

OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 RATE BASE SCHEDULES
 RATE BASE ADJUSTMENTS
 2017 Actual Year versus 2017 Test Year

REVISED NOVEMBER 1, 2018
 Docket No. EL18-____
 Exhibit__(TAA-1), Schedule 8
 Page 1 of 1

Line No.	(A) 2017 Actual Year	TY-01 (B) Normalize CISone Project	TY-03 (C) New Depreciation Rate	TY-09 (D) Rate Case Expense Amortization	TY-15 (E) Adjust Deferred Tax for Tax Reform	(F) Changes in Allocations due to Effect of Test Year Adjustments	(G) 2017 Test Year	(H) Test Year Merricourt Step In	(I) 2017 Test Year Step	
Utility Plant in Service:										
1	Production	\$83,221,206				\$296,409	\$83,517,615	\$24,590,337	\$108,107,952	
2	Transmission	\$23,471,468				\$59,641	\$23,531,109	\$0	\$23,531,109	
3	Distribution	\$45,678,085				-\$31,720	\$45,646,364	(\$1)	\$45,646,364	
4	General	\$8,121,115				\$11,725	\$8,132,840	(\$12,874)	\$8,119,967	
5	Intangible	\$908,747	\$1,120,433			\$1,312	\$2,030,492	(\$3,214)	\$2,027,278	
6	TOTAL Utility Plant in Service	\$161,400,621	\$1,120,433	\$0	\$0	\$0	\$337,367	\$162,858,421	\$24,574,249	\$187,432,670
Accumulated Depreciation										
7	Production	(\$33,959,567)		(\$38,626)		(\$123,922)	(\$34,122,115)	(\$983,613)	(\$35,105,729)	
8	Transmission	(\$10,478,951)		(\$22,199)		(\$26,627)	(\$10,527,776)	\$0	(\$10,527,776)	
9	Distribution	(\$20,113,236)		\$14,121		\$13,967	(\$20,085,148)	\$0	(\$20,085,148)	
10	General	(\$3,730,350)		\$20,771		(\$5,386)	(\$3,714,965)	\$5,880	(\$3,709,085)	
11	Intangible	(\$673,931)	(\$66,759)	\$3,860		(\$973)	(\$737,803)	\$1,168	(\$736,635)	
12	TOTAL Accumulated Depreciation	(\$68,956,036)	(\$66,759)	(\$22,072)	\$0	\$0	(\$142,941)	(\$69,187,808)	(\$976,565)	(\$70,164,373)
13	NET Utility Plant in Service									
14	Production	\$49,261,638	\$0	(\$38,626)	\$0	\$172,488	\$49,395,500	\$23,606,724	\$73,002,224	
15	Transmission	\$12,992,518	\$0	(\$22,199)	\$0	\$33,014	\$13,003,333	\$0	\$13,003,333	
16	Distribution	\$25,564,848	\$0	\$14,121	\$0	(\$17,754)	\$25,561,216	(\$0)	\$25,561,216	
17	General	\$4,390,765	\$0	\$20,771	\$0	\$6,339	\$4,417,875	(\$6,993)	\$4,410,882	
18	Intangible	\$234,816	\$1,053,674	\$3,860	\$0	\$339	\$1,292,689	(\$2,046)	\$1,290,643	
19	NET Utility Plant in Service	\$92,444,586	\$1,053,674	(\$22,072)	\$0	\$0	\$194,426	\$93,670,613	\$23,597,684	\$117,268,297
20	Big Stone Plant capitalized items	\$0				\$0	\$0	\$0	\$0	
21	Utility Plant Held for Future Use	\$2,786				\$0	\$2,786	\$0	\$2,786	
22	Construction Work in Progress	\$0				\$0	\$0	\$0	\$0	
23	Materials and Supplies	\$1,831,014				\$2,962	\$1,833,976	(\$2,749)	\$1,831,227	
24	Fuel Stocks	\$845,834				\$3,292	\$849,126	\$0	\$849,126	
25	Prepayments	(\$1,939,652)				(\$7,284)	(\$1,946,936)	(\$53,603)	(\$2,000,539)	
26	Customer Advances	(\$73,314)				(\$275)	(\$73,589)	(\$2,026)	(\$75,615)	
27	Cash Working Capital	\$2,821,120				(\$289,476)	\$2,531,644	(\$326,979)	\$2,204,665	
28	Accumulated Deferred Income Taxes	(\$12,637,582)					(\$12,421,053)	(\$410,707)	(\$12,831,760)	
29	Unamortized Rate Case Expense	\$0			\$458,334	\$0	\$458,334	\$0	\$458,334	
30	Total Average Rate Base	\$83,294,793	\$1,053,674	(\$22,072)	\$458,334	\$469,350	(\$349,177)	\$84,904,901	\$22,801,620	\$107,706,521

Column references to adjustment workpapers:

- (B) W/P 2017 SD TY-01
- (C) W/P 2017 SD TY-03
- (D) W/P 2017 SD TY-09
- (E) W/P 2017 SD TY-15

OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 OPERATING INCOME SCHEDULES
 OPERATING INCOME STATEMENT ADJUSTMENTS SCHEDULE

Line No.	Description	(A) 2017 Actual Year	TY-01 (B) Normalize ClSone Project	TY-02 (C) BSP II Amortization	TY-03 (D) New Depreciation Rates	TY-05 (E) Weather Normalization	TY-06 (F) Revenue Normalization	TY-07 (G) Wages, KPA and Mang Inc.	TY-08 (H) Medical/Dental FAS 87, 106, 112	TY-09 (I) Rate Case Expense Amorization
OPERATING REVENUES										
1	Retail Revenue	\$32,929,872				\$335,353	\$4,325			
2	Other Electric Operating Revenue	\$1,725,695								
3	TOTAL OPERATING REVENUE	\$34,655,568	\$0	\$0	\$0	\$335,353	\$4,325	\$0	\$0	\$0
OPERATING EXPENSES										
4	Production Expenses	\$14,201,172				\$133,229	\$2,179	\$1,065	\$16,069	
5	Transmission Expenses	\$2,936,416						435	6,570	
6	Distribution Expenses	\$1,686,406						837	12,627	
7	Customer Accounting Expenses	\$1,144,837						523	7,894	
8	Customer Service and Information Expenses	\$663,245						81	1,219	
9	Sales Expenses	\$11,402								
10	Administration and General Expenses	\$3,739,913						1,838	27,731	183,333
11	Charitable Contributions	\$0								
12	Depreciation Expense	\$4,719,228	121,380	164,538	22,072					
13	General Taxes	\$965,635								
14	TOTAL OPERATING EXPENSES	\$30,068,254	\$121,380	\$164,538	\$22,072	\$133,229	\$2,179	\$4,781	\$72,109	\$183,333
15	NET OPERATING INCOME BEFORE INCOME TAXES	\$4,587,314	(\$121,380)	(\$164,538)	(\$22,072)	\$202,124	\$2,146	(\$4,781)	(\$72,109)	(\$183,333)
INCOME TAX EXPENSE										
17	Investment Tax Credit	(\$753,931)								
18	Deferred Income Taxes	\$527,063								
19	Income Taxes	\$0	(25,490)	(34,553)	(4,635)	42,446	451	(1,004)	(15,143)	(38,500)
20	TOTAL INCOME TAX EXPENSE	(\$226,868)	(\$25,490)	(\$34,553)	(\$4,635)	\$42,446	\$451	(\$1,004)	(\$15,143)	(\$38,500)
21	NET OPERATING INCOME	\$4,814,182	(\$95,890)	(\$129,985)	(\$17,437)	\$159,679	\$1,695	(\$3,777)	(\$56,966)	(\$144,833)
22	Allowance for Funds Used During Construction	0	0	0	0	0	0	0	0	0
23	TOTAL AVAILABLE FOR RETURN	\$4,814,182	(\$95,890)	(\$129,985)	(\$17,437)	\$159,679	\$1,695	(\$3,777)	(\$56,966)	(\$144,833)

\$0

Column references to adjustment workpapers:

- (B) W/P 2017 SD TY-01
- (C) W/P 2017 SD TY-02
- (D) W/P 2017 SD TY-03
- (E) W/P 2017 SD TY-05
- (F) W/P 2017 SD TY-06
- (G) W/P 2017 SD TY-07
- (H) W/P 2017 SD TY-08
- (I) W/P 2017 SD TY-09
- (J) W/P 2017 SD TY-10
- (K) W/P 2017 SD TY-11
- (L) W/P 2017 SD TY-12
- (M) W/P 2017 SD TY-13
- (N) W/P 2017 SD TY-14
- (O) W/P 2017 SD TY-15

OTTER TAIL POWER COMPANY
 Electric Utility - State of South Dakota
 OPERATING INCOME SCHEDULES
 OPERATING INCOME STATEMENT ADJUSTMENTS SCHEDULE

Line No.	Description	TY-10 (J)	TY-11 (K)	TY-12 (L)	TY-13 (M)	TY-14 (N)	TY-15 (O)	(Q) Changes in Allocations due to Effect of Test Year Adjustments	(R) 2017 Test Year	(P) Merricourt Step-In	2017 Test Year Step In
OPERATING REVENUES											
1	Retail Revenue				(\$245,070)	(2,374,465)		(\$0)	\$30,650,015	5,978,110	36,628,125
2	Other Electric Operating Revenue							\$5,653	\$1,731,348	31,873	1,763,221
3	TOTAL OPERATING REVENUE	\$0	\$0	\$0	(\$245,070)	(\$2,374,465)	\$0	\$5,653	\$32,381,363	\$6,009,983	\$38,391,347
OPERATING EXPENSES											
4	Production Expenses			\$145,434				\$44,109	\$14,543,258	(854,833)	13,688,425
5	Transmission Expenses							\$7,461	\$2,950,883	0	2,950,883
6	Distribution Expenses							(\$741)	\$1,699,129	0	1,699,129
7	Customer Accounting Expenses							(\$1)	\$1,153,253	(0)	1,153,253
8	Customer Service and Information Expenses							(\$1)	\$664,545	(0)	664,545
9	Sales Expenses							\$9,349	\$20,751	(0)	20,751
10	Administration and General Expenses	44,053						\$6,958	\$4,003,827	41,246	4,045,072
11	Charitable Contributions							\$0	\$0	-	0
12	Depreciation Expense							\$10,267	\$5,037,485	982,804	6,020,289
13	General Taxes							\$3,626	\$969,261	83,974	1,053,235
14	TOTAL OPERATING EXPENSES	\$44,053	\$0	\$145,434	\$0	\$0	\$0	\$81,029	\$31,042,391	\$253,190	31,295,581
15	NET OPERATING INCOME BEFORE INCOME TAXES	(\$44,053)	\$0	(\$145,434)	(\$245,070)	(\$2,374,465)	\$0	(\$75,377)	\$1,338,972	\$5,756,793	\$7,095,765
INCOME TAX EXPENSE											
17	Investment Tax Credit		\$632,422					(\$2,051)	(\$123,560)	(\$1,357,924)	(\$1,481,485)
18	Deferred Income Taxes						(646,501)	\$560,508	\$441,070	\$12,144	453,213
19	Income Taxes	(9,251)	0	(30,541)	(51,465)	(498,638)	0	(\$355,023)	(\$1,021,346)	\$1,068,192	46,847
20	TOTAL INCOME TAX EXPENSE	(\$9,251)	\$632,422	(\$30,541)	(\$51,465)	(\$498,638)	(\$646,501)	\$203,434	(\$703,836)	(\$277,588)	(\$981,425)
21	NET OPERATING INCOME	(\$34,802)	(\$632,422)	(\$114,893)	(\$193,605)	(\$1,875,827)	\$646,501	(\$278,812)	\$2,042,808	\$6,034,382	\$8,077,190
22	Allowance for Funds Used During Construction	0	0	0	0	0	0	0	0	0	0
23	TOTAL AVAILABLE FOR RETURN	(\$34,802)	(\$632,422)	(\$114,893)	(\$193,605)	(\$1,875,827)	\$646,501	(\$278,812)	\$2,042,808	\$6,034,382	\$8,077,190

\$0

OTTER TAIL POWER COMPANY
SD Retail/Non-Retail Transmission Adjustment
2017 Actual Year
(OTP Total)

	Dec-17	13 MA	(9) Retail %	Retail Share 13 MA	Non-Retail Portion MA
RATE BASE:					
<i>Plant In-Service:</i>					
Fargo CAPX - Phase I	81,419,100	81,454,933	9.77%	7,959,147	(73,496,786)
Bemidji CAPX	16,331,201	16,331,201	12.93%	2,111,624	(14,219,577)
Cass Lake	7,039,948	7,039,948	32.33%	2,276,015	(4,763,933)
Rugby	394,399	394,399	17.04%	67,206	(327,193)
Casselton-Buffalo	8,016,682	8,016,682	51.28%	4,110,714	(3,905,969)
Brookings CAPX	26,268,788	26,326,560	0.66%	173,755	(26,152,805)
BSNT-Brookings	72,652,688	67,037,891	0.66%	442,450	(66,595,441)
BSNT-Ellettsdale			0.66%		
Total Plant In-Service - ADJUSTMENT	212,122,786	206,601,614		17,139,912	(189,461,703)
Accumulated Depreciation:					
Fargo CAPX Phase I	(4,451,370)	(3,820,779)	9.77%	(373,290)	3,447,789
Bemidji CAPX	(1,549,763)	(1,496,162)	12.93%	(193,494)	1,362,708
Cass Lake	(392,464)	(336,337)	32.33%	(173,462)	363,073
Rugby	(39,422)	(36,346)	17.04%	(6,193)	30,153
Casselton-Buffalo	(306,194)	(439,610)	51.28%	(229,419)	214,191
Brookings CAPX	(1,137,416)	(931,194)	0.66%	(6,145)	924,939
BSNT-Brookings	(323,277)	(36,485)	0.66%	(366)	98,099
BSNT-Ellettsdale			0.66%		
Total Accumulated Depreciation - ADJUSTMENT	(8,699,905)	(7,319,024)		(978,390)	6,340,674
ADT:					
Fargo CAPX Phase I	(17,600,365)	(14,904,252)	9.77%	(1,466,145)	13,448,106
Bemidji CAPX	(3,523,366)	(3,487,424)	12.93%	(460,924)	3,096,500
Cass Lake	(1,549,769)	(1,330,103)	32.33%	(494,662)	1,093,421
Rugby	(113,904)	(114,981)	17.04%	(19,393)	93,508
Casselton-Buffalo	(1,139,856)	(1,704,133)	51.28%	(87,382)	830,305
Brookings CAPX	(3,476,297)	(3,334,354)	0.66%	(35,206)	5,293,346
BSNT-Brookings	(6,023,860)	(4,071,817)	0.66%	(26,874)	4,044,943
BSNT-Ellettsdale			0.66%		
Total ADT - ADJUSTMENT	(38,016,449)	(31,147,264)		(3,357,265)	27,790,009

OTTER TAIL POWER COMPANY
SD Retail/Non-Retail Transmission Adjustment
2017 Actual Year
(OTP Total)

	12 ME	(9) Retail %	Retail Share	Non-Retail Portion COSS Adjustment
NOI:				
Operating Costs:				
Fargo CAPX Phase I	77,182	9.77%	7,541	(69,642)
Bemidji CAPX	7,335	12.93%	948	(6,386)
Cass Lake	6,272	32.33%	2,028	(4,244)
Rugby	-	17.04%	-	-
Casselton-Buffalo	12,762	51.28%	84	(12,678)
Brookings CAPX	-	0.66%	-	-
BSAT-Brookings	-	0.66%	-	-
BSAT-Elendale	-	0.66%	-	-
Total Operating Costs - ADJUSTMENT	103,551		10,601	(92,950)
Property Tax:				
Fargo CAPX Phase I	1,497,351	9.77%	146,291	(1,351,060)
Bemidji CAPX	298,676	12.93%	38,619	(260,057)
Cass Lake	129,300	32.33%	41,803	(87,498)
Rugby	3,063	17.04%	522	(2,541)
Casselton-Buffalo	62,263	51.28%	31,927	(30,336)
Brookings CAPX	484,996	0.66%	3,201	(481,795)
BSAT-Brookings	257,987	0.66%	1,703	(256,284)
BSAT-Elendale	265,479	0.00%	-	(265,479)
Total Property Tax - ADJUSTMENT	2,999,115		264,065	(2,735,050)
Book Depreciation				
Fargo CAPX Phase I	1,267,871	9.77%	123,871	(1,144,000)
Bemidji CAPX	307,335	12.93%	39,738	(267,597)
Cass Lake	112,010	32.33%	36,213	(75,797)
Rugby	6,159	17.04%	1,049	(5,109)
Casselton-Buffalo	133,317	51.28%	68,361	(64,956)
Brookings CAPX	416,650	0.66%	2,750	(413,900)
BSAT-Brookings	315,264	0.66%	2,081	(313,183)
BSAT-Elendale	-	0.00%	-	-
Total Book Depreciation - ADJUSTMENT	2,558,607		274,064	(2,284,543)
Schedule 26 Revenue:				
Total Schedule 26 Revenue	17,009,583			
Fargo CAPX Phase I	11,403,735	9.77%	1,114,145	(10,289,590)
Bemidji CAPX	2,489,353	12.93%	321,873	(2,167,479)
Cass Lake	1,061,908	32.33%	343,315	(718,593)
Rugby	59,193	17.04%	10,087	(49,107)
Casselton-Buffalo	1,988,590	51.28%	1,019,689	(968,901)
Total Schedule 26 Revenue allocated - ADJUSTMENT	17,002,779		2,609,109	(14,393,670)
Total Schedule 37 Revenue - ADJUSTMENT	183,197	9.77%	17,898	(165,299)
Total Schedule 38 Revenue - ADJUSTMENT	215,389	9.77%	21,044	(194,346)
Total MISO ARR Revenue - ADJUSTMENT	(24,085)	100.00%	(24,085)	-
Total Schedule 26, 37, 38 and ARR Revenue - ADJUSTMENT	17,377,281		2,823,966	(14,553,315)
Schedule 26 True-up:				
Total Schedule 26 True-up				
Fargo CAPX	(672,198)	9.77%	(65,674)	606,525
Bemidji CAPX	561,986	12.93%	72,665	(489,321)
Rugby	(1,877)	17.04%	(320)	1,558
Casselton-Buffalo	(369,463)	51.28%	(182,778)	186,685
Total Schedule 26 True-up allocated - ADJUSTMENT	(481,553)		(82,717)	298,774
Schedule 26a Revenue:				
Total Schedule 26a Revenue				
Brookings CAPX	21,341,587	0.66%	25,361	(3,817,192)
BSAT-Brookings	3,842,553	0.66%	58,221	(3,784,332)
BSAT-Elendale	8,821,289	0.66%	-	(8,763,068)
Total Schedule 26a Revenue - ADJUSTMENT	8,677,809	0.00%	83,581	(8,677,809)
Schedule 26a True-up:				
Total Schedule 26a True-up Revenue				
Brookings CAPX	1,486,809	0.66%	666	(100,212)
BSAT-Brookings	359,878	0.66%	2,389	(357,489)
BSAT-Elendale	1,027,211	0.00%	-	(1,027,211)
Total Schedule 26a True-up Revenue - ADJUSTMENT	1,466,809		-	(1,463,761)
Total Revenue Adjustment				(36,996,386)

ADJUSTMENT TO ANNUALIZE PLANT-IN-SERVICE ON CURRENT AND FUTURE CAPITAL PROJECTS

Otter Tail Power Company
Normalized Plant in Service
2017 Test Year

ADJUSTMENT TO ANNUALIZE DEPRECIATION & OTHER OPERATING EXPENSE ON CURRENT & FUTURE CAPITAL PROJECTS

Line No.	Depreciation Expense Additions	OTP Total	Allocation Factor	Allocation Percentage	OTP SD	TAA C-8 Reference
		(A)	(B)	(C)	(D)	(E)
1	Intangible	1,579,055	P90	9.224266%	145,656	
2	Total Depreciation Expense Additions	\$1,579,055			\$145,656	Col (B); Line 12
3	AFUDC in L-T CWP Removed	0	CWIPLT	0.000000%	-	
4	Operating Income Impact	(\$1,579,055)			(\$145,656)	
5	SD Tax Rate	21.00%				
6	Income Tax Impact	(\$331,602)			(\$30,588)	Col (B); Line 19
7	Net Operating Income Impact	(\$1,247,454)			(\$115,068)	Col (B); Line 23

ADJUSTMENT TO ANNUALIZE PLANT-IN-SERVICE ON CURRENT AND FUTURE CAPITAL PROJECTS

(A) Line No.	(B) Project Description	(C) Function	(D) Amount In CWIP @ 12/31/17	(E) Additional Charges Incurred During 2018	(F) Total Project Costs
1	Customer Information System	Intangible	11,474,046	4,316,507	15,790,553
2					
3			\$11,474,046	\$4,316,507	\$15,790,553

(A) Line No.	(B) Project Description	(C) Function	(D) 13-Month Avg CWIP @ 12/31/18	(E) NO CWIP to remove SD does not allow LT CWIP	(F) NO AFUDC to Remove SD does not allow
1	Customer Information System	Intangible	14,267,596	0	0
2					
3	Total 2017 Test Year Adjustment to CWIP		<u>\$14,267,596</u>	<u>\$0</u>	<u>\$0</u>

(A) Line No.	(B) Project Description	(C) Function	(D) Amount Capitalized @ 12/31/17	(E) 13-Month Average Plant-in-Service @ 12/31/17	(F) Difference	(G) 2017 Test Year Plant-in-Service Adjustment
1	Customer Information System	Intangible	15,790,553	0	15,790,553	15,790,553
2			\$15,790,553	\$0	\$15,790,553	\$15,790,553
3						
4	Total 2017 Test Year Adjustment to Plant in Service					<u>\$15,790,553</u>

(A) Line No.	(B) Project Description	(C) Function	(D) Annualized Accumulated Depreciation	(E) 13-Month Average A/D @ 12/31/17	(F) Difference	(G) 2017 Test Year A/D Adjustment
1	Customer Information System	Intangible	(1,579,055)	0	(1,579,055)	(1,579,055)
2			(\$1,579,055)	\$0	(\$1,579,055)	(\$1,579,055)
3						
4	Total 2017 Test Year Adjustment to Accumulated Depreciation					<u>(\$1,579,055)</u>

(A) Line No.	(B) Project Description	(C) Function	(D) Depreciation Expense 2017	(E) Annual Depreciation Expense	(F) Difference	(G) 2017 Test Year Expense Adjustment
1	Customer Information System	Intangible	0	1,579,055	1,579,055	1,579,055
2			\$0	\$1,579,055	\$1,579,055	\$1,579,055
3						
4	Total 2017 Test Year Adjustment to Depreciation Expense					<u>\$1,579,055</u>

ADJUSTMENT FOR TOTAL WAGES, KPA AND MANAGEMENT INCENTIVES

Line No.	Description from JCOSS INPUT SUMMARY	OTPA		Allocator	Allocator %	OTPB		Reference
		Total	(A)			(B)	(C)	
	<u>Production</u>							
1	Base Demand	57,465	(A)	E1	9.364273%	5,381	(D)	(E)
2	Peak Demand	15,038		D1	9.241806%	1,390		TAA
3	Total Production Expense	72,503				6,771	SD	C-8
4	Transmission Expense	30,140		D2	9.187431%	2,769		Col (G); Line 5
	<u>Distribution Expense</u>							
5	Primary Demand	17,479		D3	9.82674%	1,718		
6	Secondary Demand	7,133		D4	10.166941%	725		
7	Primary Customer	11,278		C2	8.713550%	983		
8	Secondary Customer	7,722		C3	8.711531%	673		
9	Streetlighting	5,040		C4	11.025726%	556		
10	Area Lighting	476		C5	6.574691%	31		
11	Meters	6,948		C6	9.162435%	637		
12	Load Management	-			9.659829%	-		
13	Total Distribution Expense	56,076				5,321		Col (G); Line 6
	<u>Customer Accounting Expense</u>							
14	Meter Reading	17,484		C7	9.043283%	1,581		
15	Other	20,036		C8	8.711988%	1,746		
16	Total Customer Accounts	37,520				3,327		Col (G); Line 7
	<u>Customer Service & Info Expense (MN CIP)</u>							
17	- MN	5,119		Direct	0.000000%	-		
18	- ND	-		Direct	0.000000%	-		
19	- SD	359		Direct	100.00000%	359		
20	- Other	1,772		C1	8.740052%	155		
21	Total Customer Service & Information Expense	7,250				514		Col (G); Line 8
	<u>Administrative and General Expense</u>							
	<u>Salaries, Supplies, Pensions & Benefits</u>							
22	Production	(83,600)		OXPD	9.343471%	(7,811)		
23	Transmission	(34,753)		D2	9.187431%	(3,193)		
24	Distribution	(64,660)		OXD	9.490372%	(6,136)		
25	Customer Accounts	(43,263)		OXC	8.866368%	(3,836)		
26	Customer Service & Information	(8,359)		C1	8.740052%	(731)		
		(234,635)				(21,707)		Col (G); Line 10
27	Total	(31,146)				(3,005)		Col (G); Line 14
28	Operating Income Impact	31,146				3,005		
29	Income Tax Impact: SD Tax Rate is	21.00%				631		Col (G); Line 19
30	Net Operating Income Impact					2,374		Col (G); Line 21

ADJUSTMENT FOR 2018 APRIL AND NOVEMBER ANNUAL WAGE INCREASES

Line No.	Description from JCOSS INPUT SUMMARY	(A)		(B)		(C)		(D)	
		OTP Total	Allocator	Allocator %	OTP SD	Allocator	Allocator %	OTP SD	
1	<u>Production</u>								
2	Base Demand	57,465	E1	9.364273%	5,381				
3	Peak Demand	15,038	D1	9.241806%	1,390				
	Total Production Expense	<u>72,503</u>			<u>6,771</u>				
4	Transmission Expense	30,140	D2	9.187431%	2,769				
	<u>Distribution Expense</u>								
5	Primary Demand	17,479	D3	9.826674%	1,718				
6	Secondary Demand	7,133	D4	10.166941%	725				
7	Primary Customer	11,278	C2	8.713550%	983				
8	Secondary Customer	7,722	C3	8.711531%	673				
9	Streetlighting	5,040	C4	11.025728%	556				
10	Area Lighting	476	C5	6.574691%	31				
11	Meters	6,948	C6	9.162435%	637				
12	Load Management	-		9.659829%	-				
13	Total Distribution Expense	<u>56,076</u>			<u>5,321</u>				
	<u>Customer Accounting Expense</u>								
14	Meter Reading	17,484	C7	9.043283%	1,581				
15	Other	20,036	C8	8.711988%	1,746				
16	Total Customer Accounts	<u>37,520</u>			<u>3,327</u>				
	<u>Customer Service & Info Expense (MN CIP)</u>								
17	- MN	5,119	Direct	0.000000%	-				
18	- ND	-	Direct	0.000000%	-				
19	- SD	359	Direct	100.000000%	359				
20	- Other	1,772	C1	8.740052%	155				
21	Total Customer Service & Information Expense	<u>7,250</u>			<u>514</u>				
	<u>Administrative and General Expense</u>								
	<u>Salaries, Supplies, Pensions & Benefits</u>								
22	Production	45,021	OXPD	9.343471%	4,207				
23	Transmission	18,716	D2	9.187431%	1,720				
24	Distribution	34,822	OXD	9.490372%	3,305				
25	Customer Accounts	23,298	OXC	8.866368%	2,066				
26	Customer Service & Information	4,501	C1	8.740052%	393				
		<u>126,358</u>			<u>11,690</u>				
27	Total	<u>329,847</u>			<u>30,392</u>				
28	Operating Income Impact	<u>(329,847)</u>			<u>(30,392)</u>				
29	Income Tax Impact: SD Tax Rate is	21.00%			<u>(6,382)</u>				
30	Net Operating Income Impact				<u><u>(24,010)</u></u>				

ADJUSTMENT FOR KPA and MANAGEMENT INCENTIVES

Line No.	Description from JCOSS INPUT SUMMARY	(A) OTP Total	(B) Allocator	(C) Allocator %	(D) OTP SD
	<u>Production</u>				
1	Base Demand	-	E1	9.364273%	-
2	Peak Demand	-	D1	9.241806%	-
3	Total Production Expense	-			-
4	Transmission Expense	-	D2	9.187431%	-
	<u>Distribution Expense</u>				
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	-			-
	<u>Customer Accounting Expense</u>				
14	Meter Reading	-	C7	9.043283%	-
15	Other	-	C8	8.711988%	-
16	Total Customer Accounts	-			-
	<u>Customer Service & Info Expense (MN CIP)</u>				
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	-			-
	<u>Administrative and General Expense</u>				
	<u>Salaries, Supplies, Pensions & Benefits</u>				
22	Production	(128,621)	OXPD	9.343471%	(12,018)
23	Transmission	(53,469)	D2	9.187431%	(4,912)
24	Distribution	(99,482)	OXD	9.490372%	(9,441)
25	Customer Accounts	(66,561)	OXC	8.866368%	(5,902)
26	Customer Service & Information	(12,860)	C1	8.740052%	(1,124)
		<u>(360,993)</u>			<u>(33,398)</u>
27	Total	<u>(360,993)</u>			<u>(33,398)</u>
28	Operating Income Impact	360,993			33,398
29	Income Tax Impact: SD Tax Rate is	21.00%			7,014
30	Net Operating Income Impact				<u>26,384</u>

Other Tail Power Company
 Reference Worksheet for 2017 SD TY-15 and Supporting Schedule C-8

TY-15
 SD Share
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ADJUSTMENT TO DEFERRED INCOME TAXES TO REFLECT 2018 RATES

Line No.	Description	(A) OTP Total	(B) Allocator	(C) Allocator %	(D) OTP SD	(E) TAA C-8 Reference
10	Total Federal Deferred Income Tax	<u>(8,388,163)</u>	NEPIS	7.873620%	<u>(660,452)</u>	Col (O), Line 18

Offer Tail Power Company
 Reference Workpaper for 2017 SD TY-15 and Supporting Schedule B-5

TY-15
 SD Share
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ADJUSTMENT TO DEFERRED INCOME TAXES TO REFLECT 2018 RATES

Line No.	Description	(A) OTP Total	(B) Allocator	(C) Allocator %	(D) OTP SD	(E) Reference TAA B-5
10	Total Accumulated Deferred Income Tax	<u>2,697,280</u>	NEPIS	7.873620%	<u>212,374</u>	Col (E), Line 28

2017 Actual Year South Dakota CCROSS
Impact of Using 2018 Tax Rates
(A) (B) (C)

Line No.		Total Company Expense	Total Company ADIT
	Deferred Tax Expense		
1	Accumulated Deferred Income tax (Simple Average)		
2	Federal		\$ 2,608,267
3	Minnesota		70,359
4	North Dakota		18,654
5	Total ADIT		\$ 2,697,280
6			
7	Deferred Income tax expense		
8	Federal	\$ (8,210,973)	
9	Minnesota	(144,422)	
10	North Dakota	(32,768)	
11	Total Deferred Income tax expense	\$ (8,388,163)	