

Otter Tail Power Company
INTERCOMPANY TRANSACTIONS - CORPORATE COSTS
For the Test Year Ended December 31, 2017

Schedule H-4
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Line No.	FERC Acct. #	(A) Description	(B) Amounts Charged to OTP from Corporate (OTC)	(C) Allocation Factor	(D) Allocation Percentage	(E) South Dakota Amount
1	912	Demonstrating and Selling Expenses				
2		Various Support Groups from OTC	7,351	C1	8.740052%	\$642
3						
4	920	Administrative and General Salaries				
5		Various Support Groups from OTC	5,294,364			\$489,822
6		Production @ 35.63%	1,886,382	OXPD	9.344498%	176,273
7		Transmission @ 14.81%	784,095	D2	9.187431%	72,038
8		Distribution @ 27.56%	1,459,127	OXD	9.490373%	138,477
9		Customer Accounts @ 18.44%	976,281	OXC	8.866368%	86,561
10		Customer Service & Info @ 3.56%	188,479	C1	8.740052%	16,473
11						
12	921	Office Supplies and Expenses				
13		Various Support Groups from OTC	2,396,010			\$221,673
14		Production @ 35.63%	853,698	OXPD	9.344498%	79,774
15		Transmission @ 14.81%	354,849	D2	9.187431%	32,602
16		Distribution @ 27.56%	660,340	OXD	9.490373%	62,669
17		Customer Accounts @ 18.44%	441,824	OXC	8.866368%	39,174
18		Customer Service & Info @ 3.56%	85,298	C1	8.740052%	7,455
19						
20	923	Outside Services Employed				
21		Audit, Legal, Consultants, Etc.	889,456	NEPIS	7.873620%	\$70,032
22						
23	924	Property Insurance				
24		OTC Insurance Expense	91,661	NEPIS	7.873620%	\$7,217
25						
26	925	Injuries and Damages				
27		OTC Insurance Expense	164,110	NEPIS	7.873620%	\$12,921
28						
29	930.1	General Advertising Expenses	\$9,163	C1	8.740052%	\$801
30						
31	930.2	Miscellaneous General Expenses	1,154,710	P90	9.224266%	\$106,513
32						
33	931	Rents	92,173	P90	9.224266%	\$8,502
34						
35	935	Maintenance of General Plant	177,695	P90	9.224266%	\$16,391
36						
37		TOTAL	<u>\$10,276,692</u>			<u>\$934,515</u>
38						
39		Less: Disallowed Incentive Costs (1)				
40		Production @ 35.63%	\$ (287,929)	OXPD	9.344498%	\$ (26,906)
41		Transmission @ 14.81%	\$ (119,695)	D2	9.187431%	\$ (10,997)
42		Distribution @ 27.56%	\$ (222,698)	OXD	9.490373%	\$ (21,135)
43		Customer Accounts @ 18.44%	\$ (149,001)	OXC	8.866368%	\$ (13,211)
44		Customer Service & Info @ 3.56%	\$ (28,788)	C1	8.740052%	\$ (2,516)
45		Total Disallowed Incentive Costs	<u>\$ (808,111)</u>			<u>\$ (74,764)</u>
46						
47		TOTAL	<u>\$ 9,468,581</u>			<u>\$ 859,751</u>
48						

(1) Volume 4A, Section B, workpaper B-16

Note:

The expenses are a combination of direct charges to OTP and an allocation of costs. All costs are pushed down to OTP at the cost incurred by Otter Tail Corporation without any additional fees. The allocation method used is described in the Corporate Allocation Manual (Exhibit__(SDT-1), Schedule 4 discussed in the Direct Testimony of Mr. Stuart Tommerdahl.

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Line No.	(A) FERC Acct. #	(B) Description	(C) 2017
1	417	Revenues from nonutility operations	\$667,131
2			
3	417.1	Expenses of nonutility operations	431,062
4	417	Net	\$236,069