

Line No.	Description	Wages	KPA Incentive	Management Incentive	Total
	(a)	(b)	(c)	(d)	(e)
1	Production Expense	\$ 47,715	\$ -	\$ -	\$ 47,715
2	Transmission Expense	19,514	-	-	\$ 19,514
3	Distribution Expense	37,504	-	-	\$ 37,504
4	Customer Accounts Expense	23,443	-	-	\$ 23,443
5	Customer Service & Information Expense	1,148	-	-	\$ 1,148
6	A&G Salaries, Supplies, Pensions & Benefits Expense	82,381	(43,066)	(53,746)	\$ (14,430)
7	Total Wages and Incentive Compensation Expense	\$ 211,705	\$ (43,066)	\$ (53,746)	\$ 114,893

**SOURCES:**

Column b: Attachment 6, page 2, column d  
Column c: Attachment 6, page 3, column d  
Column d: Attachment 6, page 4, column d  
Column e: Sum columns b through d

Line No.	Description	Total Utility (a)	Allocator (b)	Allocator % (c)	SD (d)
Production					
1	Base Demand	\$ 404,957	E1	9.364273%	\$ 37,921
2	Peak Demand	105,971	D1	9.241806%	9,794
3	Total Production Expense	<u>\$ 510,928</u>			<u>\$ 47,715</u>
4	Transmission Expense	\$ 212,399	D2	9.187431%	\$ 19,514
Distribution Expense					
5	Primary Demand	123,177	D3	9.826674%	12,104
6	Secondary Demand	50,267	D4	10.166941%	5,111
7	Primary Customer	79,477	C2	8.713550%	6,925
8	Secondary Customer	54,420	C3	8.711531%	4,741
9	Streetlighting	35,517	C4	11.025726%	3,916
10	Area Lighting	3,356	C5	6.574691%	221
11	Meters	48,962	C6	9.162435%	4,486
12	Load Management				
13	Total Distribution Expense	<u>\$ 395,177</u>			<u>\$ 37,504</u>
Customer Accounting Expense					
14	Meter Reading	123,208	C7	9.043283%	11,142
15	Other	141,193	C8	8.711988%	12,301
16	Total Customer Accounts	<u>\$ 264,401</u>			<u>\$ 23,443</u>
Customer Service & Info Expense (MN CIP)					
17	- MN	37,949	Direct	0.000000%	-
18	- ND	-	Direct	0.000000%	-
19	- SD	-	Direct	100.000000%	-
20	- Other	13,135	C1	8.740052%	1,148
21	Total Customer Service & Information Expense	<u>\$ 51,084</u>			<u>\$ 1,148</u>
Administrative and General Expense					
Salaries, Supplies, Pensions & Benefits					
22	Production	317,263	OXPD	9.344498%	29,647
23	Transmission	131,890	D2	9.187431%	12,117
24	Distribution	245,387	OXD	9.490373%	23,288
25	Customer Accounts	164,181	OXC	8.866368%	14,557
26	Customer Service & Information	31,721	C1	8.740052%	2,772
27	Total A&G Salaries, Supplies, Pensions & Benefits	<u>\$ 890,441</u>			<u>\$ 82,381</u>
28	Total	<u><u>\$ 2,324,429</u></u>			<u><u>\$ 211,705</u></u>

**SOURCES:**

Column a: Attachment 6, Pg 5, Col d  
Columns b and c: Volume 4A, TY-07, Pg 2  
Column d: Column a \* column c

Line No.	Description	Total Utility (a)	Allocator (b)	Allocator % (c)	SD (d)
Production					
1	Base Demand	-	E1	9.364273%	-
2	Peak Demand	-	D1	9.241806%	-
3	Total Production Expense	-			-
4	Transmission Expense	-	D2	9.187431%	-
Distribution Expense					
5	Primary Demand	-	D3	9.826674%	-
6	Secondary Demand	-	D4	10.166941%	-
7	Primary Customer	-	C2	8.713550%	-
8	Secondary Customer	-	C3	8.711531%	-
9	Streetlighting	-	C4	11.025726%	-
10	Area Lighting	-	C5	6.574691%	-
11	Meters	-	C6	9.162435%	-
12	Load Management	-			-
13	Total Distribution Expense	-			-
Customer Accounting Expense					
14	Meter Reading	-	C7	9.043283%	-
15	Other	-	C8	8.711988%	-
16	Total Customer Accounts	-			-
Customer Service & Info Expense (MN CIP)					
17	- MN	-	Direct	0.000000%	-
18	- ND	-	Direct	0.000000%	-
19	- SD	-	Direct	100.000000%	-
20	- Other	-	C1	8.740052%	-
21	Total Customer Service & Information Expense	-			-
Administrative and General Expense					
Salaries, Supplies, Pensions & Benefits					
22	Production	(165,852)	OXPD	9.344498%	(15,498)
23	Transmission	(68,947)	D2	9.187431%	(6,334)
24	Distribution	(128,278)	OXD	9.490373%	(12,174)
25	Customer Accounts	(85,827)	OXC	8.866368%	(7,610)
26	Customer Service & Information	(16,582)	C1	8.740052%	(1,449)
27	Total A&G Salaries, Supplies, Pensions & Benefits	\$ (465,486)			\$ (43,066)
28	Total	\$ (465,486)			\$ (43,066)

**SOURCES:**

Column a: Attachment 6, Pg 5, Col e  
Columns b and c: Volume 4A, TY-07, Pg 3  
Column d: Column a \* column c

Line No.	Description	Total Utility (a)	Allocator (b)	Allocator % (c)	SD (d)
Production					
1	Base Demand	-	E1	9.364273%	-
2	Peak Demand	-	D1	9.241806%	-
3	Total Production Expense	-			-
4	Transmission Expense	-	D2	9.187431%	-
Distribution Expense					
5	Primary Demand	-	D3	9.826674%	-
6	Secondary Demand	-	D4	10.166941%	-
7	Primary Customer	-	C2	8.713550%	-
8	Secondary Customer	-	C3	8.711531%	-
9	Streetlighting	-	C4	11.025726%	-
10	Area Lighting	-	C5	6.574691%	-
11	Meters	-	C6	9.162435%	-
12	Load Management	-			-
13	Total Distribution Expense	-			-
Customer Accounting Expense					
14	Meter Reading	-	C7	9.043283%	-
15	Other	-	C8	8.711988%	-
16	Total Customer Accounts	-			-
Customer Service & Info Expense (MN CIP)					
17	- MN	-	Direct	0.000000%	-
18	- ND	-	Direct	0.000000%	-
19	- SD	-	Direct	100.000000%	-
20	- Other	-	C1	8.740052%	-
21	Total Customer Service & Information Expense	-			-
Administrative and General Expense					
Salaries, Supplies, Pensions & Benefits					
22	Production	(206,983)	OXPD	9.344498%	(19,342)
23	Transmission	(86,045)	D2	9.187431%	(7,905)
24	Distribution	(160,091)	OXD	9.490373%	(15,193)
25	Customer Accounts	(107,112)	OXC	8.866368%	(9,497)
26	Customer Service & Information	(20,695)	C1	8.740052%	(1,809)
27	Total A&G Salaries, Supplies, Pensions & Benefits	\$ (580,926)			\$ (53,746)
28	Total	\$ (580,926)			\$ (53,746)

**SOURCES:**

Column a: Attachment 6, Pg 5, Col f  
Columns b and c: Volume 4A, TY-07, Pg 3  
Column d: Column a \* column c

Line No.	Description	From Functionalization	(c)	Wage Incr.	KPA Adj	MGM Adj
	(a)	(b)		(d)	(e)	(f)
<u>Production</u>						
1	Base Demand	\$ 16,256,701	79%	\$ 404,957	-	-
2	Peak Demand	4,254,144	21%	105,971	-	-
3	Total Production Expense	\$ 20,510,845	100%	\$ 510,928	-	-
4	Transmission Expense			\$ 212,399	-	-
<u>Distribution Expense</u>						
5	Primary Demand	5,536,370	31%	123,177	-	-
6	Secondary Demand	2,259,335	13%	50,267	-	-
7	Primary Customer	3,572,243	20%	79,477	-	-
8	Secondary Customer	2,445,993	14%	54,420	-	-
9	Streetlighting	1,596,385	9%	35,517	-	-
10	Area Lighting	150,829	1%	3,356	-	-
11	Meters	2,200,690	12%	48,962	-	-
12	Load Management	-				
13	Total Distribution Expense	\$ 17,761,845	100%	\$ 395,177	-	-
<u>Customer Accounting Expense</u>						
14	Meter Reading	6,016,923	47%	123,208	-	-
15	Other	6,895,205	53%	141,193	-	-
16	Total Customer Accounts	\$ 12,912,128	100%	\$ 264,401	-	-
<u>Customer Service &amp; Info Expense (MN CIP)</u>						
17	- MN	6,607,891	74%	37,949	-	-
18	- ND	-	0%	-	-	-
19	- SD	-	0%	-	-	-
20	- Other	2,287,040	26%	13,135	-	-
21	Total Customer Service & Information Expense	\$ 8,894,931	100%	\$ 51,084	-	-
<u>Administrative and General Expense</u>						
<u>Salaries, Supplies, Pensions &amp; Benefits</u>						
22	Production	11,642,846	36%	317,263	(165,852)	(206,983)
23	Transmission	4,840,064	15%	131,890	(68,947)	(86,045)
24	Distribution	9,005,146	28%	245,387	(128,278)	(160,091)
25	Customer Accounts	6,025,084	18%	164,181	(85,827)	(107,112)
26	Customer Service & Information	1,164,081	4%	31,721	(16,582)	(20,695)
27	Total A&G Salaries, Supplies, Pensions & Benefits	\$ 32,677,221	100%	\$ 890,441	\$ (465,486)	\$ (580,926)
28	<b>Total</b>			<b>\$ 2,324,429</b>	<b>\$ (465,486)</b>	<b>\$ (580,926)</b>

**SOURCES:**

Columns b & c (except line 19): Attachment 1 to DR SD-PUC-04.33\_SUPPLEMENTAL  
Columns d, e, and f; Lines 3, 4, 13, 16, 21, 27, and 28: Attachment 6, Pg 6  
Column d, Line 1: Column c, Line 1 \* Column d, Line 3  
Columns d, e, and f; Lines 2, 5-11, 14-15, 17-20, 22-26: Similar calculations as Column d, Line 1

Line No.	<u>Labor From FERC Form 1 Page 354-355</u> (a)	<u>Amount</u> (b)	<u>% of total</u> (c)	<u>Wage Increase</u> (d)	<u>% of total</u> (e)	<u>KPA Incentive</u> (f)	<u>MGM Incentive</u> (g)
1	Production	\$ 15,953,326	16.9%	\$ 510,928			
2	Transmission	6,631,980	7.0%	212,399			
3	Distribution	12,339,082	13.1%	395,177			
4	Customer Accounts	8,255,724	8.8%	264,401			
5	Customer Service & Information, & Sales	1,595,054	1.7%	51,084			
6	Administrative & General	<u>27,803,329</u>	29.5%	890,441	100.00%	(465,486)	(580,926)
7	Total Expense	\$ 72,578,495		<b>\$ 2,324,429</b>		<b>\$ (465,486)</b>	<b>\$ (580,926)</b>
8	Construction Labor	<u>19,545,265</u>	20.7%	<u>625,965</u>			
9	Total Utility Labor	\$ 92,123,760		\$ 2,950,394			
10	Below-the-Line Labor	<u>2,132,107</u>	2.3%	<u>68,284</u>			
11	Total Otter Tail Power Labor	<u>\$ 94,255,867</u>	100.0%	<u>\$ 3,018,678</u>			

**SOURCES:**

Columns b and c: Attachment 1 to DR SD-PUC-04.33\_SUPPLEMENTAL  
Column d, Line 11: Attachment 6, Pg 7, line 36, column b  
Column e, Line 6: Revised TY-07, Pg 3  
Column f, Line 7: Attachment 6, Pg 8, line 3, column d  
Column g, Line 7: Attachment 6, Pg 9, line 5, column d

Line	Description	Amount	Description	Amount
	(a)	(b)	(c)	(d)
1	<b>Coyote Union</b>		<b>Non-Union</b>	
2	Annualize 2017 Wage Increase:		Annualize 2017 Wage Increase:	
3	1/1/17 - 8/31/17 OTP Labor Expense	\$ 1,157,759	1/1/17 - 3/31/17 OTP Labor Expense	\$ 7,058,900
4	September 2017 Union Wage Increase	3.00%	April 2017 Non-Union Wage Increase	2.95%
5	2017 Wage Increase Adjustment	34,733	2017 Wage Increase Adjustment	208,238
6	2018 Wage Increase:		2018 Wage Increase:	
7	2018 Base Labor Amount		2018 Base Labor Amount	
8	1/1/17 - 8/31/17 OTP Labor Expense	\$ 1,157,759	1/1/17 - 3/31/17 OTP Labor Expense	\$ 7,058,900
9	2017 Wage Increase Adjustment	34,733	2017 Wage Increase Adjustment	208,238
10	9/1/17 - 12/31/17 OTP Labor Expense	595,832	4/1/17 - 12/31/17 OTP Labor Expense	20,916,094
11	2018 Base Labor Amount	1,788,324	2018 Base Labor Amount	28,183,232
12	September 2018 Union Wage Increase	3.00%	April 2018 Non-Union Wage Increase	3.00%
13	2018 Wage Increase Adjustment	53,650	2018 Wage Increase Adjustment	844,088
14	<b>BSP &amp; Other Union</b>		<b>Executive</b>	
15	Annualize 2017 Wage Increase:		Annualize 2017 Wage Increase:	
16	1/1/17 - 10/31/17 OTP Labor Expense	\$ 24,548,093	1/1/17 - 3/31/17 OTP Labor Expense	\$ 560,979
17	November 2017 Union Wage Increase	3.00%	April 2017 Executive Wage Increase	3.02%
18	2017 Wage Increase Adjustment	736,443	2017 Wage Increase Adjustment	16,941
19	2018 Wage Increase:		2018 Wage Increase:	
20	2018 Base Labor Amount		2018 Base Labor Amount	
21	1/1/17 - 10/31/17 OTP Labor Expense	\$ 24,548,093	1/1/17 - 3/31/17 OTP Labor Expense	\$ 560,979
22	2017 Wage Increase Adjustment	736,443	2017 Wage Increase Adjustment	16,941
23	11/1/17 - 12/31/17 OTP Labor Expense	4,738,670	4/1/17 - 12/31/17 OTP Labor Expense	1,741,236
24	2018 Base Labor Amount	30,023,206	2018 Base Labor Amount	2,319,156
25	November 2018 Union Wage Increase	3.00%	April 2018 Executive Wage Increase	2.11%
26	2018 Wage Increase Adjustment	900,696	2018 Wage Increase Adjustment	48,942
27	<b>OTP Labor Adjustment</b>			
28	2017 Coyote Union Wage Increase Adjustment	\$ 34,733		
29	2017 BSP & Other Union Wage Increase Adjustmen	736,443		
30	2017 Non-Union Salary Increase Adjustment	208,238		
31	2017 Executive Salary Increase Adjustment	16,941		
32	2018 Coyote Union Wage Increase Adjustment	53,650		
33	2018 BSP & Other Union Wage Increase Adjustmen	900,696		
34	2018 Non-Union Salary Increase Adjustment	844,088		
35	2018 Executive Salary Increase Adjustment	48,942		
36	FICA Adjustment	174,947		
37	<b>Total OTP Labor Adjustment</b>	<b>3,018,678</b>		

**SOURCES:**

Column b, lines 3, 8, 10, 16, 21, and 23: Attachment 1 to DR SD-PUC-03.01\_Supplemental  
Column b, lines 4, 12, 17, & 25: Attachment 1 to DR SD-PUC-02.67 - TY-07 SD supplemental  
Column b, lines 5, 9, & 28: Column b, line 3 \* line 4  
Column b, line 11: Sum of Column b, lines 8 - 10  
Column b, lines 13 & 32: Column b, line 11 \* line 12  
Column b, lines 18, 22 & 29: Column b, line 16 \* line 17  
Column b, line 24: Sum of Column b, lines 21 - 23  
Column b, lines 26 & 33: Column b, line 24 \* line 25  
Column d, lines 3, 8, 10, 16, 21, and 23: Attachment 1 to DR SD-PUC-03.01\_Supplemental  
Column d, line 4: Attachment 2 to DR SD-PUC-02.29  
Column d, lines 5 and 9 and column b, line 30: Column d, line 3 \* line 4  
Column d, line 11: Sum of Column d, lines 8 - 10  
Column d, line 12: Attachment 1 to DR SD-PUC-02 29  
Column d, line 13 & column b, line 34: Column d, line 11 \* line 12  
Column d, line 17: Attachment 2 to DR SD-PUC-02 30 and Attachment 3 to DR SD-PUC-02.30  
Column d, lines 18 and 22 and column b, line 31: Column d, line 16 \* line 17  
Column d, line 24: Sum of Column d, lines 21 - 23  
Column d, line 25: Attachment 1 to DR SD-PUC-02 30 and Attachment 3 to DR SD-PUC-02.30  
Column d, line 26 & column b, line 35: Column d, line 24 \* line 25  
Column b, line 36: 3,763,543 (SD-INFORMAL-05) \* 4.6485% (payroll increase)  
Column b, line 37: Sum lines 28 through 36

**Otter Tail Power Company  
Docket EL18-021  
Total Company KPA Incentive Adjustment  
Adjusted Test Year Ended December 31, 2017**

<u>Line No.</u>	(a)	(b)	(c)	(d)
1	5 year average 2013 - 2017			\$979,084
2	Less: 2017 Per Books			<u>(1,444,570)</u>
3	Test Year Adjustment			<u><b>(\$465,486)</b></u>

<b>Key Performance Award</b>	
<b>Year</b>	<b>Actual</b>
4 2013	
5 2014	
6 2015	
7 2016	
8 2017	
9 <b>5 Yr Average</b>	<b>\$979,084</b>

**SOURCES:**

- Line 1, column d: Line 9, column b
- Line 2, column d: Attachment 1 to DR SD-PUC-13.01
- Line 3, column d: Column d, line 1 less line 2
- Lines 4 - 8, column b: Attachment 1 to DR SD-INFORMAL-05 - SUPPLEMENTAL
- Line 9, column b: Average lines 4 through 8



**Otter Tail Power Company**  
**Docket EL18-021**  
**Total Company Management Incentive Adjustment**  
**Adjusted Test Year Ended December 31, 2017**

Line No.	(a)	(b)	(c)	(d)
1	5 year average 2013 - 2017			\$ 519,554
2	Less: 2017 Per Books			<u>\$ 1,987,573</u>
3	Total Adjustment			\$ (1,468,019)
4	Less: Traditional Adjustment (included in Staff Per Books)			<u>\$ (887,093)</u>
5	Test Year Adjustment			<u><u>\$ (580,926)</u></u>

	Year	Management Incentive Plan	Corporate Bonuses	Total
6	2013			
7	2014			
8	2015			
9	2016			
10	2017			
11	<b>5 Yr Average</b>			<b>\$493,525</b>

12	FICA			\$ 26,029
13	5 Year Average w/ FICA			<b>\$ 519,554</b>

**SOURCES:**

- Line 1, Column d: Line 13, Column d
- Line 2, Column d: Attachment 1 to DR SD-PUC-13.01 (569,587 + 1,417,986)
- Line 3, Column d: Column d, Line 1 less Line 2
- Line 4, Column d: Workpaper B-16, Column f, Line 6
- Line 5, Column d: Column d, Line 3 less Line 4
- Lines 6 - 10, Column b: Attachment 1 to DR SD-PUC-03.06 and Attachment 1 to DR SD-PUC-5.12(a)(c) (less financial criterion)
- Lines 6 - 10, Column c: Attachment 2 to DR SD-PUC-5.12(b)(c) (less financial criterion)
- Lines 6 - 10, Column d: Column b plus Column c
- Line 11: Average Lines 6 through 10
- Line 12: Attachment 2 to DR-SD-INFORMAL-05 and Attachment 3 to DR-SD-INFORMAL-05
- Line 13: Sum lines 11 and 12