		16,443,148	1,621,042	14,822,106	15
16						16
17	FUEL STOCKS		8,615,745	857,871	7,757,875	17
18						18
19	PREPAYMENTS		(35,012,678)	(3,434,900)	(31,577,778)	19
20						20
21	CUSTOMER ADVANCES		(396,606)	(38,909)	(357,697)	21
22						22
23	CASH WORKING CAPITAL		4,523,862	789,011	3,734,851	23
24						24
25	ACCUMULATED DEFERRED INCOME TAXES		(188,464,431)	(14,808,071)	(173,656,359)	25
26						26
27	UNAMORTIZED BALANCE - SPIRITWOOD		221,082	21,689	199,393	27
28						28
29	UNAMORTIZED RATE CASE EXPENSE		172,500	172,500	0	29
30						30
31						31
32	<b>TOTAL AVERAGE RATE BASE</b>		<b>627,686,927</b>	<b>64,406,556</b>	<b>563,280,371</b>	<b>32</b>
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OTTER TAIL POWER COMPANY  
OVERALL COST OF SERVICE STUDY  
TEST YEAR 2009 - 10 CLASSES  
TEST YEAR - 2009 ACTUAL WITH KNOWN AND MEASURABLE CHANGES

RUN = TEST YEAR PAGE 7 - 1

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	OPERATING REVENUES					1
2	SALES OF ELECTRICITY		275,143,628	27,672,377	247,471,251	2
3	OTHER OPERATING REVENUE		23,723,640	2,280,393	21,443,247	3
4						4
5	<b>TOTAL OPERATING REVENUE</b>		<b>298,867,268</b>	<b>29,952,770</b>	<b>268,914,498</b>	5
6						6
7						7
8	OPERATING EXPENSES					8
9	PRODUCTION EXPENSES		141,192,060	13,698,261	127,493,799	9
10	TRANSMISSION EXPENSES		11,688,244	1,147,285	10,540,959	10
11	DISTRIBUTION EXPENSES		15,689,632	1,529,964	14,159,667	11
12	CUSTOMER ACCOUNTING EXPENSES		12,058,572	1,049,010	11,009,562	12
13	CUSTOMER SERVICE AND INFORMATION EXPENSES		5,225,951	211,061	5,014,890	13
14	SALES EXPENSES		878,227	51,229	826,999	14
15	ADMINISTRATIVE AND GENERAL EXPENSES		35,466,679	3,461,663	32,005,016	15
16	CHARITABLE CONTRIBUTIONS		93,665	0	93,665	16
17	DEPRECIATION EXPENSE		41,824,544	4,109,295	37,715,249	17
18	AMORTIZATION OF BIG STONE PLANT CAPITALIZED COSTS		0	0	0	18
19	SPIRITWOOD AMORTIZATION		0	0	0	19
20	GENERAL TAXES		9,632,831	945,024	8,687,808	20
21						21
22	<b>TOTAL OPERATING EXPENSES</b>		<b>273,750,405</b>	<b>26,202,791</b>	<b>247,547,614</b>	22
23						23
24						24
25	<b>NET OPERATING INCOME BEFORE INCOME TAXES</b>		<b>25,116,863</b>	<b>3,749,979</b>	<b>21,366,884</b>	25
26						26
27						27
28	INCOME TAX EXPENSE					28
29	INVESTMENT TAX CREDIT		(10,077,892)	(991,042)	(9,086,850)	29
30	DEFERRED INCOME TAXES		36,853,943	2,775,578	34,078,365	30
31	INCOME TAXES		(29,143,340)	(2,126,193)	(27,017,147)	31
32						32
33	<b>TOTAL INCOME TAX EXPENSE</b>		<b>(2,367,288)</b>	<b>(341,656)</b>	<b>(2,025,632)</b>	33
34						34
35						35
36	<b>NET OPERATING INCOME</b>		<b>27,484,152</b>	<b>4,091,636</b>	<b>23,392,516</b>	36
37						37
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39						39
40	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION		3,258,459	0	3,258,459	40
41						41
42						42
43	<b>TOTAL AVAILABLE FOR RETURN</b>		<b>30,742,610</b>	<b>4,091,636</b>	<b>26,650,975</b>	43
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**OTTER TAIL POWER COMPANY  
STATEMENT M  
OVERALL COST OF SERVICE STUDIES  
2009 TEST YEAR**

Line No.	Description
1	The remaining detail of the 2009 Test Year Overall Cost of Service Study can be found
2	in Volume 4A, Tab - 2009 Test Year Work Papers.