

OTTER TAIL POWER COMPANY  
Electric Utility - State of South Dakota  
OPERATING INCOME SCHEDULES  
DESCRIPTION OF DETAILS  
Summary of Approach used and Assumptions Made to the  
Operating Statements

2017 Test Year	
Item of Operating Income	Narration
Operating Revenues	Revenue for the 2017 Test Year is based off of 2017 Actual Revenues. Revenues were then pro formed for known and measurable changes as listed in Supporting Schedule C-8.
Operating Expenses	Expenses for the Test Year were developed by first using allocated expenses for the period. Jurisdictional Allocation methodologies are discussed in Exhibit__(SDT-1), Schedule 3. These expenses were then pro formed for known and measurable changes as listed in Supporting Schedule C-8. Refer to Schedule C-10 (all pages) for more details on how costs were allocated to South Dakota.
Depreciation and Amortization Expense	Depreciation and Amortization Expenses for the Test Year were developed by first using allocated Jurisdictional Allocation methodologies are discussed in Exhibit__(SDT-1), Schedule 3 expenses for the period. These expenses were then pro formed for known and measurable changes as listed in Supporting Schedule C-8.
Taxes Other Than Income	Taxes Other Than Income Taxes for the Test Year were developed by using expenses as allocated Jurisdictional Allocation methodologies are discussed in Exhibit__(SDT-1), Schedule 3 for the period. These expenses were then pro formed for known and measurable changes as listed in Supporting Schedule C-8.
Federal and State Income Taxes	Current taxes are determined by taking "Operating Income Before Taxes" for the jurisdiction and reducing it by the jurisdictional "Schedule M's" and interest expense (using the interest synchronization method) to arrive at taxable income. Current taxes are then computed using jurisdictional tax rates.