

OTTER TAIL POWER COMPANY
 OVERALL COST OF SERVICE STUDY
 2017 ACTUAL YEAR - 10 CLASSES

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	RATE BASE		1,096,668,710	83,294,792	1,013,373,918	1
2						2
3	TOTAL AVAILABLE FOR RETURN		77,446,208	4,814,182	72,632,026	3
4						4
5	RATE OF RETURN EARNED		7.06%	5.78%	7.17%	5
6						6
7	RATE OF RETURN REQUESTED			7.74%		7
8						8
9	OPERATING INCOME REQUIRED			6,447,017		9
10						10
11	TOTAL AVAILABLE FOR RETURN			4,814,182		11
12						12
13	OPERATING INCOME DEFECIENCY			1,632,835		13
14						14
15	INCREMENTAL TAXES	GRCF = 1.540773		882,992		15
16						16
17	REVENUE INCREASE REQUIRED			2,515,827		17
18						18
19	PERCENTAGE INCREASE			7.64%		19
20						20
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25				6.29%		25
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OTTER TAIL POWER COMPANY
 OVERALL COST OF SERVICE STUDY
 ACTUAL YEAR 2017 - 10 CLASSES

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	ELECTRIC PLANT IN SERVICE		1,926,147,002	161,400,619	1,764,746,383	1
2						2
3	ACCUMULATED DEPRECIATION		(747,632,742)	(68,956,035)	(678,676,707)	3
4						4
5	NET PLANT EXCLUDING BIG STONE PLANT CAPITALIZED ITEMS		1,178,514,260	92,444,584	1,086,069,676	5
6						6
7	NET CAPITALIZED ITEMS - BIG STONE PLANT		0	0	0	7
8						8
9	NET ELECTRIC PLANT IN SERVICE		1,178,514,260	92,444,584	1,086,069,676	9
10						10
11	PLANT HELD FOR FUTURE USE		29,657	2,786	26,871	11
12						12
13	CONSTRUCTION WORK IN PROGRESS		158,432,233	0	158,432,233	13
14						14
15	MATERIALS AND SUPPLIES		19,658,295	1,831,014	17,827,281	15
16						16
17	FUEL STOCKS		9,089,677	845,834	8,243,842	17
18						18
19	PREPAYMENTS		(24,727,324)	(1,939,652)	(22,787,672)	19
20						20
21	CUSTOMER ADVANCES		(934,625)	(73,314)	(861,311)	21
22						22
23	CASH WORKING CAPITAL		16,353,385	2,772,420	13,580,965	23
24						24
25	ACCUMULATED DEFERRED INCOME TAXES		(260,006,587)	(12,637,581)	(247,369,006)	25
26						26
27	UNAMORTIZED HOLDING COMPANY FORMATION EXPENSE		0	0	0	27
28						28
29	UNAMORTIZED RATE CASE EXPENSE		0	0	0	29
30						30
31	TOTAL AVERAGE RATE BASE		1,096,408,971	83,246,093	1,013,162,879	31
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33						33
34						34
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OTTER TAIL POWER COMPANY
OVERALL COST OF SERVICE STUDY
ACTUAL YEAR 2017 - 10 CLASSES

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	OPERATING REVENUES					1
2	SALES OF ELECTRICITY		372,153,628	32,929,872	339,223,756	2
3	OTHER OPERATING REVENUE		58,386,685	2,445,167	55,941,518	3
4						4
5	TOTAL OPERATING REVENUE		430,540,313	35,375,040	395,165,274	5
6						6
7						7
8	OPERATING EXPENSES					8
9	PRODUCTION EXPENSES		156,639,966	14,201,172	142,438,794	9
10	TRANSMISSION EXPENSES		32,135,395	2,936,416	29,198,979	10
11	DISTRIBUTION EXPENSES		17,761,845	1,686,406	16,075,438	11
12	CUSTOMER ACCOUNTING EXPENSES		12,912,128	1,144,837	11,767,291	12
13	CUSTOMER SERVICE AND INFORMATION EXPENSES		9,358,287	663,245	8,695,042	13
14	SALES EXPENSES		230,711	11,402	219,309	14
15	ADMINISTRATIVE AND GENERAL EXPENSES		43,609,630	3,739,913	39,869,717	15
16	CHARITABLE CONTRIBUTIONS		0	0	0	16
17	DEPRECIATION EXPENSE		53,185,267	4,719,228	48,466,039	17
18	AMORTIZATION OF BIG STONE PLANT CAPITALIZED COSTS		0	0	0	18
19	SPIRITWOOD AMORTIZATION		0	0	0	19
20	GENERAL TAXES		15,045,286	965,772	14,079,513	20
21						21
22	TOTAL OPERATING EXPENSES		340,878,513	30,068,391	310,810,122	22
23						23
24						24
25	NET OPERATING INCOME BEFORE INCOME TAXES		89,661,800	5,306,648	84,355,152	25
26						26
27						27
28	INCOME TAX EXPENSE					28
29	INVESTMENT TAX CREDIT		(8,997,380)	(753,931)	(8,243,449)	29
30	DEFERRED INCOME TAXES		18,423,555	779,249	17,644,306	30
31	INCOME TAXES		4,362,156	0	4,362,156	31
32						32
33	TOTAL INCOME TAX EXPENSE		13,788,331	25,318	13,763,013	33
34						34
35						35
36						36
37	NET OPERATING INCOME		75,873,469	5,281,330	70,592,139	37
38						38
39						39
40	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION		1,726,880	0	1,726,880	40
41						41
42						42
43	TOTAL AVAILABLE FOR RETURN		77,600,349	5,281,330	72,319,019	43
44						44
45						45
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47						47
48	AVERAGE CENTS PER KWH					48
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**OTTER TAIL POWER COMPANY
STATEMENT M
OVERALL COST OF SERVICE STUDIES
2017 Actual Year**

Line No.	Description
1	The remaining detail of the 2017 Actual Year Overall Cost of Service Study can
2	in Volume 4A, Tab - 2017 Actual Year.

OTTER TAIL POWER COMPANY
 OVERALL COST OF SERVICE STUDY
 2017 TEST YEAR - 10 CLASSES

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	RATE BASE		1,108,607,736	84,904,903	1,023,702,833	1
2						2
3	TOTAL AVAILABLE FOR RETURN		72,379,548	2,042,807	70,336,740	3
4						4
5	RATE OF RETURN EARNED		6.53%	2.41%	6.87%	5
6						6
7	RATE OF RETURN REQUESTED			7.96%		7
8						8
9	OPERATING INCOME REQUIRED			6,758,430		9
10						10
11	TOTAL AVAILABLE FOR RETURN			2,042,807		11
12						12
13	OPERATING INCOME DEFICIENCY			4,715,623		13
14						14
15	INCREMENTAL TAXES	GRCF = 1.267724		1,262,487		15
16						16
17	REVENUE INCREASE REQUIRED			5,978,110		17
18						18
19	PERCENTAGE INCREASE			19.50%		19
20						20
21						21
22						22
23						23
24						24
25				-0.15%		25
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OTTER TAIL POWER COMPANY
 OVERALL COST OF SERVICE STUDY
 2017 TEST YEAR - 10 CLASSES

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	ELECTRIC PLANT IN SERVICE		1,938,272,718	162,858,425	1,775,414,294	1
2						2
3	ACCUMULATED DEPRECIATION		(748,596,113)	(69,187,810)	(679,408,303)	3
4						4
5	NET PLANT EXCLUDING BIG STONE PLANT CAPITALIZED ITEMS		1,189,676,605	93,670,615	1,096,005,990	5
6						6
7	NET CAPITALIZED ITEMS - BIG STONE PLANT		0	0	0	7
8						8
9	NET ELECTRIC PLANT IN SERVICE		1,189,676,605	93,670,615	1,096,005,990	9
10						10
11	PLANT HELD FOR FUTURE USE		29,657	2,786	26,871	11
12						12
13	CONSTRUCTION WORK IN PROGRESS		158,432,233	0	158,432,233	13
14						14
15	MATERIALS AND SUPPLIES		19,658,295	1,833,976	17,824,319	15
16						16
17	FUEL STOCKS		9,089,677	849,126	8,240,551	17
18						18
19	PREPAYMENTS		(24,727,324)	(1,946,936)	(22,780,388)	19
20						20
21	CUSTOMER ADVANCES		(934,625)	(73,589)	(861,036)	21
22						22
23	CASH WORKING CAPITAL		10,493,890	2,474,563	8,019,327	23
24						24
25	ACCUMULATED DEFERRED INCOME TAXES		(253,936,313)	(12,421,053)	(241,515,260)	25
26						26
27	UNAMORTIZED BALANCE - SPIRITWOOD		0	0	0	27
28						28
29	UNAMORTIZED RATE CASE EXPENSE		458,334	458,334	0	29
30						30
31						31
32	TOTAL AVERAGE RATE BASE		1,108,240,429	84,847,822	1,023,392,607	32
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34						34
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OTTER TAIL POWER COMPANY
 OVERALL COST OF SERVICE STUDY
 2017 TEST YEAR - 10 CLASSES

LINE NO	ITEM	ALLOC	TOTAL COMPANY	SOUTH DAKOTA	ALL OTHER	LINE NO
1	OPERATING REVENUES					1
2	SALES OF ELECTRICITY		369,873,771	30,650,015	339,223,756	2
3	OTHER OPERATING REVENUE		58,386,685	2,453,522	55,933,164	3
4	TOTAL OPERATING REVENUE		428,260,456	33,103,537	395,156,919	4
5						5
6						6
7						7
8	OPERATING EXPENSES					8
9	PRODUCTION EXPENSES		159,877,303	14,543,258	145,334,045	9
10	TRANSMISSION EXPENSES		32,211,644	2,950,883	29,260,761	10
11	DISTRIBUTION EXPENSES		17,903,711	1,699,129	16,204,582	11
12	CUSTOMER ACCOUNTING EXPENSES		13,007,046	1,153,253	11,853,793	12
13	CUSTOMER SERVICE AND INFORMATION EXPENSES		9,376,626	864,545	8,712,081	13
14	SALES EXPENSES		337,682	20,751	316,931	14
15	ADMINISTRATIVE AND GENERAL EXPENSES		44,672,125	4,003,827	40,668,298	15
16	CHARITABLE CONTRIBUTIONS		0	0	0	16
17	DEPRECIATION EXPENSE		54,901,148	4,888,064	50,013,084	17
18	AMORTIZATION OF BIG STONE PLANT CAPITALIZED COSTS		0	0	0	18
19	SPIRITWOOD AMORTIZATION		0	0	0	19
20	GENERAL TAXES		15,045,286	969,399	14,075,886	20
21	TOTAL OPERATING EXPENSES		347,332,570	30,893,109	316,439,461	21
22						22
23						23
24	NET OPERATING INCOME BEFORE INCOME TAXES		80,927,886	2,210,428	78,717,458	24
25						25
26						26
27						27
28	INCOME TAX EXPENSE					28
29	INVESTMENT TAX CREDIT		(1,470,564)	(123,560)	(1,347,004)	29
30	DEFERRED INCOME TAXES		8,381,287	441,070	7,940,217	30
31	INCOME TAXES		1,976,987	(838,041)	2,815,029	31
32	TOTAL INCOME TAX EXPENSE		8,887,710	(520,532)	9,408,242	32
33						33
34						34
35						35
36	NET OPERATING INCOME		72,040,176	2,730,960	69,309,216	36
37						37
38						38
39						39
40	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION		1,726,880	0	1,726,880	40
41						41
42						42
43	TOTAL AVAILABLE FOR RETURN		73,767,055	2,730,960	71,036,095	43
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**OTTER TAIL POWER COMPANY
STATEMENT M
OVERALL COST OF SERVICE STUDIES
2017 TEST YEAR**

Line No.	Description
1	The remaining detail of the 2017 Test Year Overall Cost of Service Study can
2	in Volume 4A, Tab - 2017 Test Year Work Papers.