

Otter Tail Power Company
South Dakota Phase-In Rider
Merricourt Wind Farm Revenue Requirements

Line		2021 Actual Jan	2021 Actual Feb	2021 Actual Mar	2021 Actual Apr	2021 Actual May	2021 Actual Jun	2021 Actual Jul	2021 Actual Aug	2021 Actual Sep	2021 Actual Oct	2021 Actual Nov	2021 Actual Dec	2021 Actual Total
1	RATE BASE													
2	Plant Balance - Merricourt	253,161,208	253,297,410	253,842,889	253,979,710	254,059,434	254,233,905	254,529,475	255,123,549	255,295,770	255,346,608	258,704,363	258,831,082	258,831,082
3	Accumulated Depreciation	(587,635)	(1,185,426)	(1,783,538)	(2,382,939)	(2,982,665)	(3,582,579)	(4,182,906)	(4,783,933)	(5,386,367)	(5,989,208)	(6,592,169)	(7,203,079)	
4	Net Plant in Service	252,573,573	252,111,985	252,059,351	251,596,771	251,076,769	250,651,325	250,346,568	250,339,616	249,909,404	249,357,401	252,112,194	251,628,002	
5	CWIP Calculation:													
6	Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Additional CWIP	4,289,688	136,202	545,478	136,822	79,724	174,471	295,570	594,074	172,221	50,838	3,357,755	126,719	126,719
8	Closings from CWIP	(4,289,688)	(136,202)	(545,478)	(136,822)	(79,724)	(174,471)	(295,570)	(594,074)	(172,221)	(50,838)	(3,357,755)	(126,719)	
9	AFUDC	-	-	-	-	-	-	-	-	-	-	-	-	-
10	CWIP													
11	ADIT Pro-Rated	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
12	Accum. Deferred Inc. Taxes - Fed & State	(4,144,191)	(5,674,756)	(7,205,252)	(8,735,478)	(10,265,636)	(11,795,754)	(13,325,785)	(14,855,670)	(16,385,259)	(17,914,763)	(19,444,241)	(20,972,050)	(20,972,050)
13	Accum. Deferred Inc. Taxes - Fed & State - No Prorate	(4,144,191)	(5,674,756)	(7,205,252)	(8,735,478)	(10,265,636)	(11,795,754)	(13,325,785)	(14,855,670)	(16,385,259)	(17,914,763)	(19,444,241)	(20,972,050)	(20,972,050)
14	Accum. Deferred Inc. Taxes - Federal PTC	2,120,684	2,793,080	3,939,490	5,295,591	6,500,166	7,133,040	7,967,745	9,013,073	10,350,424	11,635,845	12,820,894	13,753,272	
15	End of month rate base	250,550,065	249,230,309	248,793,589	248,156,884	247,311,299	245,988,612	244,988,528	244,497,018	243,874,569	243,078,482	245,488,846	244,409,224	
16	End of month rate base - No Prorate	250,550,065	249,230,309	248,793,589	248,156,884	247,311,299	245,988,612	244,988,528	244,497,018	243,874,569	243,078,482	245,488,846	244,409,224	
17														
18	Average rate base	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	20,537,678	246,452,134
19														
20	Return on Rate Base	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	16,900,785
21														
22	Available for return (equity portion of rate base)	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	11,683,680
23														
24	EXPENSES													
25	<i>O&M and Depreciation</i>													
26	Operating Costs	87,955	511,571	326,441	304,382	313,602	343,475	308,240	307,820	301,813	312,639	380,608	137,401	3,635,948
27	Net Self Fund Transmission Payment	0	114,408	57,204	57,204	57,204	57,204	65,107	126,515	65,107	57,694	64,496	64,496	786,639
28	Ground Lease Payments	66,507	55,095	55,977	55,977	55,977	55,977	55,977	55,977	55,977	55,977	64,985	50,358	684,764
29	Property/Production Tax	34,341	34,341	34,341	34,341	34,341	34,341	34,341	34,341	34,341	34,341	34,341	34,341	412,089
30	Book Depreciation	587,635	597,790	598,112	599,402	599,725	599,914	600,327	601,027	602,433	602,841	602,961	610,910	7,203,079
31	Total O&M and Depreciation Expense	776,438	1,313,205	1,072,076	1,051,305	1,060,850	1,090,911	1,063,993	1,125,680	1,059,672	1,063,492	1,147,391	897,506	12,722,519
32														
33	Income before Taxes													
34	Available for return (from above)	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	973,640	11,683,680
35	Less book tax credits - Federal PTC	(870,400)	(672,396)	(1,146,410)	(1,356,101)	(1,204,574)	(632,875)	(834,705)	(1,045,327)	(1,337,352)	(1,285,420)	(1,185,049)	(932,378)	(12,502,988)
36	Adjusted Income before interest and taxes	103,240	301,244	(172,770)	(382,461)	(230,934)	340,765	138,935	(71,687)	(363,712)	(311,780)	(211,409)	41,262	(819,308)
37	Taxable Income (grossed up)	130,684	381,321	(218,696)	(484,128)	(292,322)	431,348	175,867	(90,744)	(460,395)	(394,658)	(267,607)	52,230	(1,037,099)
38														
39	Income Taxes													
40	Current and Def Income Taxes	27,444	80,077	(45,926)	(101,667)	(61,388)	90,583	36,932	(19,056)	(96,683)	(82,878)	(56,197)	10,968	(217,791)
41	Tax Adjustment for Additional Tax Basis	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Federal PTC	(870,400)	(672,396)	(1,146,410)	(1,356,101)	(1,204,574)	(632,875)	(834,705)	(1,045,327)	(1,337,352)	(1,285,420)	(1,185,049)	(932,378)	(12,502,988)
43	Total Income Tax Expense	(842,956)	(592,319)	(1,192,336)	(1,457,768)	(1,265,962)	(542,292)	(797,773)	(1,064,384)	(1,434,035)	(1,368,298)	(1,241,247)	(921,410)	(12,720,778)
44														
45														
46	REVENUE REQUIRMENTS													
47	Expenses	(66,518)	720,886	(120,261)	(406,463)	(205,112)	548,620	266,220	61,297	(374,363)	(304,807)	(93,856)	(23,903)	1,741
48	Return on rate base	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	1,408,399	16,900,785
49														
50	Total revenue requirements	1,341,881	2,129,285	1,288,138	1,001,936	1,203,287	1,957,019	1,674,619	1,469,696	1,034,036	1,103,592	1,314,543	1,384,495	16,902,526
51														
52	South Dakota share - E2 factor	133,962	212,570	128,597	100,025	120,126	195,372	167,180	146,722	103,446	110,405	131,509	138,507	1,688,418
	SUPPORTING INFORMATION / DATA													
Line	SD Capstructure with allowed ROE per order.													
2	Capital Structure	Ratio	Cost	WA Cost				Fed Portion	State Portion					
3	Debt	45.82%	4.62%	2.12%				21.00%	0.00%					
4	Preferred equity	0.00%	0.00%	0.00%				Tax conversion factor	1.26582					
5	Common equity	54.18%	8.75%	4.74%										
6	Total	100.00%		6.86%										
7	Capital Structure Short & Long							SD share - E2 factor	9.98314%	Sept 2020 - Aug 2021				
8	Debt								10.00413%	Sept 2021 - Aug 2022				
9	Preferred equity							ND Property Tax						
10	Common equity							2021 Composite Rate	0.86%					
11	Total													

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1	RATE BASE													
2	Plant Balance - Merricourt	258,831,082	258,833,393	258,845,024	258,850,136	258,850,136	258,850,136	258,850,136	258,850,136	258,850,136	258,850,136	258,850,136	258,850,136	258,850,136
3	Accumulated Depreciation	(7,835,818)	(8,468,557)	(9,101,301)	(9,734,075)	(10,366,860)	(10,999,646)	(11,632,431)	(12,265,217)	(12,898,002)	(13,530,788)	(14,163,573)	(14,796,359)	(14,796,359)
4	Net Plant in Service	250,995,264	250,364,836	249,743,722	249,116,061	248,483,276	247,850,490	247,217,705	246,584,919	245,952,134	245,319,348	244,686,563	244,053,777	244,053,777
5	CWIP Calculation:													
6	Beginning	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)
7	Additional CWIP	204	2,311	11,631	5,112	-	-	-	-	-	-	-	-	-
8	Closings from CWIP	(204)	(2,311)	(11,631)	(5,112)	-	-	-	-	-	-	-	-	-
9	AFUDC	-	-	-	-	-	-	-	-	-	-	-	-	-
10	CWIP	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)	(126,515)
11	ADIT Pro-Rated	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.9205	0.8356	0.7534	0.6685	0.6685
12	Accum. Deferred Inc. Taxes - Fed & State	(21,894,498)	(22,816,946)	(23,739,392)	(24,661,833)	(25,584,271)	(26,506,709)	(27,429,147)	(28,351,585)	(29,200,734)	(29,971,538)	(30,666,526)	(31,283,169)	(31,283,169)
13	Accum. Deferred Inc. Taxes - Fed & State - No Prorate	(21,894,498)	(22,816,946)	(23,739,392)	(24,661,833)	(25,584,271)	(26,506,709)	(27,429,147)	(28,351,585)	(29,274,023)	(30,196,462)	(31,118,900)	(32,041,338)	(32,041,338)
14	Accum. Deferred Inc. Taxes - Federal PTC	14,385,639	14,638,283	15,493,917	16,766,396	17,537,605	18,193,896	18,703,890	19,230,108	19,892,546	20,602,586	21,287,056	21,820,222	21,820,222
15	End of month rate base	243,359,889	242,059,858	241,371,732	241,094,109	240,310,095	239,411,162	238,365,932	237,336,927	236,517,431	235,823,881	235,180,578	234,464,315	234,464,315
16	End of month rate base - No Prorate	243,359,889	242,059,858	241,371,732	241,094,109	240,310,095	239,411,162	238,365,932	237,336,927	236,444,141	235,598,958	234,728,204	233,706,146	233,706,146
17														
18	Average rate base	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195	19,933,195
19														
20	Return on Rate Base	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078
21														
22	Available for return (equity portion of rate base)	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622
23														
24	EXPENSES													
25	O&M and Depreciation													
26	Operating Costs	342,552	363,971	434,911	357,386	342,680	342,680	342,680	342,680	342,680	342,680	342,680	342,680	342,680
27	Net Self Fund Transmission Payment	64,496	64,496	64,496	64,496	64,496	64,496	64,496	64,496	64,496	64,496	64,496	64,496	64,496
28	Ground Lease Payments	59,073	59,073	59,073	59,073	59,189	59,189	59,189	59,189	59,189	59,189	59,189	59,189	59,189
29	Property/Production Tax	47,850	53,573	53,573	53,573	53,574	53,574	53,574	53,574	53,574	53,574	53,574	53,574	53,574
30	Book Depreciation	632,739	632,739	632,745	632,773	632,786	632,786	632,786	632,786	632,786	632,786	632,786	632,786	632,786
31	Total O&M and Depreciation Expense	1,146,710	1,173,852	1,244,798	1,167,301	1,152,724	1,152,724	1,152,724	1,152,724	1,152,724	1,152,724	1,152,724	1,152,724	1,152,724
32														
33	Income before Taxes													
34	Available for return (from above)	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622	955,622
35	Less book tax credits - Federal PTC	(1,057,520)	(677,797)	(1,280,788)	(1,697,632)	(1,196,363)	(1,081,444)	(935,147)	(951,372)	(1,144,766)	(1,274,874)	(1,333,632)	(1,222,717)	(1,385,405)
36	Adjusted Income before interest and taxes	(101,898)	277,825	(325,166)	(742,010)	(240,740)	(125,822)	20,475	4,250	(189,143)	(319,251)	(378,010)	(267,095)	(2,386,585)
37	Taxable Income (grossed up)	(128,985)	351,677	(411,602)	(939,253)	(304,735)	(159,268)	25,918	5,380	(239,422)	(404,116)	(478,493)	(338,095)	(3,020,993)
38														
39	Income Taxes													
40	Current and Def Income Taxes	(27,087)	73,852	(86,436)	(197,243)	(63,994)	(33,446)	5,443	1,130	(50,279)	(84,864)	(100,484)	(71,000)	(634,409)
41	Tax Adjustment for Additional Tax Basis	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Federal PTC	(1,057,520)	(677,797)	(1,280,788)	(1,697,632)	(1,196,363)	(1,081,444)	(935,147)	(951,372)	(1,144,766)	(1,274,874)	(1,333,632)	(1,222,717)	(1,385,405)
43	Total Income Tax Expense	(1,084,607)	(603,945)	(1,367,224)	(1,894,876)	(1,260,357)	(1,114,891)	(929,704)	(950,242)	(1,195,044)	(1,359,738)	(1,434,115)	(1,293,717)	(1,488,461)
44														
45														
46	REVENUE REQUIREMENTS													
47	Expenses	62,103	569,907	(122,426)	(727,574)	(107,633)	37,834	223,020	202,482	(42,320)	(207,014)	(281,391)	(140,993)	(534,006)
48	Return on rate base	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078	1,380,078
49														
50	Total revenue requirements	1,442,181	1,949,985	1,257,652	652,504	1,272,445	1,417,911	1,603,098	1,582,560	1,337,758	1,173,064	1,098,687	1,239,085	16,026,929
51														
52	South Dakota share - E2 factor	144,278	195,079	125,817	65,277	127,297	141,850	160,376	158,321	133,753	117,286	109,850	123,887	1,603,071
	SUPPORTING INFORMATION / DATA													
Line	SD Capstructure with allowed ROE per order.													
2	Capital Structure	Ratio	Cost	WA Cost				Fed Portion	State Portion					
3	Debt	45.21%	4.71%	2.13%			Effective Tax Rate	21.00%	0.00%					
4	Preferred equity	0.00%	0.00%	0.00%			Tax conversion factor	1.26582						
5	Common equity	54.79%	8.75%	4.79%										
6	Total	100.00%		6.92%										
7	Capital Structure Short & Long						SD share - E2 factor	10.00413%	9.99828%	Sept 2021 - Aug 2022	Sept 2022 - Aug 2023			
8	Debt													
9	Preferred equity						ND Property Tax	0.86%						
10	Common equity						2022 Composite Rate							
11	Total													

