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May 31, 2019

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

**PUBLIC – TRADE SECRET DATA
HAS BEEN EXCISED**

**Re: In the Matter of Otter Tail Power Company's 2018 South Dakota Jurisdictional Report to the
South Dakota Public Utilities Commission
Docket No. EL18-048**

Dear Ms. Van Gerpen:

Enclosed you will find the 2018 Annual Report for Otter Tail Power Company (Otter Tail) which is being submitted pursuant to the Settlement Stipulations approved by the Commission in Otter Tail's 2018 Transmission Cost Recovery Rider, Docket No. EL18-048. The report provides the regulated returns for Otter Tail for calendar year 2018 on an actual and normalized basis with 2017 actual year regulated results also being provided for comparative purposes. The 2018 Annual Report is prepared on the same basis as the 2017 Annual Report. The 2019 Annual Report will be prepared on the basis of the Settlement and Order in Docket EL18-021.

Key contributors to the decrease in Otter Tail's return on equity for 2018 include an increase in overall expenses in South Dakota, as well as an increase to the Average Regulated Rate Base. The 2018 Annual Report includes the savings from the Tax Cut and Jobs Act (TCJA) and interim revenues less a provision for estimated refunds of \$390,338 booked during 2018.

Also enclosed is a Request for Confidential Treatment of Exhibits 5 and 6, and Addendum 4.

If you have any questions regarding this filing, please contact me at 218-739-8819 or dmandelke@otpc.com.

Sincerely,

/s/ DARLENE C. MANDELKE
Darlene C. Mandelke
Rates Analyst
Regulatory Administration

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Enclosures
By electronic filing

ANNUAL REPORT
OF
JURISDICTIONAL EARNINGS
BY
OTTER TAIL POWER COMPANY
A MINNESOTA CORPORATION
TO THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

FOR THE YEAR ENDING
DECEMBER 31, 2018

South Dakota Jurisdiction
Electric Utility



2018

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