

OTTER TAIL POWER COMPANY
Electric Utility - State of South Dakota
OPERATING INCOME SCHEDULES
COMPUTATION OF FEDERAL AND STATE INCOME TAXES

Exhibit ____ (TAA-1), Schedule C-5
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Line No.	Description	(A)	(B)	(C)	(D)
		2017 Actual Year		2017 Test Year	
		Total Utility	SD Jurisdiction	Total Utility	SD Jurisdiction
	<u>Income Before Taxes</u>				
1	Total Operating Revenues	\$430,540,313	\$34,655,568	\$428,260,456	\$32,381,363
2	less: Total Operating Expenses	(272,647,961)	(24,383,391)	(277,386,137)	(25,035,646)
3	Book Depreciation & Amortization	(53,185,267)	(4,719,228)	(56,527,513)	(5,037,485)
4	Taxes Other Than Income	(15,045,286)	(965,635)	(15,045,286)	(969,261)
5	Interest Cost	(26,913,527)	(2,407,411)	(27,539,511)	(2,477,693)
6	Total Before Tax Book Income	\$62,748,273	\$2,179,903	\$51,762,010	(\$1,138,722)
7	<u>Tax Additions</u>				
8	Additional Tax Depreciation	\$34,438,568	\$2,701,418	\$34,438,568	\$2,711,562
9	Directly Assigned Schedule M Items	-	\$0	-	\$0
10	Provisions - Operating Reserves	6,708,805	526,250	6,708,805	528,226
11	Other Schedule M Items	15,662,786	\$1,228,614	14,912,749	\$1,174,173
12	Total Tax Additions	\$56,810,159	\$4,456,282	\$56,060,122	\$4,413,961
13	<u>Tax Deductions</u>				
14	Additional Tax Depreciation				
15	Cost to Remove				
16	Accrued Vacation Pay	26,010	2,040	26,010	2,048
17	Charges - Operating Reserves	8,726,396	684,513	8,726,396	687,083
18	Preferred Dividends Paid Credit				
19	Other Schedule M Items				
20	Total Tax Deductions	\$8,752,406	\$686,553	\$8,752,406	\$689,131
21	SD Adjustments to Federal Schedule M; SD Jurisdiction				
22	State Taxable Income	\$14,690,520	(\$1,589,826)	\$4,454,294	(\$4,863,552)
23	State Income Tax Rate	0.00%	0.00%	0.00%	0.00%
24					
25	Total State Income Taxes & SD Incremental Tax Rate Adj	\$0	\$0	\$0	\$0
26	Federal Taxable Income before Adjustments	\$14,690,520	(\$1,589,826)	\$4,454,294	(\$4,863,552)
27	Addback of MN Adjustments to Federal Schedule M; MN Jurisdiction	(1,582,645)	\$0	(1,016,111)	-
28	Federal Taxable Income	\$13,107,875	(\$1,589,825)	\$3,438,183	(\$4,863,552)
29	Federal Income Tax Rate	35.00%	35.00%	21.00%	21.00%
30					
31	Total Federal Income Taxes	\$4,587,756	(\$556,439)	\$722,018	(\$1,021,346)
32					
33	Transfer to Deferred Income Taxes due to NOL	872,028	556,439	-	-
34					
35	Total State and Federal Income Tax	5,459,784	0	722,018	(1,021,346)