PUBLIC - TRADE SECRET DATA HAS BEEN EXCISED

Otter Tail Power Company
South Dakota Transmission Cost Recovery Rider
Oakes Area Transmission Revenue Requirements

Line No.		Year>>	2017 Actual March	2017 Actual April	2017 Actual May	2017 Actual June	2017 Actual July	2017 Actual August	2017 Actual September	2017 Projected October	2017 Projected November	2017 Projected December	2017 Projected Total	2018 Projected January	2018 Projected February
	RATE BASE														
1	Plant Balance		7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020
2	Accumulated Depreciation		(148,213)	(158,038)	(167,864)	(177,690)	(187,516)	(197,342)	(207,168)	(216,993)	(226,819)	(236,645)	(236,645)	(246,471)	(256,297)
3	Net Plant in Service		6,861,807	6,851,982	6,842,156	6,832,330	6,822,504	6,812,678	6,802,852	6,793,027	6,783,201	6,773,375	6,773,375	6,763,549	6,753,723
4	CWIP		0	0	0	0	0	0	0	0	0	0	0	0	0
5	ADIT - NOL DTA		561,697	561,697	561,697	561,697	561,697	561,697	561,697	561,697	561,697	561,697	561,697		
6	Reversal of ADIT - NOL DTA		(446,418)	(459,227)	(472,036)	(484,845)	(497,653)	(510,462)	(523,271)	(536,080)	(548,888)	(561,697)	(561,697)		
7	ADIT Federal Proration Factors		1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		1.0000	1.0000
8	Accumulated Deferred Income Taxes Federal & State		(1,377,006)	(1,382,137)	(1,387,269)	(1,392,400)	(1,397,532)	(1,402,664)	(1,407,795)	(1,412,927)	(1,418,058)	(1,423,190)	(1,423,190)	(1,427,451)	(1,431,713)
9	Ending rate base		5,600,081	5,572,314	5,544,548	5,516,782	5,489,016	5,461,250	5,433,483	5,405,717	5,377,951	5,350,185	5,350,185	5,336,098	5,322,010
10															
11	Average rate base		459,732	459,732	459,732	459,732	459,732	459,732	459,732	459,732	459,732	459,732	5,516,782	439,305	439,305
12															
13	Return on Rate Base		34,894	34,894	34,894	34,894	34,894	34,894	34,894	34,894	34,894	34,894	418,724	33,343	33,343
14															
15	Available for return (equity portion of rate base)		23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	280,804	22,361	22,361
16															
17	*EXPENSES*														
18	*O&M and Depreciation*														
19	Operating Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
20	Property Tax		4,498	4,498	4,498	4,498	4,498	4,498	4,498	4,498	4,498	4,498	54,678	4,498	4,498
21	Book Depreciation		9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	117,910	9,826	9,826
22	Total O&M and Depreciation Expense		14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	172,588	14,324	14,324
23															
24	Income before Taxes														
25	Available for return (from above)		23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	280,804	22,361	22,361
26	Taxable Income (grossed up)	1.5385	36,001	36,001	36,001	36,001	36,001	36,001	36,001	36,001	36,001	36,001	432,006	34,401	34,401
27															
28	Income Taxes														
29	Current and Def Income Taxes	35.00%	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	151,202	12,040	12,040
30	Total Income Tax Expense		12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	151,202	12,040	12,040
31															
32															
33	*REVENUE REQUIRMENTS*														
34	Expenses		26,924	26,924	26,924	26,924	26,924	26,924	26,924	26,924	26,924	26,924	323,791	26,364	26,364
35	Return on rate base		34,894	34,894	34,894	34,894	34,894	34,894	34,894	34,894	34,894	34,894	418,724	33,343	33,343
36	Subtotal revenue requirements		61,818	61,818	61,818	61,818	61,818	61,818	61,818	61,818	61,818	61,818	742,514	59,708	59,708
37	Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0
38	Transmission Revenue		(4,798)	(4,798)	(6,258)	(4,798)	(4,798)	(4,798)	(4,798)	(4,798)	(4,798)	(4,798)	(57,631)	(10,948)	(10,948)
39	Total revenue requirements		57,020	57,020	55,560	57,020	57,020	57,020	57,020	57,020	57,020	57,020	684,883	48,760	48,760
40															
41	South Dakota share - D2 factor	9.82%	5,597	5,597	5,454	5,597	5,597	5,597	5,597	5,597	5,597	5,597	67,019	4,786	4,786
42															
43	Gross Receipts Tax		8	8	7	8	8	8	8	8	8	8	90	6	6
44	Total South Dakota Share		5,604	5,604	5,461	5,604	5,604	5,604	5,604	5,604	5,604	5,604	67,110	4,793	4,793

Line No.														
	SUPPORTING INFORMATION / DATA													
1														
2		SD Cap Structure with allowed ROE per order.												
		[TRADE SECRET DATA BEGINS…												
3		Capital Structure	**Ratio**	**Cost**	**WA Cost**				**Property tax**					
4		Debt							2017 composite rate			0.78%		
5		Preferred equity												
6		Common equity				**...TRADE SECRET DATA ENDS]**								
7		Total	100.00%		7.59%	Overall Return								
8														
9			**Book**	**Tax**										
10		Project life (years)	50	15-year MACRS										
11						**SD Gross**								
12				**Fed Portion**	**State Portion**									
13		Statutory Tax Rate	35.00%	35.00%	0.00%	0.135%								
14		Tax conversion factor	1.53846											
15		Transmission Revenue	7.76%											
16		SD share - D2 factor	9.8157%											
17														
18	**Deferred Tax**													
19	Book depreciation		9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	117,910	9,826	9,826
20	Tax depreciation-Federal		24,488	24,488	24,488	24,488	24,488	24,488	24,488	24,488	24,488	24,488	293,851	22,001	22,001
21	Tax depreciation-SD		24,488	24,488	24,488	24,488	24,488	24,488	24,488	24,488	24,488	24,488	293,851	22,001	22,001
22	Federal deferred income taxes		(5,132)	(5,132)	(5,132)	(5,132)	(5,132)	(5,132)	(5,132)	(5,132)	(5,132)	(5,132)	(61,579)	(4,261)	(4,261)
23	State deferred income taxes		0	0	0	0	0	0	0	0	0	0	0	0	0

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Oakes Area Transmission Revenue Requirements

Line No.		Year>>	2018 Projected March	2018 Projected April	2018 Projected May	2018 Projected June	2018 Projected July	2018 Projected August	2018 Projected September	2018 Projected October	2018 Projected November	2018 Projected December	2018 Projected Total	2019 Projected January	2019 Projected February
	RATE BASE														
1	Plant Balance		7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020	7,010,020
2	Accumulated Depreciation		(266,123)	(275,949)	(285,774)	(295,600)	(305,426)	(315,252)	(325,078)	(334,904)	(344,729)	(354,555)	(354,555)	(364,381)	(374,207)
3	Net Plant in Service		6,743,897	6,734,071	6,724,246	6,714,420	6,704,594	6,694,768	6,684,942	6,675,116	6,665,291	6,655,465	6,655,465	6,645,639	6,635,813
4	CWIP		0	0	0	0	0	0	0	0	0	0	0	0	0
5	ADIT - NOL DTA														
6	Reversal of ADIT - NOL DTA														
7	ADIT Federal Proration Factors		0.9178	0.8356	0.7507	0.6685	0.5836	0.4986	0.4164	0.3315	0.2493	0.1644		0.0795	0.0027
8	Accumulated Deferred Income Taxes Federal & State		(1,435,624)	(1,439,185)	(1,442,384)	(1,445,233)	(1,447,720)	(1,449,845)	(1,451,619)	(1,453,032)	(1,454,094)	(1,454,795)	(1,454,795)	(1,455,071)	(1,455,080)
9	Ending rate base		5,308,273	5,294,886	5,281,862	5,269,187	5,256,874	5,244,924	5,233,323	5,222,085	5,211,196	5,200,670	5,200,670	5,190,568	5,180,733
10															
11	Average rate base		439,305	439,305	439,305	439,305	439,305	439,305	439,305	439,305	439,305	439,305	5,271,659	427,637	427,637
12															
13	Return on Rate Base		33,343	33,343	33,343	33,343	33,343	33,343	33,343	33,343	33,343	33,343	400,119	32,458	32,458
14															
15	Available for return (equity portion of rate base)		22,361	22,361	22,361	22,361	22,361	22,361	22,361	22,361	22,361	22,361	268,327	21,767	21,767
16															
17	*EXPENSES*														
18	*O&M and Depreciation*														
19	Operating Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
20	Property Tax		4,498	4,498	4,498	4,498	4,498	4,498	4,498	4,498	4,498	4,498	54,678	4,498	4,498
21	Book Depreciation		9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	117,910	9,826	9,826
22	Total O&M and Depreciation Expense		14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	172,588	14,324	14,324
23															
24	Income before Taxes														
25	Available for return (from above)		22,361	22,361	22,361	22,361	22,361	22,361	22,361	22,361	22,361	22,361	268,327	21,767	21,767
26	Taxable Income (grossed up)	1.5385	34,401	34,401	34,401	34,401	34,401	34,401	34,401	34,401	34,401	34,401	412,811	33,487	33,487
27															
28	Income Taxes														
29	Current and Def Income Taxes	35.00%	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	144,484	11,721	11,721
30	Total Income Tax Expense		12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	144,484	11,721	11,721
31															
32															
33	*REVENUE REQUIRMENTS*														
34	Expenses		26,364	26,364	26,364	26,364	26,364	26,364	26,364	26,364	26,364	26,364	317,072	26,044	26,044
35	Return on rate base		33,343	33,343	33,343	33,343	33,343	33,343	33,343	33,343	33,343	33,343	400,119	32,458	32,458
36	Subtotal revenue requirements		59,708	59,708	59,708	59,708	59,708	59,708	59,708	59,708	59,708	59,708	717,191	58,502	58,502
37	Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0
38	Transmission Revenue		(10,948)	(10,948)	(10,948)	(10,948)	(10,948)	(10,948)	(10,948)	(10,948)	(10,948)	(10,948)	(131,505)	(10,109)	(10,109)
39	Total revenue requirements		48,760	48,760	48,760	48,760	48,760	48,760	48,760	48,760	48,760	48,760	585,687	48,393	48,393
40															
41	South Dakota share - D2 factor	9.82%	4,786	4,786	4,786	4,786	4,786	4,786	4,786	4,786	4,786	4,786	57,433	4,750	4,750
42															
43	Gross Receipts Tax		6	6	6	6	6	6	6	6	6	6	78	6	6
44	Total South Dakota Share		4,793	4,793	4,793	4,793	4,793	4,793	4,793	4,793	4,793	4,793	57,511	4,757	4,757

Line No.														
	SUPPORTING INFORMATION / DATA													
1														
2		SD Cap Structure with allowed ROE per order.												
		[TRADE SECRET DATA BEGINS…												
3		Capital Structure	**Ratio**	**Cost**	**WA Cost**				**Property tax**					
4		Debt							2018 composite rate			0.78%		
5		Preferred equity												
6		Common equity				**...TRADE SECRET DATA ENDS]**								
7		Total	100.00%		7.59%	Overall Return								
8														
9			**Book**	**Tax**										
10		Project life (years)	50	15-year MACRS										
11						**SD Gross**								
12				**Fed Portion**	**State Portion**									
13		Statutory Tax Rate	35.00%	35.00%	0.00%	0.135%								
14		Tax conversion factor	1.53846											
15		Transmission Revenue	18.34%											
16		SD share - D2 factor	9.8157%											
17														
18	**Deferred Tax**													
19	Book depreciation		9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	9,826	117,910	9,826	9,826
20	Tax depreciation-Federal		22,001	22,001	22,001	22,001	22,001	22,001	22,001	22,001	22,001	22,001	264,017	19,749	19,749
21	Tax depreciation-SD		22,001	22,001	22,001	22,001	22,001	22,001	22,001	22,001	22,001	22,001	264,017	19,749	19,749
22	Federal deferred income taxes		(4,261)	(4,261)	(4,261)	(4,261)	(4,261)	(4,261)	(4,261)	(4,261)	(4,261)	(4,261)	(51,138)	(3,473)	(3,473)
23	State deferred income taxes		0	0	0	0	0	0	0	0	0	0	0	0	0