

Line	Description	Total Company Amount	Allocation Factor	Allocation Percent	South Dakota Amount
	(a)	(b)	(c)	(d)	(e)
<b>Accumulated Deferred Income Taxes</b>					
1	Adjustment to ADIT based on 2017 adjusted to exclude bonus depreciation	\$ (6,045,548)	NEPIS	7.873620%	\$ (476,003)
<b>Deferred Income Tax Expense</b>					
2	Total OTP Proposed Adjustment to Deferred Income Tax Expense	\$ (8,388,163)			
<u>OTP Proposed Adjustment due to amortization of excess ADIT:</u>					
3	Total Estimated Excess ADIT	\$ 108,731,692			
4	Average Life of Property	25			
5	OTP Proposed Adjustment due to amortization of excess ADIT	\$ (4,349,268)			
6	OTP Proposed adjustment due to change in tax rate on deferred income tax expense	\$ (4,038,895)			
<u>Final Excess Accumulated Deferred Income Tax Balances as of 2017 Tax Return:</u>					
7	Protected Assets Excess ADIT	\$ 107,065,475			
8	Non-Protected Assets Excess ADIT	1,827,620			
9	Total Excess Accumulated Deferred Income Taxes	\$ 108,893,095			
<u>Staff Proposed Amortization of Non-Protected Excess ADIT:</u>					
10	Non-Protected Assets Excess ADIT	\$ 1,827,620			
11	Staff Proposed Amortization Period (years)	4			
12	Staff Proposed Amortization of Non-Protected Excess ADIT	\$ 456,905			
<u>Staff Proposed Adjustment to Deferred Income Tax Expense:</u>					
13	Adjustment due to Change in Tax Rate on Deferred Income Tax Expense	\$ (4,038,895)			
14	Amortization of Protected Excess ADIT (ARAM Required), adjustment based on average life	(4,282,619)			
15	Amortization of Non-Protected Excess ADIT	(456,905)			
16	Total Staff Proposed Adjustment to Deferred Income Tax Expense	\$ (8,778,419)	NEPIS	7.873620%	\$ (691,179)

**Sources:**

Line 1, column b: Attachment 2 to DR 13.16  
Line 1, columns c & d: Volume 4A, Section 1, TY-15, page 2  
Line 1, column e: column b times column d  
Line 2: Volume 4A, Section 1, TY-15, page 1  
Line 3: Response to DR 2.07  
Line 4: Response to DR 2.07  
Line 5: - line 3 divided by line 4  
Line 6: line 2 less line 5  
Lines 7-10: Response to DR 6.19  
Line 11: Staff Recommendation  
Line 12: Line 10 divided by line 11  
Line 13: line 6  
Line 14: - Line 7 divided by 25 years  
Line 15: - line 12  
Line 16, column b: sum of lines 13, 14, & 15  
Line 16, columns c & d: Volume 4A, Section 1, TY-15, page 1  
Line 16, column e: column b times column d