

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

OPERATING INCOME STATEMENT ALLOCATION FACTORS

The allocation factors on this page were used to determine South Dakota jurisdictional rate base amounts for all of the years presented in these schedules. Accounts not on this page have been directly assigned to jurisdictions.

Descriptions under the Allocation Factor column with a / means the first method was used in historic actual and projected, the method after the / is used in the test year.

The following allocation factors are used to compute South Dakota jurisdictional amounts for Expenses as listed below.

For a full description of each allocation factor, see OTP's *Cost Allocation Procedure Manual for Jurisdictional and Class Cost of Service Studies*, Mr. Stuart Tommerdahl's direct testimony, Exhibit ___(SDT-1), Schedule 2.

Line No.	Description	Allocation Basis
<u>ELEMENT OF OPERATING INCOME</u>		
1	<u>Operating Revenues</u>	
2	Sales of Electricity	Direct Assignment
3	Other Operating Revenues	
4	Asset Based Sales	kwh Sales Factor (E2)
5	Municipalities	Direct Assignment (FERC only)
6	Other Electric Revenue	
7	Residential Conservation Services	Directly assigned to Jurisdiction
8	Forfeited Discounts	Directly assigned to Jurisdiction
9	Connection Fees	Directly assigned to Jurisdiction
10	Wheeling	Direct Assignment (FERC only)
11	Income - Rent	Total Net Plant in Service Ratio (NEPIS)
12	Integrated Transmission Agreements	Total Net Plant in Service Ratio (NEPIS)
13	Load Control and Dispatch (also MISO Trans Rev.)	Total Net Plant in Service Ratio (NEPIS)
14	All Other	Total Net Plant in Service Ratio (NEPIS)
15	Loan Pool Interest	Total Net Plant in Service Ratio (NEPIS)
16	<u>Operating Expenses</u>	
17	Production Expenses	
18	Asset-based Sales	kwh Sales Factor (E2)
19	Production and Purchase Expenses	
20	Base Demand	kwh Sales Factor (E1)
21	Peak Demand	Generation Demand Factor (D1)
22	Base Energy	kwh Sales Factor (E2)
23	Peak Energy	Generation Demand Factor (D1)
24	Transmission Expenses	Transmission Demand Factor (D2)
25	Distribution Expenses	
26	Primary Demand	Distribution Primary Demand Factor (D3)
27	Secondary Demand	Distribution Secondary Demand Factor (D4)
28	Primary Customer	Total Distribution Service Locations Factor (C2)
29	Secondary Customer	Total Secondary Distribution Service Locations Factor (C3)
30	Streetlighting	Streetlight Factor (C4)
31	Area Lighting	Area Light Factor (C5)
32	Meters	Meter Factor (C6)
33	Load Management Expenses	Load Management Factor (C9)
34	Customer Accounts Expenses	
35	Meter Reading	Meter Reading Factor (C7)
36	Other	Total System Service Locations Factor (C8)

OTTER TAIL POWER COMPANY
Electric Utility - State of South Dakota
OPERATING INCOME SCHEDULES
OPERATING INCOME STATEMENT ALLOCATION FACTORS

Line No.	Description	Allocation Basis
	ELEMENT OF OPERATING INCOME	<u>ALLOCATION FACTOR</u>
1	<u>Operating Expenses - continued</u>	
2	Customer Service & Informational	
3	Expenses	
4	Conservation & Promotional Rebates	Directly assigned to Jurisdiction
5	All Other	Total Customer Factor (C1)
6		
6	Sales Expenses	
7	Off-Peak Development	Directly assigned to Jurisdiction
8	All Other	Total Customer Factor (C1)
9	Administrative and General Expenses	
10	A & G Salaries, Office Supplies &	
11	Exp., & Employee Pensions & Benefits	
12	Production	Production Expense Ratio (Excl. Energy
13		Related) (OXPD)
14	Transmission	Transmission Expense Ratio (D2)
15	Distribution	Distribution Expense Ratio (OXD)
16	Customer Accounts	Customer Accounts Expense Ratio (OXC)
17	Customer Service & Informational	Customer Service & Informational Expense (C1)
18		Ratio (OXI)
19	Load Management Expenses	Load Management Factor (C9)
20	Outside Services	Total Net Plant in Service Ratio (NEPIS)
21	Property Insurance	Total Net Plant in Service Ratio (NEPIS)
22	Injuries and Damages	Total Net Plant in Service Ratio (NEPIS)
23		
24	Regulatory Commission Expenses	Directly assigned to Jurisdiction
25	General Advertising	Total Customer Factor (C1)
26	Miscellaneous General Expenses, Rents	General Plant in Service Ratio (P90)
27	and Maintenance of General Plant	
28	Charitable Contributions	Directly assigned to Jurisdiction
29	Depreciation Expenses	
30	Production	
31	Base Demand	kwh Sales Factor (E1)
32	Peak Demand	Generation Demand Factor (D1)
33	Base Energy	kwh Sales Factor (E1)
34	Transmission	Transmission Demand Factor (D2)
35	Distribution	General Plant in Service Ratio (P60)
36	General	General Plant in Service Ratio (P90)
37	Intangible	General Plant in Service Ratio (P90)
38	General Taxes	Total Net Plant in Service Ratio (NEPIS)
39	Other Expense	Directly assigned to Jurisdiction

OTTER TAIL POWER COMPANY
Electric Utility - State of South Dakota
OPERATING INCOME SCHEDULES
OPERATING INCOME STATEMENT ALLOCATION FACTORS

Line No.	Description	Allocation Basis
	<u>ELEMENT OF OPERATING INCOME</u>	<u>ALLOCATION FACTOR</u>
1	<u>Operating Expenses - continued</u>	
2	Investment Tax Credit	
3	Amortization of Prior Years' Credits	Total Gross Plant in Service Ratio (EPIS)
4	Debits Utilized	Federal Income Taxes Before Credits
5		(FITBC)
6	Adjustments	Total Gross Plant in Service Ratio (EPIS)
6		
7	Deferred Income Tax Expense	
8	Items South Dakota flows through:	
	Federal	Total Net Plant in Service Ratio
9		excluding South Dakota (NPMNR)
10	Minnesota	Total Net Plant in Service - MN Ratio
11		(NPISM)
12	North Dakota	Total Net Plant in Service - ND Ratio
13		(NPISN)
14		
15	All Other:	
16	Federal	Total Net Plant in Service Ratio (NEPIS)
17	Minnesota	Total Net Plant in Service - MN Ratio
18		(NPISM)
19	North Dakota	Total Net Plant in Service - ND Ratio
20		(NPISN)
21		
22	Income Taxes	
23	Federal Income Taxes	Separately Calculated by Jurisdiction
24	Minnesota Income Taxes	State Income Tax Factor (ROOM)
25	North Dakota Income Taxes	State Income Tax Factor (ROON)
26		
27	Allowance for Funds Used	
	During Construction	Other Construction Work in Progress Ratio
28		(CWIP Accruing AFDC) (CWIPO)

Docket No. EL18-___
Volume 4A
Section 3

Exhibit ___(SDT-1), Schedule C-10
Page 4 of 5

OTTER TAIL POWER COMPANY
Electric Utility - State of South Dakota
OPERATING INCOME SCHEDULES
OPERATING INCOME JURISDICTIONAL ALLOCATION FACTORS
Allocators - Demand, Energy and Customer

Line No.	Item	Factor	2017 Actual Year			2017 Test Year		
			Total Utility	South Dakota	All Other	Total Utility	South Dakota	All Other
1	MWH Consumption at Generators - Partial	E1	4,636,467	432,349	4,204,118	4,700,055	440,126	4,259,929
2	Percentage		100.000000%	9.324967%	90.675033%	100.000000%	9.364273%	90.635727%
3	MWH Consumption at Generators - Total	E2	5,190,164	468,064	4,722,100	5,270,535	476,716	4,793,819
4	Percentage		100.000000%	9.018289%	90.981711%	100.000000%	9.044926%	90.955074%
5	Generation Demand Factor	D1	715,048	65,922	649,126	726,384	67,131	659,253
6	Percentage		100.000000%	9.219241%	90.780759%	100.000000%	9.241806%	90.758194%
7	Transmission Demand Factor	D2	719,347	65,922	653,425	730,683	67,131	663,552
8	Percentage		100.000000%	9.164145%	90.835855%	100.000000%	9.187431%	90.812569%
9	Distribution - Primary Demand Factor	D3	848,531	83,402	765,129	865,827	85,082	780,745
10	Percentage		100.000000%	9.828987%	90.171013%	100.000000%	9.826674%	90.173326%
11	Distribution - Secondary Demand Factor	D4	1,102,886	112,429	990,457	1,126,868	114,568	1,012,300
12	Percentage		100.000000%	10.194073%	89.805927%	100.000000%	10.166941%	89.833059%
13	Customer or Meter Factors	C1	132,688	11,597	121,091	132,688	11,597	121,091
14	Total Retail Customers		100.000000%	8.740052%	91.259948%	100.000000%	8.740052%	91.259948%
15	Percentage	C2	139,438	12,150	127,288	139,438	12,150	127,288
16	Retail Service Locations		100.000000%	8.713550%	91.286450%	100.000000%	8.713550%	91.286450%
17	Percentage	C3	139,367	12,141	127,226	139,367	12,141	127,226
18	Secondary Service Locations		100.000000%	8.711531%	91.288469%	100.000000%	8.711531%	91.288469%
19	Percentage	C4	5,697,611	628,203	5,069,408	5,697,611	628,203	5,069,408
20	Street Lighting Factor		100.000000%	11.025726%	88.974274%	100.000000%	11.025726%	88.974274%
21	Percentage	C5	5,010,334	329,414	4,680,920	5,010,334	329,414	4,680,920
22	Area Lighting Factor		100.000000%	6.574691%	93.425309%	100.000000%	6.574691%	93.425309%
23	Percentage	C6	52,720,954	4,830,523	47,890,431	52,720,954	4,830,523	47,890,431
24	Meter Factor		100.000000%	9.162435%	90.837565%	100.000000%	9.162435%	90.837565%
25	Percentage	C7	181,527	16,416	165,111	181,527	16,416	165,111
26	Meter Reading Factor		100.000000%	9.043283%	90.956717%	100.000000%	9.043283%	90.956717%
27	Percentage	C8	139,463	12,150	127,313	139,463	12,150	127,313
28	System Service Locations		100.000000%	8.711988%	91.288012%	100.000000%	8.711988%	91.288012%
29	Percentage	C9	42,361	4,092	38,269	42,361	4,092	38,269
30	Load Management Factor		100.000000%	9.659829%	90.340171%	100.000000%	9.659829%	90.340171%
31	Percentage							

OTTER TAIL POWER COMPANY
Electric Utility - State of South Dakota
OPERATING INCOME SCHEDULES
OPERATING INCOME JURISDICTIONAL ALLOCATION FACTORS
Allocators - General Plant, Operation and Maintenance Expense and Taxes

Line No.	Item	Factor	2017 Actual Year			2017 Test Year		
			Total Utility	South Dakota	All Other	Total Utility	South Dakota	All Other
1	Production Plant	P10	901,391,463	83,221,204	818,170,258	901,370,600	83,517,617	817,852,983
2	Percentage		100.000000%	9.232526%	90.767474%	100.000000%	9.265625%	90.734375%
3	Distribution Plant	P60	481,185,961	45,678,084	435,507,877	481,185,961	45,646,364	435,539,597
4	Percentage		100.000000%	9.492813%	90.507187%	100.000000%	9.486221%	90.513779%
5	General Plant	P90	88,167,884	8,121,115	80,046,769	88,167,884	8,132,840	80,035,044
6	Percentage		100.000000%	9.210968%	90.789032%	100.000000%	9.224266%	90.775734%
7	Electric Plant in Service	EPIS	1,926,147,002	161,400,619	1,764,746,383	1,938,272,718	162,858,425	1,775,414,294
8	Percentage		100.000000%	8.379455%	91.620545%	100.000000%	8.402245%	91.597755%
9	Net Electric Plant in Service	NEPIS	1,178,514,260	92,444,584	1,086,069,676	1,189,676,605	93,670,615	1,096,005,990
10	Percentage		100.000000%	7.844163%	92.155837%	100.000000%	7.873620%	92.126380%
11	Operation and Maintenance Expense							
12	Production Expense (Excl Energy)	OXPD	24,925,633	2,319,809	22,605,824	26,555,059	2,481,437	24,073,622
13	Percentage		100.000000%	9.306922%	90.693078%	100.000000%	9.344498%	90.655502%
14	Distribution Expense	OXD	17,761,845	1,686,406	16,075,438	17,903,711	1,699,129	16,204,582
15	Percentage		100.000000%	9.494545%	90.505455%	100.000000%	9.490373%	90.509627%
16	Customer Accounts Expense	OXC	12,912,128	1,144,837	11,767,291	13,007,046	1,153,253	11,853,793
17	Percentage		100.000000%	8.866368%	91.133632%	100.000000%	8.866368%	91.133632%
18	Customer Service & Information Expense	OXI	2,287,040	199,888	2,087,151	2,291,521	200,280	2,091,241
19	Percentage		100.000000%	8.740052%	91.259948%	100.000000%	8.740052%	91.259948%
20	Other Deferred Income Tax Factor							
21	Minnesota	NPISM	686,515,378	0	686,515,378	691,415,387	0	691,415,387
22	Percentage		100.000000%	0.000000%	100.000000%	100.000000%	0.000000%	100.000000%
23	North Dakota	NPISN	399,554,298	0	399,554,298	404,590,603	0	404,590,603
24	Percentage		100.000000%	0.000000%	100.000000%	100.000000%	0.000000%	100.000000%
25	Excluding South Dakota	NPMNR	1,086,069,676	0	1,086,069,676	1,096,005,990	0	1,096,005,990
26	Percentage		100.000000%	0.000000%	100.000000%	100.000000%	0.000000%	100.000000%
27	Long-Term CWIP Ratio (W/AFDC)	CWIPLT	32,264,665	0	32,264,665	32,264,665	0	32,264,665
28	Percentage		100.000000%	0.000000%	100.000000%	100.000000%	0.000000%	100.000000%
29	Revenue	R10	372,153,628	32,929,872	339,223,756	369,873,771	30,650,015	339,223,756
30	Percentage		100.000000%	8.848462%	91.151538%	100.000000%	8.286615%	91.713385%
31	Labor and Related Expense	LRE	140,609,967	12,490,627	128,119,341	143,633,260	12,953,073	130,680,187
32	Percentage		100.000000%	8.883173%	91.116827%	100.000000%	9.018157%	90.981843%