

**Otter Tail Power Company (SD)**  
**Electric Utility - South Dakota Retail Jurisdiction**  
**Cost of Service Study**  
**2012 Actuals**

**Current Income Tax Summary**

	<b>Total Company Electric</b>	<b>SD Retail Electric</b>	<b>All Others</b>
<b>Income Before Taxes</b>			
Total Operating Revenues	\$329,970,784	\$30,141,617	\$299,829,167
less: Total Operating Expenses	(220,576,874)	(20,609,017)	(199,967,857)
Book Depreciation & Amortization	(42,036,336)	(4,029,562)	(38,006,774)
Taxes (Other Than Current Income)	(10,714,162)	(1,022,525)	(9,691,637)
<b>Total Before Tax Book Income</b>	<b>\$56,643,412</b>	<b>\$4,480,513</b>	<b>\$52,162,899</b>
less: Interest Cost	19,188,888	2,037,105	17,151,783
<b>Net Income Before Tax</b>	<b>\$37,454,524</b>	<b>\$2,443,408</b>	<b>\$35,011,116</b>
<b>Federal Schedule M Adjustments</b>			
Additional Tax Depreciation	\$33,297,980	\$3,177,853	\$30,120,127
Cost to Remove	2,933,457	279,960	2,653,497
Directly Assigned Schedule M Items	(131,512)	(4,729)	(126,783)
Accrued Vacation Pay	(61,609)	(5,880)	(55,729)
Charges - Operating Reserves	6,060,837	578,427	5,482,410
Provisions - Operating Reserves	(11,201,578)	(1,069,043)	(10,132,535)
Unbilled Revenues	0	0	0
Preferred Dividends Paid Credits	0	0	0
Other Schedule M Items	9,816,565	936,862	8,879,703
<b>Total Schedule M Adjustments</b>	<b>\$40,714,140</b>	<b>\$3,893,450</b>	<b>\$36,820,690</b>
<b>Federal Adjusted Income Before Income Taxes</b>	<b>(3,259,616)</b>	<b>(1,450,042)</b>	<b>(1,809,574)</b>
Less:			
Minnesota State Income Tax	(259,560)	0	(259,560)
North Dakota State Income Tax	67,023	0	67,023
<b>Federal Taxable Income</b>	<b>(3,067,079)</b>	<b>(1,450,042)</b>	<b>(1,617,037)</b>
Federal Tax Rate	35%	35%	35%
Federal Income Tax Before Credits	(1,073,478)	(507,515)	(565,963)
Investment Tax Credit - Debits Utilized	0	0	0
<b>Federal Income Taxes</b>	<b>(\$1,073,478)</b>	<b>(\$507,515)</b>	<b>(\$565,963)</b>
<b>State Income Taxes</b>			
Minnesota State Income Tax	(259,560)	0	(259,560)
North Dakota State Income Tax	67,023	0	67,023
<b>Total Current Income Taxes</b>	<b>(\$1,266,015)</b>	<b>(\$507,515)</b>	<b>(\$758,500)</b>