PUBLIC - TRADE SECRET DATA HAS BEEN EXCISED

Otter Tail Power Company
South Dakota Transmission Cost Recovery Rider
Casselton – Buffalo 115 kV 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		8,016,682	8,016,682	8,016,682	8,016,682	8,016,682	8,016,682	8,016,682	8,016,682	8,016,682	8,016,682	13,475,423	13,475,423	13,475,423
2	Accumulated Depreciation		(406,300)	(417,400)	(428,499)	(439,598)	(450,698)	(461,797)	(472,896)	(483,995)	(495,095)	(506,194)	(506,194)	(525,016)	(543,838)
3	Net Plant in Service		7,610,382	7,599,283	7,588,183	7,577,084	7,565,985	7,554,886	7,543,786	7,532,687	7,521,588	7,510,489	12,969,229	12,950,407	12,931,585
4	CWIP		0	0	0	0	0	0	0	0	0	0	0	0	0
	ADIT - NOL DTA		(2,094)	(2,094)	(2,094)	(2,094)	(2,094)	(2,094)	(2,094)	(2,094)	(2,094)	(2,094)	(2,094)		
	Reversal of ADIT - NOL DTA		1,664	1,712	1,760	1,808	1,855	1,903	1,951	1,999	2,046	2,094	2,094		
5	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
6	Accumulated Deferred Income Taxes Federal & State		(1,690,942)	(1,695,377)	(1,699,812)	(1,704,246)	(1,708,681)	(1,713,116)	(1,717,551)	(1,721,986)	(1,726,421)	(1,730,856)	(2,733,899)	(2,742,356)	(2,750,812)
7	Ending rate base		5,919,011	5,903,524	5,888,038	5,872,552	5,857,065	5,841,579	5,826,092	5,810,606	5,795,120	5,779,633	10,235,330	10,208,052	10,180,773
8															
9	OTP Load Percentage		51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%
10	Remove Non-OTP Load Portion		(2,883,943)	(2,876,398)	(2,868,852)	(2,861,307)	(2,853,761)	(2,846,216)	(2,838,670)	(2,831,125)	(2,823,579)	(2,816,034)	(4,987,001)	(4,973,710)	(4,960,419)
11	Retail Ending Rate Base		3,035,067	3,027,127	3,019,186	3,011,245	3,003,304	2,995,363	2,987,422	2,979,481	2,971,540	2,963,599	5,248,329	5,234,342	5,220,354
12															
13	Average rate base		250,606	250,606	250,606	250,606	250,606	250,606	250,606	250,606	250,606	250,606	3,007,271	430,876	430,876
14															
15	Return on Rate Base		19,014	19,014	19,014	19,014	19,014	19,014	19,014	19,014	19,014	19,014	228,168	32,691	32,691
16															
17	Available for return (equity portion of rate base)		12,763	12,763	12,763	12,763	12,763	12,763	12,763	12,763	12,763	12,763	153,162	21,945	21,945
18															
19	*EXPENSES*														
20	*O&M and Depreciation*														
21	Operating Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
22	Property Tax		5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	5,211	62,530	8,759	8,759
23	Book Depreciation		11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099	133,191	18,822	18,822
24	Total O&M and Depreciation Expense		16,310	16,310	16,310	16,310	16,310	16,310	16,310	16,310	16,310	16,310	195,721	27,581	27,581
25															
26	OTP Load Percentage		51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%
27	Remove Non-OTP Load Portion		(7,947)	(7,947)	(7,947)	(7,947)	(7,947)	(7,947)	(7,947)	(7,947)	(7,947)	(7,947)	(95,362)	(13,438)	(13,438)
28	Retail O&M and Depreciation Expenses		8,363	8,363	8,363	8,363	8,363	8,363	8,363	8,363	8,363	8,363	100,359	14,143	14,143
29															
30	Income before Taxes														
31	Available for return (from above)		12,763	12,763	12,763	12,763	12,763	12,763	12,763	12,763	12,763	12,763	153,162	21,945	21,945
32	Taxable Income (grossed up)	1.5385	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636	235,634	33,761	33,761
33															
34	Income Taxes														
35	Current and Def Income Taxes	35.00%	6,873	6,873	6,873	6,873	6,873	6,873	6,873	6,873	6,873	6,873	82,472	11,816	11,816
36	Total Income Tax Expense		6,873	6,873	6,873	6,873	6,873	6,873	6,873	6,873	6,873	6,873	82,472	11,816	11,816
37															
38															
39	*REVENUE REQUIRMENTS*														
40	Expenses		15,236	15,236	15,236	15,236	15,236	15,236	15,236	15,236	15,236	15,236	278,193	25,959	25,959
41	Return on rate base		19,014	19,014	19,014	19,014	19,014	19,014	19,014	19,014	19,014	19,014	228,168	32,691	32,691
42	Subtotal revenue requirements		34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	506,361	58,650	58,650
43	Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0
44	Transmission Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
45	Total revenue requirements		34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	506,361	58,650	58,650
46															
47	South Dakota share - D2 factor	9.82%	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	40,343	5,757	5,757
48															
49	Gross Receipts Tax		5	5	5	5	5	5	5	5	5	5	54	8	8
50	Total South Dakota Share		3,366	3,366	3,366	3,366	3,366	3,366	3,366	3,366	3,366	3,366	40,397	5,765	5,765

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	0.00%											
16		SD share - D2 factor	9.8157%											
17														
18	**Deferred Tax**													
19	Book depreciation		11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099	133,191	18,822	18,822
20	Tax depreciation-Federal		23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	3,151,083	42,983	42,983
21	Tax depreciation-SD		23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	3,151,083	42,983	42,983
22	Federal deferred income taxes		(4,435)	(4,435)	(4,435)	(4,435)	(4,435)	(4,435)	(4,435)	(4,435)	(4,435)	(4,435)	(53,219)	(8,456)	(8,456)
23	State deferred income taxes		0	0	0	0	0	0	0	0	0	0	0	0	0

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Casselton – Buffalo 115 kV 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		13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423	13,475,423
2	Accumulated Depreciation		(562,660)	(581,482)	(600,304)	(619,126)	(637,948)	(656,770)	(675,592)	(694,414)	(713,236)	(732,058)	(732,058)	(750,880)	(769,702)
3	Net Plant in Service		12,912,763	12,893,941	12,875,119	12,856,297	12,837,475	12,818,653	12,799,831	12,781,009	12,762,187	12,743,365	12,743,365	12,724,543	12,705,721
4	CWIP		0	0	0	0	0	0	0	0	0	0	0	0	0
	ADIT - NOL DTA														
	Reversal of ADIT - NOL DTA														
5	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
6	Accumulated Deferred Income Taxes Federal & State		(2,758,573)	(2,765,640)	(2,771,988)	(2,777,641)	(2,782,576)	(2,786,792)	(2,790,314)	(2,793,117)	(2,795,225)	(2,796,616)	(2,796,616)	(2,797,188)	(2,797,208)
7	Ending rate base		10,154,190	10,128,302	10,103,132	10,078,657	10,054,900	10,031,861	10,009,517	9,987,892	9,966,962	9,946,750	9,946,750	9,927,355	9,908,513
8															
9	OTP Load Percentage		51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%
10	Remove Non-OTP Load Portion		(4,947,467)	(4,934,853)	(4,922,589)	(4,910,664)	(4,899,089)	(4,887,864)	(4,876,977)	(4,866,441)	(4,856,243)	(4,846,395)	(4,846,395)	(4,836,945)	(4,827,765)
11	Retail Ending Rate Base		5,206,723	5,193,449	5,180,542	5,167,992	5,155,811	5,143,997	5,132,540	5,121,451	5,110,719	5,100,355	5,100,355	5,090,410	5,080,749
12															
13	Average rate base		430,876	430,876	430,876	430,876	430,876	430,876	430,876	430,876	430,876	430,876	5,170,508	419,311	419,311
14															
15	Return on Rate Base		32,691	32,691	32,691	32,691	32,691	32,691	32,691	32,691	32,691	32,691	392,298	31,814	31,814
16															
17	Available for return (equity portion of rate base)		21,945	21,945	21,945	21,945	21,945	21,945	21,945	21,945	21,945	21,945	263,337	21,356	21,356
18															
19	*EXPENSES*														
20	*O&M and Depreciation*														
21	Operating Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
22	Property Tax		8,759	8,759	8,759	8,759	8,759	8,759	8,759	8,759	8,759	8,759	105,108	8,759	8,759
23	Book Depreciation		18,822	18,822	18,822	18,822	18,822	18,822	18,822	18,822	18,822	18,822	225,864	18,822	18,822
24	Total O&M and Depreciation Expense		27,581	27,581	27,581	27,581	27,581	27,581	27,581	27,581	27,581	27,581	330,972	27,581	27,581
25															
26	OTP Load Percentage		51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%	51.277%
27	Remove Non-OTP Load Portion		(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(161,261)	(13,438)	(13,438)
28	Retail O&M and Depreciation Expenses		14,143	14,143	14,143	14,143	14,143	14,143	14,143	14,143	14,143	14,143	169,711	14,143	14,143
29															
30	Income before Taxes														
31	Available for return (from above)		21,945	21,945	21,945	21,945	21,945	21,945	21,945	21,945	21,945	21,945	263,337	21,356	21,356
32	Taxable Income (grossed up)	1.5385	33,761	33,761	33,761	33,761	33,761	33,761	33,761	33,761	33,761	33,761	405,133	32,855	32,855
33															
34	Income Taxes														
35	Current and Def Income Taxes	35.00%	11,816	11,816	11,816	11,816	11,816	11,816	11,816	11,816	11,816	11,816	141,797	11,499	11,499
36	Total Income Tax Expense		11,816	11,816	11,816	11,816	11,816	11,816	11,816	11,816	11,816	11,816	141,797	11,499	11,499
37															
38															
39	*REVENUE REQUIRMENTS*														
40	Expenses		25,959	25,959	25,959	25,959	25,959	25,959	25,959	25,959	25,959	25,959	472,769	25,642	25,642
41	Return on rate base		32,691	32,691	32,691	32,691	32,691	32,691	32,691	32,691	32,691	32,691	392,298	31,814	31,814
42	Subtotal revenue requirements		58,650	58,650	58,650	58,650	58,650	58,650	58,650	58,650	58,650	58,650	865,067	57,456	57,456
43	Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0
44	Transmission Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
45	Total revenue requirements		58,650	58,650	58,650	58,650	58,650	58,650	58,650	58,650	58,650	58,650	865,067	57,456	57,456
46															
47	South Dakota share - D2 factor	9.82%	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	69,084	5,640	5,640
48															
49	Gross Receipts Tax		8	8	8	8	8	8	8	8	8	8	93	8	8
50	Total South Dakota Share		5,765	5,765	5,765	5,765	5,765	5,765	5,765	5,765	5,765	5,765	69,177	5,647	5,647

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	0.00%											
16		SD share - D2 factor	9.8157%											
17														
18	**Deferred Tax**													
19	Book depreciation		18,822	18,822	18,822	18,822	18,822	18,822	18,822	18,822	18,822	18,822	225,864	18,822	18,822
20	Tax depreciation-Federal		42,983	42,983	42,983	42,983	42,983	42,983	42,983	42,983	42,983	42,983	515,797	39,417	39,417
21	Tax depreciation-SD		42,983	42,983	42,983	42,983	42,983	42,983	42,983	42,983	42,983	42,983	515,797	39,417	39,417
22	Federal deferred income taxes		(8,456)	(8,456)	(8,456)	(8,456)	(8,456)	(8,456)	(8,456)	(8,456)	(8,456)	(8,456)	(101,477)	(7,208)	(7,208)
23	State deferred income taxes		0	0	0	0	0	0	0	0	0	0	0	0	0