215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)

February 15, 2012

Darrell Nitschke
Executive Secretary/Director of Administration
North Dakota Public Service Commission
State Capitol
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0408

RE: Case No. PU-401-88-374, Annual Depreciation Rates
Amended PSC Order dated June 23, 1992

Dear Mr. Nitschke:

Pursuant to the above-referenced order, I am enclosing Minnesota Public Utilities Commission Order dated January 27, 2012, certifying proposed service lives, net salvage values, and resulting depreciation rates. This order certifies depreciation rates and methods based on Otter Tail's annual review of depreciation parameters. I am also enclosing Otter Tail's original filing. Attachment 2 lists the remaining lives and net salvage or amortization period requested to be certified. The rates are effective January 1, 2012.

Also included is a worksheet showing that the estimated impact on North Dakota of any changes in depreciation rates to be a decrease in annual expense of $186,657.

An electronic copy of this filing is being sent to you at dnitschk@nd.gov and to ndpsc@nd.gov. These items are filed for your information. If you have any questions, please contact me at 218-739-8607 or pbeithon@otpco.com.

Very truly yours,

/s/ PETE BEITHON
Pete Beithon
Manager Regulatory Economics

wao
Enclosures
By electronic filing and U.S. Mail

Minnesota Public Utilities Commission Order Dated January 27, 2012

Docket No. E017/D-11-886

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Ellen Anderson	Chair
J. Dennis O'Brien	Commissioner
Phyllis Reha	Commissioner
David Boyd	Commissioner
Betsy Wergin	Commissioner

Loyal K. Demmer, CMA
Depreciation Accountant
Otter Tail Power Company
215 South Cascade Street
PO Box 496
Fergus Falls, MN 56538-0496

SERVICE DATE: January 27, 2012

DOCKET NO. E-017/D-11-886

In the Matter of Otter Tail Power Company's 2011 Annual Review of Depreciation Certification

The above entitled matter has been considered by the Commission and the following disposition made:

- **Certified the proposed service lives, proposed salvage values, and proposed depreciation rates from OTP's 2011 Depreciation Study.**
- **OTP shall provide the comparison of its last rate case's short term peaking capacity costs to the peaking capacity costs of the new generators once OTP decides on the peaking option it will pursue.**
- **OTP shall file its next annual depreciation study by September 1, 2012.**
- **OTP shall file a five-year depreciation study by September 1, 2013.**
- **OTP shall include in future depreciation filings a table comparing asset lives used for the purposes of the Company's resource planning with the remaining lives proposed in the depreciation filings, explaining any differences.**
- **OTP shall discontinue redistributing its depreciation reserves effective with this filing.**

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the Order. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

This document can be made available in alternative formats (i.e. large print or audio) by calling 651.296.0406 (voice). Persons with hearing or speech disabilities may call us through Minnesota Relay at 1.800.627.3529 or by dialing 711.

MINNESOTA
DEPARTMENT OF
COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
www.commerce.state.mn.us
651.296.4026 FAX 651.296.1959
An equal opportunity employer

October 31, 2011

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E017/D-11-886

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce in the following matter:

Otter Tail Power Company's (OTP) 2011 Annual Review of Depreciation Certification

The petition was filed on August 31, 2011 by:

Loyal K. Demmer, CMA
Depreciation Accountant
Otter Tail Power Company
215 South Cascade Street
PO Box 496
Fergus Falls, MN 56538-0496

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** OTP's proposed depreciation parameters. The Department also recommends that OTP **provide additional information** in reply comments. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/jl
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE DIVISION OF ENERGY RESOURCES

DOCKET NO. E017/D-11-886

I. SUMMARY OF OTTER TAIL POWER COMPANY'S PROPOSAL

On August 31, 2011, Otter Tail Power Company (OTP or the Company) submitted its 2011 Annual Review of Depreciation Certification (2011 Depreciation Study) reflecting December 31, 2010 plant-in-service and depreciation reserve balances. The 2011 Depreciation Study is the third update to the five-year depreciation study conducted in 2008 in Docket No. E017/D-08-1042.

Table 1
Current and Proposed Rates and Accruals

	Accrual Rate			Annual Accrual		
Function	Current	Proposed	Difference	Current	Proposed	Difference
[A]	[B]	[C]	[D] = [C] - [B]	[E]	[F]	[G] = [F] - [E]
Production						
Steam	2.93%	2.79%	-0.14%	$10,054,493	$9,566,008	($488,485)
Hydraulic	4.27%	4.69%	0.42%	175,119	192,460	17,341
Other	3.91%	3.90%	-0.01%	11,999,919	11,984,204	(15,715)
Transmission	1.96%	1.95%	-0.01%	4,267,963	4,244,866	(23,097)
Distribution	2.73%	2.74%	0.01%	10,151,041	10,184,833	33,792
General Plant	4.88%	4.88%	0.00%	2,377,996	2,378,654	658
Total Utility	3.02%	2.98%	-0.04%	$39,026,531	$38,551,025	($475,506)

Source: 2011 Depreciation Study, Attachment 1, Page 4 of 45

As summarized in Table 1, the 2011 Depreciation Study indicates that the application of the proposed remaining lives and net salvage values to December 31, 2010 plant and reserve balances would result in total depreciation expense of $38,551,025, or $475,506 lower than depreciation expense would be under currently effective depreciation parameters from OTP's 2010 Depreciation Study, certified by the Minnesota Public Utilities Commission (Commission) in Docket No. E017/D-10-953. The proposed depreciation parameters yield a total utility composite depreciation rate of 2.98 percent, 0.04 percent lower than the composite depreciation rate of 3.02 percent yielded by the currently approved depreciation parameters.[1]

II. DEPARTMENT ANALYSIS

The Department examined OTP's 2011 Depreciation Study for compliance with filing requirements and previous Commission Orders, and for the reasonableness of the proposed remaining lives, salvages, and depreciation accruals.

A. DEPRECIATION RULES

Minnesota Statutes Section 216B.11 and Minnesota Rules, parts 7825.0500-7825.0900 require public utilities to seek Commission approval of their depreciation practices. Utilities must also file depreciation studies at least once every five years and must use straight-line depreciation unless the utility can justify a different method. When utilities use the average service life technique to depreciate group property accounts, life and salvage factors, as well as the resulting depreciation rates, remain unchanged between studies. When companies choose the remaining-life technique for depreciating group property accounts, the underlying life and salvage factors may not change, but depreciation rates are adjusted annually to reflect the passage of time on remaining lives, as well as the impact of plant additions and retirements. Annual depreciation study updates are required when the remaining life technique is employed to allow the Commission the opportunity to approve changes in depreciation rates.

With the exception of certain selected General Plant accounts and one Distribution Plant account for which the Company used amortization accounting, OTP uses a remaining-life accounting method and, as a result, must file annual depreciation study updates. The Commission's December 3, 2010 Order in Docket No. E017/D-10-953 required OTP to file its next annual depreciation study by September 1, 2011. By filing its 2011 Depreciation Study on August 31, 2011, OTP met this requirement.

[1] 2011 Depreciation Study, Attachment 1, Statement A, Page 8 of 45.

B. REMAINING LIVES

1. Comparison of 2011 Depreciation Study and Most Recent Resource Plan

The Commission's June 1, 2009 Order in Docket No. E017/D-08-1042 required OTP to include in future depreciation studies a table comparing the remaining lives included in its depreciation filings with the forecasted plant retirement dates included in its most recent resource plan, Docket No. E017/RP-10-623 (2010 Resource Plan). Attachment 4 to the 2011 Depreciation Study provides this comparison. The remaining lives included in OTP's 2011 Depreciation Study are generally consistent with those included in the 2010 Resource Plan, with a few exceptions described below.

a. Hydraulic Generating Units

The 2010 Resource Plan assumes perpetual operation (i.e. no retirement date) for its hydraulic generating units. The 2011 Depreciation Study assumes a 10.36-year remaining life for OTP's hydraulic generating units, which is tied to the May, 2021 expiration of the license from the Federal Energy Regulatory Commission (FERC) under which six of the eight units operate. According to OTP, the two Bemidji generating units are not subject to FERC jurisdiction, but are of a similar vintage to the six FERC-regulated units and are therefore assumed to have the same remaining life.[2]

The Department has some minor concerns with OTP's practice of using an expiration of an operating license as the basis for an asset's remaining life. While the Department recognizes the validity of regulation-induced obsolescence as a determining factor in estimating an asset's remaining life, the expiration of a regulatory license does not necessarily lead to retirement, and does not seem to do so in this case. OTP's 2010 Resource Plan assumes that the assets will continue to operate beyond 2021, and OTP's response to Department Information Request No. 10 regarding the possibility of renewing the FERC license implies that it expects to operate its hydraulic generating units beyond 2021, stating:

> **The company does anticipate initiating the license renewal process sometime before the current license expires in 2021**, but cautions that any anticipated outcome of this process would be purely speculative at this time. Otter Tail does not have any estimated retirement dates for the units that are not tied to FERC licenses **[emphasis added]**.[3]

The expiration date of a regulatory license does not necessarily reflect an asset's forecasted retirement date resulting from an engineering evaluation. The Department expects that OTP should have some engineering basis for determining the remaining lives of these assets, despite

---

[2] 2011 Depreciation Study, Attachment 4.

[3] See OTP's response to Department Information Request No. 10, included with these Comments as Department Attachment 1.

its claim that it has not estimated any retirement dates. Additionally, OTP must have some sense of the likelihood that the license will be renewed, and while there certainly is some degree of regulatory risk, an anticipated outcome of the renewal process should not be "purely speculative."

The remaining lives of the two Bemidji units are of particular concern to the Department due to the relatively large plant additions booked in 2010. Plant investment in the Bemidji units increased to $979,052 on 12/31/2010 from $628,971 on 12/31/2009, an increase of more than 50 percent.[4] Because OTP tied the remaining lives of these units to the expiration of the FERC license for their other hydraulic generating units, despite the fact that they are not subject to that license, these additions will be depreciated over a period of only ten years. OTP's rationale for applying the license-based 10.36-year remaining life to the Bemidji units is that similar equipment of similar vintages should have similar remaining lives.[5] This logic is reasonable from an engineering perspective, as the equipment would be expected to wear and degrade at approximately the same rate. OTP, however, applied an engineering-based argument to a non-engineering-based remaining life. OTP's rationale therefore does not support the use of the 10.36-year remaining life for the Bemidji units. Further, both OTP's 2010 Resource Plan and the Company's response to Department Information Request No. 10 support the use of a longer remaining life. [6]

In spite of these concerns, the Department does not object at this time to the use of a 10.36-year remaining life for OTP's hydraulic generating units due to the small overall impact it has on total utility depreciation and the fact that rates charged to ratepayers would not decrease at this time even if the longer life were used. The Department may revisit this issue when OTP files its next five-year depreciation study, in 2013.

b. Big Stone

OTP's 2010 Resource Plan assumes a retirement year of 2016 for the Big Stone Plant while OTP's 2011 Depreciation Study assumes a retirement year of 2026. OTP explains in Attachment 4 of its 2011 Depreciation Study that the 2010 Resource Plan assumes that the Big Stone Plant will be upgraded in 2016 to comply with various environmental regulations and that its retirement date will be extended at that time. These upgrades are currently being considered by the Commission in Docket No. E017/M-10-1082. The Department concludes that OTP's

---

[4] 2011 Depreciation Study, Statement B and 2010 Depreciation Study, Statement B.

[5] 2011 Depreciation Study, Attachment 4.

[6] Department Information Request No. 11 asked OTP to describe the nature of the additions booked in 2010 as well as the impact of the additions on the Bemidji units' estimated remaining lives. In response, OTP intimated that the additions had no impact, stating "These additions are necessary capital improvements to assist the company in meeting the current anticipated retirement date in 2021." However, in response to Department Information Request No. 12, OTP stated that the additions "cannot have an average service life greater than 12 years" due to the retirement year dictated by the expiration of the FERC license. These statements, taken together, form a circular logic in which the average life of the additions must be capped at 12 years because the remaining life of the Bemidji units is 12 years, and the additions do not extend the remaining life the Bemidji units because they have an average service life of 12 years. OTP's responses to Department Information Request Nos. 11 and 12 are included with these comments as Department Attachments 2 and 3.

explanation of the large difference in retirement years is reasonable, but does have some concerns about the one-year extension to the Big Stone Plant's remaining life proposed in the 2011 Depreciation Study, as discussed below.

c. Fergus Control Center Diesel

Attachment 4 to OTP's 2010 Depreciation Study indicated a 16.67-year difference in the remaining life estimates for the Fergus Control Center Diesel included in the 2010 Depreciation Study and the 2010 Resource Plan. OTP explained that the 2010 Resource Plan assumes that the Fergus Control Center Diesel will no longer be available for resource adequacy subsequent to the effective date of the Environmental Protection Agency's Reciprocating Internal Combustion Engine (RICE) rules in April, 2013. The 2010 Depreciation study, however, "ignores resource adequacey [*sic*] restrictions and accounts for assets [*sic*] strategic control center and black start functionality."[7]

In the 2011 Depreciation study, OTP states:

> The Company is still evaluating whether it will be economical to comply with the new EPA emission standards in order to continue using the Fergus Falls Control Center diesel as a capacity resource. Whether or not it remains as a capacity resource for resource adequacy purposes, it will continue to be available for its primary function as a backup generator for the Control Center.
>
> There was a mischaracterization of the IRP assumption in last year's depreciation filing. The comments for the Fergus Falls Control Center diesel stated that a conservative assumption was used where the new EPA rule environmental upgrades were not made and the unit was not [*sic*] longer available for resource adequacy. In fact, the assumption was made that the upgrades would be made and the unit would be available for resource adequacy. Under either scenario, the Fergus Falls Control Center diesel would still be in operation, it just may not be used as a capacity resource. While not mentioned in the IRP because it is outside of its scope, the assumed retirement date would be January, 2030, which is consistent with the depreciation filing.[8]

The Department notes that the input files for OTP's Strategist model associated with the 2010 Resource Plan include zero diesel generating capacity in 2013 and beyond, implying that the 2010 Resource Plan assumes the Fergus Control Center Diesel, in fact, would *not* be available for resource adequacy after the RICE rules become effective, so it appears there was not a mischaracterization of OTP's IRP assumption.

---

[7] 2010 Depreciation Study, Attachment 4.
[8] 2011 Depreciation Study, Attachment 4, footnote 2.

Regardless of this inconsistency, the Department concludes that the treatment of the Fergus Control Center Diesel in the 2011 Depreciation Study is reasonable and the question of whether the resource would be used for resource adequacy should be addressed in OTP's IRP filings.

2. OTP's Generating Assets Remaining Life Policy

In 2008, OTP implemented its Generating Assets Remaining Life Policy, which intends to maintain a ten year minimum remaining life for generating assets, and a five year window between retirement dates of major generating units. According to OTP, this new policy mandates that each generating unit will undergo an internal plant review by management to determine if it is economically capable of operating for either at least ten years from the date of the review or five years longer than the unit with the next-shortest remaining life.[9] In prior depreciation dockets, the Department reviewed all past remaining life extensions made pursuant to the policy and concluded that they were reasonable. Based upon OTP's responses to Department Information Request Nos. 6 and 7, which contain summaries of the internal plant reviews conducted by each plant's management, the Department concludes that the remaining life extensions proposed in the instant proceeding are reasonable as well.[10]

The Department does, however, have some concerns regarding the portion of this policy regarding the five-year separation in anticipated retirement dates of major generating units. In Attachment No. 3 to the 2011 Depreciation Study, OTP explains the motivation behind this part of the policy, stating that it implemented this separation

> … in recognition that major baseload generation facilities take a considerable amount of lead time and to ensure that a sizeable majority of generating assets are not retiring simultaneously.…[11]

While the Department agrees that it is desirable to avoid retiring too many facilities at one time, OTP's desire to avoid clustered retirement dates to facilitate resource planning is not sufficient to justify extending remaining lives. Anticipated retirement dates should drive OTP's resource planning, not the other way around. The retirement dates of its generating assets should be set primarily through engineering studies and plant reviews, with implementation of the actual retirement and decisions about issues such as replacement capacity and power to be decided in resource planning, certificate of need or other proceeding where costs and benefits of various options can be assessed.

As mentioned above, life-extending investments in the Big Stone Plant are currently the subject of a separate proceeding before the Commission and will likely be completed before 2016.

---

[9] This policy was discussed in greater detail in Docket No. E017/D-09-1019. See the November 10, 2009 Comments of Department Analyst Mark Johnson and the November 23, 2009 Reply Comments of OTP Depreciation Accountant Loyal K. Demmer.

[10] OTP's responses to Department Information Request Nos. 6 and 7 include trade secret data and are therefore neither included with these Comments nor discussed in detail. However, these responses are available to the Commission if necessary.

[11] 2011 Depreciation Study, Attachment No. 3.

OTP's 2010 Resource Plan indicates upgrades to the Jamestown and Lake Preston combustion turbines in 2019 that will extend their lives. Life extensions for these units will be appropriate at the time these upgrades are completed, but the Department is currently unaware of any life-extending investments made to these plants during 2010 that would justify the one-year extensions.

In OTP's 2010 Resource Plan, the Department recommended shutting down Hoot Lake Units 2 & 3 in 2018 but suggested that a diversification study be done to explore other options for Hoot Lake.[12] In Reply Comments filed July 18, 2011, OTP stated that it supported the Department's recommendation for the diversification study, but suggested that the study's timeline be limited due to the proposed Environmental Protection Agency's (EPA) Utility Maximum Achievable Control Technology (MACT) rules, which OTP believes would likely necessitate environmental upgrades at Hoot Lake by 2015. OTP stated that the calculable impact of the utility MACT standard on specific plants, including Hoot Lake, will not be known until the standard is finalized in November, 2011. The Department concludes that extending Hoot Lake's remaining life at this time, given this uncertainty and the possibility that Hoot Lake may need to be shut down in 2015, would not be reasonable.

Table 2
Remaining Lives of Selected Plants

	Actual				Proposed
Plant	2008	2009	2010	2011	2012
Baseload Resources					
Hoot Lake Units 2 & 3	10.36	11.33	10.36	10.36	10.36
Big Stone Plant	13.26	16.15	15.19	15.19	15.18
Coyote Station	18.05	20.89	19.94	19.94	19.94
Peaking Facilities					
Jamestown Combustion	12.29	11.33	10.35	10.35	10.35
Lake Preston Combustion	12.29	11.32	10.35	10.35	10.35

Source: OTP Depreciation Studies

Table 2 provides a summary of the remaining lives certified for 2008 through 2011, as well as those proposed for 2012 for selected OTP generating plants. As shown in the table, none of these plants has aged for depreciation purposes for three years, and the remaining lives of the three baseload resources shown in Table 2 were extended by two to four years in 2009.[13] From a

[12] See the May 16, 2011 Comments of Department Analyst Steve Rakow.

[13] As shown in Table 2, the remaining lives of the baseload resources in 2009 are one to three years longer than in 2008. However, each of those units would presumably have aged one year from 2008 to 2009, and the remaining lives certified in 2009 were therefore two to four years longer than they otherwise would have been. For example, with no adjustments, the Big Stone Plant would have had a remaining life of roughly 12.26 years in 2009, but instead had a remaining life of 16.15, a difference of approximately four years.

purely financial perspective, each one-year extension lowers annual depreciation expense booked by OTP; however, the extensions do not reduce the rates that OTP charges to its ratepayers until OTP's subsequent rate case. As a result, extending lives outside of a rate case could cause an inappropriate over-recovery of depreciation expense by OTP from ratepayers. Each one-year extension taken individually has only a small effect, but the aggregate impact of several years' worth of extensions could be as significant as the longer life extensions that typically require more analysis and documentation.

To ensure that utilities provide the analysis and documentation of life extensions, the Department prefers less frequent but larger remaining life extensions rather than a number of annual extensions of only one year. For now, as stated above, the Department concludes that the life extensions proposed in the instant proceeding are reasonable, but it may be necessary to revisit this issue in the future if the lives of certain generating units continue to be extended annually for several years.

C. PLANT BALANCES, ADDITIONS, AND RETIREMENTS

Table 3
Changes in Primary Plant Balance Accounts
($)

Primary Plant Assets	Balance 12/31/2009	Additions	Retirements	Transfers	Balance 12/31/2010
Steam Production	343,168,796	1,786,769	2,000,121	3,399	342,958,843
Hydraulic Production	3,735,571	364,345	288	-	4,099,628
Other Production	307,357,240	(459,841)		-	306,897,399
Transmission Plant	216,078,570	3,702,163	390,882	(1,603,289)	217,786,562
Distribution Plant	356,639,579	16,894,234	2,974,307	1,599,890	372,159,396
General Plant	47,860,459	2,254,161	1,387,722	-	48,726,898
Totals	1,274,840,215	24,541,831	6,753,320	-	1,292,628,726

Source: 2011 Depreciation Study, Statement G.

Table 3 shows the changes to OTP's plant balances during 2010. The net effect of additions and retirements during the year is an increase in total plant of approximately $18 million. The largest component in these changes was in additions to OTP's distribution plant.

D. FUTURE ADDITIONS AND RETIREMENTS

Minnesota Rules 7825.0700, subpart 2, B. state that each utility shall disclose a list of any major future additions or retirements to the plant accounts that the utility believes may have a material effect on the current certification results. In Attachment No. 3 of its Petition, OTP states that it is "unaware of any major future additions or retirements that would materially affect the current

certification results." Attachment No. 3 describes several existing and potential future additions and retirements that may affect future depreciation expense, including:

- Three of the CapX2020 projects (the Fargo – Monticello 345kV project, the Bemidji – Grand Rapids 230 kV, and the Brookings – Twin Cities 345 kV project).
- Two transmission projects in the Big Stone area in conjunction with the Midwest Independent System Operator's (MISO) Candidate Multi-Value Portfolio Study (Big Stone – Brookings and Big Stone – Ellendale).
- Upgrades at the Big Stone Plant discussed above.
- Repowering Dayton Hollow Hydro unit number 3, which has not operated since suffering a mechanical failure in the 1960s.
- Unspecified wind projects.
- The addition of a new simple cycle 50 MW combustion turbine, as indicated in OTP's 2010 Resource Plan.

OTP stated that the Commission's Order in Docket No. E017/RP-05-968 requires that, "In its first depreciation filing that includes new peaking generators, Otter Tail shall compare the last rate case's short term peaking capacity costs to the peaking capacity costs of the new generators." In Attachment No. 3 of the 2011 Depreciation Study, OTP states:

> Because Otter Tail is still evaluating its peaking capacity options and has not made a final decision on which peaking option to pursue, there is no information to report to fulfill the requirements of the above Order.

The Department recommends that the Commission require OTP to provide the comparison of its last rate case's short term peaking capacity costs to the peaking capacity costs of the new generators once OTP decides on the peaking option it will pursue.

E. REDISTRIBUTION OF RECORDED DEPRECIATION RESERVES

Statement C of Attachment 1 of OTP's 2011 Depreciation Study contains a summary of OTP's depreciation reserves. Three separate reserves are shown: recorded reserves (i.e. actual book reserves), computed reserves (i.e. theoretical reserves), and redistributed reserves. Redistributed reserves are calculated by redistributing total recorded reserves for a given property group using weights derived from computed reserves. Table 4 illustrates the calculation of redistributed reserves for the Big Stone Plant.

Table 4
Calculation of Big Stone Plant's Redistributed Depreciation Reserve
($)

Account No.	Account Description	Recorded Reserve	% of Total	Computed Reserve	% of Total	Total Recorded Reserve	Redistributed Reserve	% of Total
[A]	[B]	[C]	[D] = [C] / [C] Total	[E]	[F] = [E] / [E] Total	[G] = [C] Total	[H] = [G] x [F]	[I] = [H] / [H] Total
311	Structures and Improvements	17,397,749	20.08%	15,507,846	20.07%	86,644,547	17,391,022	20.07%
312	Boiler Plant Equipment	46,110,471	53.22%	41,136,497	53.24%	86,644,547	46,131,858	53.24%
314	Turbogenerator Units	15,120,557	17.45%	13,446,641	17.40%	86,644,547	15,079,508	17.40%
315	Accessory Electric Equipment	6,354,301	7.33%	5,664,092	7.33%	86,644,547	6,351,904	7.33%
316	Misc. Power Plant Equipment	1,661,469	1.92%	1,507,218	1.95%	86,644,547	1,690,245	1.95%
Total		86,644,547	100.00%	77,262,294	100.00%	86,644,547	86,644,537	100.00%

Source: 2011 Depreciation Study, Statement C

As shown in column [F] of the Table 4, Account No. 311, Structures and Improvements, represents 20.07 percent of Big Stone's total *computed* reserve. The total *recorded* reserve of $86,644,547 is multiplied by this weight (20.07 percent) to obtain the redistributed reserve of $17,391,022 in column [H] (note that the percentages shown in column [I] are identical to the percentages shown in column [F]). Thus, the total recorded reserve for the Big Stone Plant is preserved while the individual accounts are rebalanced to align with the distribution of the computed reserves. All transmission accounts are treated as a single group; the total transmission plant depreciation reserve is redistributed across all of the transmission plant accounts. Distribution plant and general plant are treated in the same manner. Production plant depreciation reserves are grouped by production unit and redistributed separately (i.e. depreciation reserves for the Big Stone Plant are treated as one unique group, as shown in Table 4**,** while the depreciation reserves for Coyote Station are treated as a different unique group, etc.). As explained in OTP's response to Department Information Request No. 4, upon certification by the Commission, OTP books adjustments to its recorded depreciation reserves to set them equal to redistributed reserves.[14] OTP uses redistributed reserves in calculating annual depreciation rates for each account.

The Department sees no clear benefits to redistributing reserves in this manner.

In its responses to Department Information Requests Nos. 2 and 3, in which OTP was asked to explain certain aspects of its practice of redistributing depreciation reserves, OTP seems to assert that redistribution serves two purposes. First, OTP implies that redistribution works to correct the imbalance between total utility recorded depreciation reserves and total utility theoretical depreciation reserves. Second, OTP directly states that redistribution rebalances depreciation reserves to better align with estimated depreciation parameters (i.e. salvage rates, remaining lives, etc.) and increase depreciation rate stability.

In response to a Department Information Request in Docket No. E017/D-10-953, OTP's 2010 depreciation docket, OTP stated that:

[14] OTP's response to Department Information Request No. 4 is included with these Comments as Attachment No. 4.

> … the remaining life formula for computing depreciation expense continually considers and corrects any differences between [theoretical reserve and actual recorded reserve] by relying on the redistributed reserve ratio.[15]

Department Information Request No. 2 in this proceeding asked OTP to explain this statement further. Specifically, the Department asked OTP to explain why it relies on redistributed reserves, rather than actual reserves, which would also continually consider and correct for differences between theoretical and actual reserves. OTP stated the following:

> Otter Tail's reserve imbalance when comparing Recorded Reserve of $520,061,614 to the Theoretic Reserve of $491,785,682 as of December 31st, 2010 was $28,275,932 or 5.4%. This modest imbalance is partly attributable to Otter Tail's judicious exercise of redistributing reserves which it has done since 1993.[16]

In response to Department Information Request No. 3, in which OTP is asked to explain why it redistributes its reserves every year when the consultant that performs OTP's depreciation studies recommends redistributing only "periodically," OTP began its response by stating:

> Otter Tail notes that the reserve imbalance associated with the 2008 5 year Depreciation Study was 7.6%, then dropped to 6.6% in the 2009 Technical Update, dropping further to 5.4% in the 2010 Technical update where it remains with the 2011 Technical Update.[17]

Without directly stating so, both of these responses imply that OTP believes that redistributing reserves results in a decreasing reserve imbalance over time. Outside of these assertions, OTP offered no evidence to support the notion that redistributing reserves plays a role in determining the size of the reserve imbalance. The Department remains unconvinced that the decrease in OTP's reserve imbalance from 2008 to 2011 is not wholly attributable to OTP's use of the remaining life depreciation methodology.

OTP's response to Department Information Request No: 2, quoted above, further stated:

---

[15] See Department Information Request No. 2, included with these Comments as Attachment No. 5. This quote originally comes from OTP's response to Department Information Request No. 3 in Docket No. E017/D-10-953. The full, unedited text of that response can be found in the November 1, 2010 Comments of Nancy A. Campbell and Lerma La Plante of the same Docket.

[16] See OTP's response to Department Information Request No. 2, included with these Comments as Attachment No. 5.

[17] See OTP's response to Department Information Request No. 3, included with these Comments as Attachment No. 6.

> The purpose of rebalancing reserves is to realign excess and deficient reserves among primary accounts within a function to reduce offsetting reserve imbalances and enhance depreciation rate stability. **While it is true that remaining life accrual rates developed from recorded reserves will amortize reserve imbalances over estimated remaining service lives, rates developed from rebalanced reserves will shift imbalances among primary accounts and reduce the components of depreciation rates that are working against each other to achieve amortization of the imbalances [emphasis added].**
>
> Consider, for example, two plant accounts, one of which has an excess reserve resulting in a negative accrual rate and the other having a deficient reserve resulting in a high positive depreciation rate. Rebalancing reserves between the two accounts will likely produce two positive accrual rates better aligned with the parameters estimated for each account.

This portion of OTP's response refutes its assertion that redistribution reduces its overall reserve imbalance and supports the Department's opinion that OTP's use of remaining life depreciation is responsible for the reductions.

This portion of OTP's response also states and explains OTP's assertion that redistributing reserves achieves the result of rebalancing reserves such that they align better with estimated depreciation parameters. The Department understands and agrees that redistribution achieves this result but concludes that OTP has not explained why its redistribution approach is superior to maintaining imbalances in individual accounts. Moreover, OTP has not explained why it is reasonable to distort the facts about what is happening on OTP's system.

In OTP's example of two plant accounts, one with an excess reserve resulting in a negative accrual rate and one with a deficient reserve resulting in a high, positive accrual rate, the Department agrees that rebalancing reserves will likely produce two positive accrual rates that are better aligned with the parameters estimated for each account. However, the size of a particular account's depreciation reserve can be informative, and rebalancing these reserves as OTP suggests would obscure the fact that events occurred in the past that caused the reserves for each account to become imbalanced relative to the accounts' theoretical reserves. For example, a retirement that yielded an unexpectedly large salvage amount could lead to an excess reserve and a negative accrual rate. OTP's practice of rebalancing would hide that salvage experience. A significant decrease in estimated remaining life, on the other hand, could lead to a deficient reserve, and redistributing would obscure that a decrease took place in the past.

As far as the Department is aware, no other utility redistributes its reserves. It is the opinion of the Department that the only clear effect of OTP's practice of redistributing reserves is to create a layer of confusion on OTP's depreciation calculations. With no clear benefits to offset the cost

of losing this information, the Department recommends that OTP transition away from the practice of redistributing reserves.

The Department is aware that OTP began using this practice in 1993, during the 20-year hiatus between rate cases. This redistribution issue first was raised in the November 10, 2009 Comments of Department (f.k.a OES) Analyst Mark Johnson in Docket No. E017/D-09-1019. Mr. Johnson stated that "… the OES notes that Otter Tail's amortization of its reserve balance is a prospective adjustment that affects Otter Tail's proposed depreciation rates and does not retroactively adjust Otter Tail's recorded depreciation reserve…." OTP did not correct the Department's understanding of OTP's depreciation accounting in its Reply Comments in that Docket, but OTP's response to Department Information Request No. 4 in this Docket (see Department Attachment No. 4) states that OTP does, in fact, retroactively adjust Otter Tail's recorded depreciation reserve. The Department recommends that OTP respond in reply comments to the concerns raised in these Comments.

Because the Department recommends that OTP transition away from its redistribution practice on a going-forward basis, the Department does not recommend changes in OTP's proposed rates in this proceeding.

F. RESERVE RATIO ANALYSIS

The reserve ratios for the last six years are presented below:

Table 5
OTP's Historical Reserve Ratios
2005 – 2010
($)

Year	Plant Balance	Reserve Balance	Reserve Ratio	Change in Reserve	Ratio of Change in Reserve to Plant Balance
2010	1,292,628,727	520,061,614	40.23%	31,904,452	2.47%
2009	1,274,840,215	488,157,162	38.29%	24,253,038	1.90%
2008	1,168,268,304	463,904,124	39.71%	20,474,899	1.75%
2007	992,589,947	443,429,225	44.67%	12,328,624	1.24%
2006	896,117,018	431,100,601	48.11%	19,762,628	2.21%
2005	875,999,458	411,337,973	46.96%	12,796,484	1.46%

Source: OTP Depreciation Filings

As shown, approximately 40.23% of OTP's plant had been expensed as of December 31, 2010. The small increase in the reserve ratio from 2009 is partially attributable to the small, 1.40

percent increase in plant balance from 2009 to 2010. The ratio of change in reserve to plant balance is a rough approximation of OTP's overall depreciation rate.

G. RESERVE IMBALANCE

As stated above, the remaining life depreciation methodology continually considers and corrects for the reserve imbalance between recorded and computed reserves. In other words, OTP's calculation of its annual depreciation expense implicitly includes an amortization of its reserve imbalance. Department Information Request No. 5 asked OTP to estimate the annual amortization of its reserve imbalance implicitly included in the depreciation rates proposed in the instant proceeding. In its response, OTP stated:

> A proportionate amount of the measured reserve imbalance of $28,275,932 will be amortized as part of depreciation expenses over the composite weighted-average remaining life of each rate category using the remaining life depreciation rates. These depreciation rates utilizing the remaining life formula incorporate an annual "amortization" of $1,620,435. Of this, Minnesota's portion is approximately $778,739.[18]

H. EFFECTIVE DATE FOR PROPOSED DEPRECIATION RATES

OTP requested that the depreciation parameters and rates proposed in its 2011 Depreciation Study, upon certification by the Commission, become effective January 1, 2012. This effective date is consistent with Commission Orders in OTP's previous depreciation dockets; the Department concludes that it is reasonable in this proceeding.

III. RECOMMENDATIONS

Based on our review of OTP's 2011 Depreciation Study, the Department recommends that the Commission:

- Certify the proposed service lives, proposed salvage values, and proposed depreciation rates from OTP's 2011 Depreciation Study;
- Require OTP to provide the comparison of its last rate case's short term peaking capacity costs to the peaking capacity costs of the new generators once OTP decides on the peaking option it will pursue;
- Require OTP to file its next annual depreciation study by September 1, 2012;
- Require OTP to file a five-year depreciation study by September 1, 2013;

[18] See OTP's response to Department Information Request No. 5, included with these Comments as Attachment No. 7.

- Require OTP to include in future depreciation filings a table comparing asset lives used for the purposes of the Company's resource planning with the remaining lives proposed in the depreciation filings, explaining any differences.

The Department further recommends that OTP address in reply comments the concerns of the Department described in these comments, including:

- The remaining lives of OTP's hydraulic generating units;
- The aspect of OTP's Generating Assets Remaining Life policy regarding the five-year separation in anticipated retirement dates of major generating units; and
- OTP's practice of redistributing depreciation reserves as it relates to the Company's overall reserve imbalance as well as the benefits of realigning reserves within property groups.

The Department concludes that the above information would assist the Commission in deciding issues in the instant proceeding and in other dockets for OTP.

/jl

OTTER TAIL POWER COMPANY
Docket No. E-017/D-11-886

Response to: Department of Energy Resources
Analyst: Craig Addonizio
Date Received: 9/19/2011
Date Due: 9/29/2011
Date of Response: 09/29/2011
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DER-010

Attachment No. 4 of OTP's 2011 Depreciation Study states that, for depreciation purposes, the retirement dates of OTP's hydraulic generating units are tied to the expiration date (May, 2021) of the FERC licenses for the six units on the Otter Tail River. Please explain whether OTP expects those licenses to be renewed and whether OTP expects to operate its hydraulic generating units beyond May, 2021.

Please also describe any recent engineering evaluations of OTP's hydraulic generating units and explain whether OTP has estimated retirement dates for the units that are not tied to FERC licenses. Please provide any recent reports, evaluations, analyses, internal memoranda, etc., conducted by OTP, or by other parties at the request of OTP, that support the estimated retirement dates.

RESPONSE:

The FERC licensing process was completed for the first time and the FERC Order Issuing License was dated December 5th, 1991. The process proved to be arduous and expensive. The company does anticipate initiating the license renewal process sometime before the current license expires in 2021, but cautions that any anticipated outcome of this process would be purely speculative at this time. Otter Tail does not have any estimated retirement dates for the units that are not tied to FERC licenses.

OTTER TAIL POWER COMPANY
Docket No. E-017/D-11-886

Response to: Department of Energy Resources
Analyst: Craig Addonizio
Date Received: 9/19/2011
Date Due: 9/29/2011
Date of Response: 09/29/2011
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DER-011

Statement C of OTP's 2011 Depreciation Study shows total Plant Investment at the Bemidji Hydraulic Production facility to be $979,052. Statement C of OTP's 2010 Depreciation Study shows Plant Investment at the Bemidji Hydraulic Production facility to be $628,971. Please describe the nature of the $350,081 in additions to plant at the Bemidji facility and, to the extent not addressed in Department Information Request No. 10, describe the impact of these additions on the Bemidji facility's estimated remaining life.

RESPONSE:

The expenditures detailed below were made to maintain structural integrity of the dam or to enhance safety at the site.

The company invested $129,855 in account 331 – Structures and Improvements which consisted of:

- Drain tile system on south side of power house - $81,603
- Catwalk and wall over trailrace - $17,477
- Concrete pad for crane parking, 30' x 18' x 12" thick w/ reinforced steel - $13,000
- Concrete pad, wall and hand rail for bulkhead storage - $9,939, and
- Steel landing and stairway inside power house building - $7,836

The company invested $208,098 in account 332 – Reservoirs, Dams & Waterway which consisted of:

- Right side wall enhancements – sheet pile, concrete, material & labor - $134,586
- Spill gate assembly - $66,815
- Center pier concrete reinforced steps - $6,697

The company invested $11,347 in account 333 – Water Wheels, Turbines and Generators which consisted of:

- Equipment guards for Unit 1 and unit 2 exciters, generators and associated equipment - $11,347

The company invested $1,070 in account 335 – Misc power Plant Equipment which consisted of:

- Boat, 2007 Tracker Guide Jon aluminum 12' long - $1,070

In addition the company retired $288 from account 335 – Misc power Plant Equipment which consisted of:

- A 1948 stove with a book value of $74, and
- A 1974 Boat with a book value of $214

These additions are necessary capital improvements to assist the company in meeting the current anticipated retirement date in 2021.

OTTER TAIL POWER COMPANY
Docket No. E-017/D-11-886

Response to: Department of Energy Resources
Analyst: Craig Addonizio
Date Received: 9/19/2011
Date Due: 9/29/2011
Date of Response: 09/29/2011
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DER-012

Please explain the changes in the average services lives (ASL) of property associated with the Bemidji Hydraulic Production Facility shown in Statement F. Specifically, please explain the decrease in ASL for Account 331 (to 13.13 years from 16.50 years), Account 332 (to 17.73 years from 31.49 years), and Account 335 (to 11.82 years from 50.29 years).

RESPONSE:

The reduction in average service lives for each of the three accounts is attributable to relatively large additions reported in 2010 for plant installed in 2009. The AYFR for Bemidji (based on the Hydro license) is 2021. Accordingly, a 2009 addition cannot have an average service life greater than 12 years. The composite average service lives derived in the 2011 update after recording relatively large additions in 2010 will exhibit a significant reduction from the average service life derived in the 2010 Technical Update.

.

OTTER TAIL POWER COMPANY
Docket No. E-017/D-11-886

Response to: Department of Energy Resources
Analyst: Craig Addonizio
Date Received: 9/19/2011
Date Due: 9/29/2011
Date of Response: 09/29/2011
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DER-004

It is the Department's understanding that reserves are redistributed only for the purpose of calculating depreciation rates, but that actual reserve balances are not adjusted on the books as a result of redistribution. Please confirm that the Department's understanding is correct.

If the Department's understanding is incorrect, please explain how the redistributed reserves are used using specific examples from OTP's 2011 Depreciation Study.

RESPONSE:

The Department's understanding is incorrect. Otter Tail does record the reserve redistribution on the company books. Upon receipt of the Depreciation Certification Order, the Company books the reserve redistribution adjustment. This is reflected in OTP's 2011 Depreciation Study and best illustrated in Statement H - Analysis of Depreciation Reserve for 2010. Column G "Other Credits (Debits)" contains the reserve redistribution adjustment along with other depreciation reserve adjustments that may occur throughout the year (like reserve transfers associated with asset transfers between accounts). Please note the column total is usually always $0.00, but individual accounts reflect either (debit) or credit adjustments.

For illustrative purposes Otter Tail has reconstructed this Column G, breaking out the booked reserve redistribution adjustment amount from the other depreciation reserve adjustments (see Attachment 1 to IR MN-DER-004). Otter Tail notes that the reserve redistribution adjustment was booked in November, 2010 after receiving the 2010 Depreciation Certification Order which was based on Book balances as of December 31st, 2009.

The benefits of booking the realignment of the depreciation reserve among primary accounts reduces offsetting reserve imbalances and increases depreciation rate stability.

OTTER TAIL POWER COMPANY
Docket No. E-017/D-11-886

Response to: Department of Energy Resources
Analyst: Craig Addonizio
Date Received: 9/19/2011
Date Due: 9/29/2011
Date of Response: 09/29/2011
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DER-002

OTP's response to OES Information Request No. 3 in Docket No. E017/D-10-953 (OTP's 2010 Annual Review of Depreciation Certification filing), states:

> ... the remaining life formula for computing depreciation expense continually considers and corrects any differences between [theoretical reserve and actual recorded reserve] by relying on the redistributed reserve ratio. In this way, the amortization of the difference is included in the depreciation rates. There is no separate amortization of the difference.

Please explain why Otter Tail Power Company relies on redistributed reserves, rather than actual reserves, which would also continually consider and correct for differences between theoretical and actual reserves.

RESPONSE:

Otter Tail's reserve imbalance when comparing the Recorded Reserve of $520,061,614 to the Theoretic Reserve of $491,785,682 as of December 31st, 2010 was $28,275,932 or 5.4%. This modest imbalance is partly attributable to Otter Tail's judicious exercise of redistributing reserves which it has done since 1993.

As stated in Attachment 1, page 5 of 45 of Otter Tail's 2011 Annual Depreciation Certification filing, the formula for calculating remaining life accrual rates is:

$$\frac{1.0 - \text{Reserve Ratio} - \text{Future Net Salvage Rate}}{\text{Remaining Life}}$$

The Reserve Ratio plays a very key role when computing annual remaining life accruals. The purpose of rebalancing reserves is to realign excess and deficient reserves among primary accounts within a function to reduce offsetting reserve imbalances and enhance depreciation rate stability. While it is true that remaining life accrual rates developed

from recorded reserves will amortize reserve imbalances over estimated remaining service lives, rates developed from rebalanced reserves will shift imbalances among primary accounts and reduce the components of depreciation rates that are working against each other to achieve amortization of the imbalances.

Consider, for example, two plant accounts, one of which has an excess reserve resulting in a negative accrual rate and the other having a deficient reserve resulting in a high positive depreciation rate. Rebalancing reserves between the two accounts will likely produce two positive accrual rates better aligned with the parameters estimated for each account.

OTTER TAIL POWER COMPANY
Docket No. E-017/D-11-886

Response to: Department of Energy Resources
Analyst: Craig Addonizio
Date Received: 9/19/2011
Date Due: 9/29/2011
Date of Response: 09/29/2011
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DER-003

Page 14 of OTP's 2008 Five Year Review of Depreciation Certification states that in response to differences between theoretical reserves and actual reserves:

> It is appropriate... and consistent with group depreciation theory to periodically redistribute or rebalance recorded reserves among the various primary accounts based upon the most recent estimates of retirement dispersion and net salvage rates.

Given that OTP redistributed its recorded reserves in the 2008, 2009, and 2010 depreciation studies, please explain why OTP felt it appropriate to do so again in the 2011 study. Please also quantify marginal effect on total depreciation expense of using redistributed reserves, rather than actual reserves.

RESPONSE:

.

Otter Tail notes that the reserve imbalance associated with the 2008 5 year Depreciation Study was 7.6%, then dropped to 6.6% in the 2009 Technical Update, dropping further to 5.4% in the 2010 Technical update where it remains with the 2011 Technical Update.

Page 14 of OTP's 2008 Five Year Review of Depreciation Certification further states that in response to differences between theoretical reserves and actual reserves:

> Offsetting reserve imbalances attributable to both the passage of time and parameter adjustments recommended in the current study should be realigned among primary accounts to reduce offsetting imbalances and increase depreciation rate stability.

This statement remains applicable with Technical Updates as well as with 5 Year Depreciation Studies. (See response to MN-DER-002).

The marginal effect of utilizing actual reserves rather than redistributed reserves to calculate the accrual rate is ($23,922) for the company in total. That is if the company used actual reserves, the depreciation expense would have decreased an additional $23,922. It should be noted, however, that accruals derived from rebalancing reserves can be either larger or smaller than accruals derived from actual reserves depending upon the magnitude and direction of imbalances shifted among primary accounts.

OTTER TAIL POWER COMPANY
Docket No. E-017/D-11-886

Response to: Department of Energy Resources
Analyst: Craig Addonizio
Date Received: 9/19/2011
Date Due: 9/29/2011
Date of Response: 09/29/2011
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DER-005

Referring to the amortization of the difference between theoretical reserve and recorded reserve, OTP's response to OES Information Request No. 3 in Docket No. E017/D-10-953 (OTP's 2010 Annual Review of Depreciation Certification filing), states:

> The depreciation rates using the remaining life formula incorporate an annual "amortization" of $1,439,523.

Please calculate and report the annual amortization amount implicitly included in the depreciation rates proposed in the instant proceeding.

RESPONSE:

A proportionate amount of the measured reserve imbalance of $28,275,932 will be amortized as part of depreciation expenses over the composite weighted-average remaining life of each rate category using the remaining life depreciation rates. These depreciation rates utilizing the remaining life formula incorporate an annual "amortization" of $1,620,435. Of this, Minnesota's portion is approximately $778,739.

Otter Tail Power Company's
2011 Minnesota Annual Review of Depreciation Certification Filing

Minnesota Docket No. E017/D-11-886

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)

August 31, 2011

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: Otter Tail Power Company
2011 Annual Review of Depreciation Certification
Docket No. E017/D-11-____

Dear Dr. Haar:

Otter Tail Power Company hereby submits its 2011 Annual Review of Depreciation Certification. Also enclosed is a Certificate of Service.

Please contact me at (218) 739-8659 or ldemmer@otpco.com if you have any questions.

Sincerely,

/s/ LOYAL K. DEMMER
Loyal K. Demmer, CMA
Depreciation Accountant

wao
Enclosures
By electronic filing
c: Service List

CERTIFICATE OF SERVICE

RE: **Otter Tail Power Company 2011 Annual Review of Depreciation Certification**
Docket No. E017/D-11-____

I, Wendi A. Olson, hereby certify that I have this day served a copy of the following, or a summary thereof, on Dr. Burl W. Haar and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class mail.

Otter Tail Power Company
2011 Annual Review of Depreciation Certification

Dated this **31st** day of **August**, **2011**.

/s/ WENDI A. OLSON
Wendi A. Olson
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8699

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Peter	Beithon	pbeithon@otpco.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Michael	Bradley	bradleym@moss-barnett.com	Moss & Barnett	4800 Wells Fargo Ctr 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Gary	Chesnut	gchesnut@agp.com	AG Processing Inc. a cooperative	12700 West Dodge Road PO Box 2047 Omaha, NE 681032047	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Loyal	Demmer	ldemmer@otpco.com	Otter Tail Power Co.	215 South Cascade Street PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Bruce	Gerhardson	bgerhardson@otpco.com	Otter Tail Corporation	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James D.	Larson		Avant Energy Services	200 S 6th St Ste 300 Minneapolis, MN 55402	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Robert S	Lee	RSL@MCMLAW.COM	Mackall Crounse & Moore Law Offices	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 554022859	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
John	Lindell	agorud.ecf@state.mn.us	Office of the Attorney General-RUD	900 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Andrew	Moratzka	apm@mcmlaw.com	Mackall, Crounse and Moore	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 55402	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Marcia	Podratz	mpodratz@mnpower.com	Minnesota Power	30 W Superior S Duluth, MN 55802	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	12 S 6th St Ste 1137 Minneapolis, MN 55402	Paper Service	No	GEN_SL_Otter Tail Power Company_2011 Annual Depreciation Filing

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Request for Approval of its 2011 Annual Review of Depreciation Certification	Docket No. E-017/D-11-_____

SUMMARY OF FILING

Please take notice that on August 31st, 2011, Otter Tail Power Company filed its 2011 Annual Review of Depreciation Certification with the Minnesota Public Utilities Commission. The study is being filed under Minnesota Rules Parts 7825.0700.

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Request for Approval of its 2011 Annual Review of Depreciation Certification

Docket No. E-017/D-11-____

PETITION OF OTTER TAIL POWER COMPANY

I. INTRODUCTION.

Pursuant to Minnesota Rules Part 7825.0700, Otter Tail Power Company, ("Otter Tail" or "the Company") hereby files for approval its 2011 Annual Review of Depreciation Certification. Otter Tail requests that the study be certified effective as of January 1, 2012.

II. GENERAL FILING INFORMATION.

Pursuant to Minnesota Rule 7829.1300, subp. 4, Otter Tail provides the following general information.

A. Name, Address, and Telephone Number of Utility.

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Bruce Gerhardson
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8475
bgerhardson@otpco.com

C. Date of Filing and Date Study Proposed to Take Effect.

The filing date is August 31, 2011, and Otter Tail requests approval as of January 1, 2012.

D. Controlling Law for the Filing.

Minnesota Statutes §§ 216B.08 and 216B.11, and Minnesota Rules Part 7825.0700 – 7825.0900 control the filing.

E. Title of Utility Employee Responsible for Filing.

Loyal K. Demmer, CMA
Depreciation Accountant
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8659
ldemmer@otpco.com

III. DESCRIPTION OF FILING.

The instant filing constitutes Otter Tail's 2011 Annual Review of Depreciation Certification. Otter Tail's last five-year comprehensive depreciation study was filed in 2008, Docket E017/D-08-1042, and approved by the Public Utilities Commission on June 1, 2009. The next five-year comprehensive depreciation study is due September 1, 2013. Annual depreciation certification filings are to be filed on or before September 1 each year in the interim.

The filing consists of four parts:

1. 2011 Technical Update prepared by Foster Associates, Inc., included as Attachment No. 1;

2. Proposed Remaining Lives and Salvage Percentages for Use in 2012, Attachment No. 2;

3. Supplemental Comments, Attachment No. 3;

4. Schedule and Narrative of Comparison with Most Recent Resource Plan, Attachment No. 4.

Statement B of Attachment No. 1 is a Comparison of Present and Proposed Accruals showing accruals of both total Company and the portion allocated to Minnesota rate base. Other statements in Attachment No. 1 provide the rest of the schedules required in an annual review of depreciation. Attachment No. 2 lists the property accounts for which the Company requests certification of the remaining lives and salvage percentages to be used in determining 2012 depreciation expense. Attachment No. 3, "Supplemental Comments," addresses additional information not included in Attachment No. 1 - primarily comments related to long-term depreciation planning issues, and Attachment No. 4 provides a schedule and narrative explaining any differences between remaining life petition and most recent resource plan filing.

IV. MISCELLANEOUS INFORMATION.

A. Pursuant to Minnesota Rule 7829.0700, Otter Tail Requests that the Following Persons be Placed on the Commission's Official Service List for this Proceeding:

Loyal K. Demmer, CMA
Depreciation Accountant
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
ldemmer@otpco.com

B. Service on Other Parties.

Otter Tail has served a copy of this filing on the Division of Energy Resources and the Office of Attorney General, Residential Utilities Division, and a summary of the filing on all parties on the attached general service list.

C. Summary of Filing.

A one-paragraph summary of the Petition is attached.

V. CONCLUSION.

Otter Tail respectfully requests that the Commission approve the enclosed annual review of depreciation certification, to be effective as of January 1, 2012.

Dated: August 31, 2011

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ LOYAL K. DEMMER

Loyal K. Demmer, CMA
Depreciation Accountant
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8659
ldemmer@otpco.com

2011 Technical Update

OTTER TAIL POWER COMPANY

foster associates

CONTENTS

EXECUTIVE SUMMARY

INTRODUCTION

This report presents the findings and recommendations developed in a 2011 Technical Update of depreciation rates for Otter Tail Power Company prepared by Foster Associates, Inc. The parameters (*i.e.*, projection curves, projection lives and future net salvage rates) used in the update were developed in the Company's 2008 Depreciation Study based on December 31, 2007 plant and reserve balances. Age distributions of surviving plant on December 31, 2010 were used in the 2011 update to derive composite service life statistics and theoretical depreciation reserves.

The purpose of a technical update is to adjust depreciation rates for changes in the variables associated with a remaining life accrual rate. The variables for an account include the age distribution of surviving plant, the recorded depreciation reserve and the average net salvage rate used in the calculation of a theoretical reserve. A technical update retains the parameters developed and/or approved in the most recent full depreciation study and adjusts depreciation rates for subsequent changes in plant, reserves and realized net salvage activity.

The principal findings from this review are summarized in the attached statements. Statement A provides a comparative summary of current and proposed annual depreciation rates for each rate category. Statement B provides a comparison of current and proposed annual depreciation accruals. Statement C provides a comparison of the computed and redistributed depreciation reserve for each rate category. Statement D provides a summary of the components used to obtain a weighted-average net salvage rate for each plant account. Statement E provides a computation of the estimated future net salvage rate for steam and other production facilities. Statement F provides a comparative summary of current and proposed parameters and statistics including projection life, projection curve, average service life, average remaining life, and average and future net salvage rates.

SCOPE OF STUDY

The principal activities undertaken in the course of conducting the 2011 Technical Update included:

- Collection of plant and net salvage data;
- Reconciliation of data to the official records of the Company;
- Development of continuity schedules;
- Computation of average net salvage rates; and
- Development of adjusted accrual rates for each rate category.

Accrual rates currently used by the Company were developed from parameters certified in Docket No. E017/D–10–953 (Order Dated December 3, 2010). Depreciation accruals and reserve activity recorded in 2010 was posted to Decem-

ber 31, 2009 reserves to obtain appropriate reserve ratios for the 2011 Technical Update.

PROPOSED DEPRECIATION RATES

Table 1 provides a summary of the changes in annual rates and accruals resulting from the 2011 Technical Update. Rates proposed for each primary account (with the exception of amortization accounts) have been developed including authorized allowances for net salvage.

	Accrual Rate			2011 Annualized Accrual		
Function	Current	Proposed	Difference	Current	Proposed	Difference
A	B	C	D=C-B	E	F	G=F-E
Production						
Steam	2.93%	2.79%	-0.14%	$10,054,493	$9,566,008	($488,485)
Hydraulic	4.27%	4.69%	0.42%	175,119	192,460	17,341
Other	3.91%	3.90%	-0.01%	11,999,919	11,984,204	(15,715)
Transmission	1.96%	1.95%	-0.01%	4,267,963	4,244,866	(23,097)
Distribution	2.73%	2.74%	0.01%	10,151,041	10,184,833	33,792
General Plant	4.88%	4.88%	0.00%	2,377,996	2,378,654	658
Total Utility	3.02%	2.98%	-0.04%	$39,026,531	$38,551,025	($475,506)

Table 1. Current and Proposed Rates and Accruals

Adjustments developed in the technical update produce a composite depreciation rate of 2.98 percent. Depreciation expense is currently accrued at an equivalent rate of 3.02 percent. The recommended change in the composite depreciation rate is, therefore, a reduction of 0.04 percentage points.

A continued application of rates derived from currently approved parameters would produce annual depreciation expense of $39,026,531 compared with an annual expense of $38,551,025 using the rates developed in the update. The relatively small expense reduction of $475,506 is generally attributable to a change in the mix of plant investments among primary accounts and changes in the age distributions of surviving plant. The portion of the reduction allocated to the Minnesota jurisdiction is $238,525.

STATEMENTS

INTRODUCTION

This section provides a comparative summary of depreciation rates, annual depreciation accruals, recorded and computed depreciation reserves, and current and proposed service life and net salvage parameters for Otter Tail Power Company. The content of these statements is briefly described below.

- Statement A provides a comparative summary of current and proposed annual depreciation rates for calendar year 2011 using the straight-line method, vintage group procedure, remaining-life technique.
- Statement B provides a comparison of the current and proposed annualized depreciation accruals for calendar year 2011 based upon the rates developed in Statement A.
- Statement C provides a comparison of recorded and computed reserves for each rate category and sets forth the computations used to redistribute recorded reserves among primary plant accounts.
- Statement D provides a summary of the components used to obtain a weighted average net salvage rate for each rate category.
- Statement E provides a computation of the estimated future net salvage rate for steam and other production facilities.
- Statement F provides a comparative summary of current and proposed parameters including projection life, projection curve and future net salvage rates. The statement also contains current and proposed statistics including average service life, average remaining life, and average net salvage rates.

Current depreciation accruals shown on Statement B are the product of the plant investment (Column B) and the current depreciation rates (Column D) shown on Statement A. Similarly, the proposed depreciation accruals shown on Statement B are the product of the plant investment and the proposed depreciation rates (Column H) shown on Statement A. The proposed remaining life accrual rates are given by:

$$\text{Accrual Rate} = \frac{1.0 - \text{Reserve Ratio} - \text{Future Net Salvage Rate}}{\text{Remaining Life}}.$$

Minnesota State Agency Rules 7825.0700, Subpart 1 provide that each utility shall file the following schedules (for each year since the last certification) in the form prescribed by the Commission.

1. Plant in service (by primary account):
   a) Beginning and ending plant balances;
   b) Additions and retirements; and
   c) Adjustments and transfers.
2. Analysis of depreciation reserve (by primary account):
   a) Beginning and ending reserve balances;
   b) Depreciation accruals and plant retirements;
   c) Cost of removal and gross salvage value; and
   d) Transfers, adjustments and other debits (credits).
3. Summary of annual depreciation accruals (by primary account):
   a) Plant balance;
   b) Estimated net salvage;
   c) Depreciation reserve;
   d) Probable service life; and
   e) Depreciation accrual and rate.

While the Agency rules do not require submission of continuity schedules in a technical update, this section includes the following statements which set forth the above information for calendar year 2010:

1. Statement G – Plant Activity;
2. Statement H – Analysis of Depreciation Reserve; and
3. Statement I – Summary of Annual Depreciation Accruals.

Minnesota State Agency Rules 7825.0700, Subpart 2-B provide that each utility shall disclose a list of any major future additions or retirements to the plant accounts that the utility believes may have a material effect on the current certification results. Any future additions or retirements that would materially affect the current certification results are discussed in the Company's application.

OTTER TAIL POWER COMPANY

Statement A

Comparison of Current and Proposed Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	16.94	-7.0%	2.12%	16.94	-7.1%	72.75%	2.03%
312.00 Boiler Plant Equipment	15.46	-7.4%	3.11%	15.55	-7.5%	61.99%	2.96%
314.00 Turbogenerator Units	15.82	-7.8%	3.31%	15.84	-8.0%	58.20%	3.14%
315.00 Accessory Electric Equipment	17.20	-7.1%	2.40%	17.22	-7.2%	67.57%	2.28%
316.00 Miscellaneous Power Plant Equipment	15.31	-7.7%	3.43%	15.26	-7.9%	57.83%	3.29%
Total Steam Production Plant			2.93%	15.88	-7.5%	63.53%	2.79%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	11.32		4.34%	10.36		45.24%	5.29%
332.00 Reservoirs, Dams and Waterways	11.33		3.38%	10.36		58.73%	3.98%
333.00 Water Wheels, Turbines & Generators	11.33		5.67%	10.36		39.25%	5.86%
334.00 Accessory Electric Equipment	11.33		4.86%	10.36		49.35%	4.89%
335.00 Miscellaneous Power Plant Equipment	11.33		3.50%	10.36		63.09%	3.56%
Total Hydraulic Production Plant			4.27%	10.36		51.36%	4.69%
OTHER PRODUCTION							
341.00 Structures and Improvements	24.14		3.63%	23.27		15.59%	3.63%
342.00 Fuel Holders and Accessories	21.91		2.70%	21.37		42.34%	2.62%
343.00 Prime Movers	21.93		2.83%	21.42		39.70%	2.76%
344.00 Generators	23.52		4.07%	22.48		8.38%	4.07%
345.00 Accessory Electric Equipment	23.02		3.96%	22.41		11.21%	3.96%
346.00 Miscellaneous Power Plant Equipment	21.89		3.27%	20.70		31.41%	3.28%
Total Other Production Plant			3.91%	22.42	0.0%	12.28%	3.90%
TRANSMISSION PLANT							
353.00 Station Equipment	49.85	-5.0%	1.63%	49.54	-5.0%	24.02%	1.63%
354.00 Towers and Fixtures	40.89	-10.0%	1.54%	39.89	-10.0%	48.88%	1.53%
355.00 Poles and Fixtures	47.32	-50.0%	2.19%	46.81	-50.0%	48.25%	2.17%
356.00 Overhead Conductors and Devices	42.66	-30.0%	2.04%	42.18	-30.0%	44.21%	2.03%
358.00 Underground Conductors and Devices	7.37	-5.0%	2.58%	6.92	-5.0%	87.67%	2.50%
Total Transmission Plant			1.96%	45.99	-29.2%	39.69%	1.95%
DISTRIBUTION PLANT							
362.00 Station Equipment	28.28	5.0%	2.34%	28.38	5.0%	28.72%	2.34%
364.00 Poles, Towers and Fixtures	46.65	-75.0%	2.64%	46.33	-75.0%	52.82%	2.64%
365.00 Overhead Conductors and Devices	39.67	-100.0%	3.22%	39.22	-100.0%	74.16%	3.21%
367.00 Underground Conductors and Devices	20.98	-5.0%	2.87%	20.59	-5.0%	45.57%	2.89%
368.00 Line Transformers	23.97	50.0%	1.48%	24.16	50.0%	14.55%	1.47%
369.00 Overhead Services	30.39	-150.0%	4.82%	29.73	-150.0%	106.28%	4.83%
369.10 Underground Services	31.93	-20.0%	2.60%	31.46	-20.0%	38.03%	2.61%
370.00 Meters	22.05		2.79%	21.97		35.60%	2.93%
370.10 Load Management Switches	10.34		6.46%	9.44		39.20%	6.44%
370.20 Interruption Monitors	← 5 Year Amortization →			← 5 Year Amortization →			
371.20 Other Private Lighting	16.43	10.0%	3.92%	16.25	10.0%	26.16%	3.93%
373.00 Street Lighting and Signal Systems	10.11	-5.0%	5.31%	9.96	-5.0%	51.96%	5.33%
Total Distribution Plant			2.73%	26.39	-21.6%	42.33%	2.74%

OTTER TAIL POWER COMPANY

Statement A

Comparison of Current and Proposed Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

		Current			Proposed			
	Account Description	Rem. Life	Fut. Net Salvage	Accrual Rate	Rem. Life	Fut. Net Salvage	Reserve Ratio	Accrual Rate
	A	B	C	D	E	F	G	H
GENERAL PLANT								
	Depreciable							
390.00	Structures and Improvements	37.09	10.0%	1.86%	36.49	10.0%	22.23%	1.86%
390.10	General Office Buildings	19.95	-5.0%	3.32%	19.00	-5.0%	41.76%	3.33%
390.20	Fleet Service Center Building	15.18	-5.0%	3.64%	14.22	-5.0%	52.83%	3.67%
390.30	Central Stores Building	24.62	-5.0%	2.47%	23.69	-5.0%	46.50%	2.47%
396.00	Power Operated Equipment	16.45	5.0%	3.91%	16.73	5.0%	30.44%	3.86%
397.40	Communication Towers	15.30	5.0%	3.71%	14.53	5.0%	40.89%	3.72%
	Total Depreciable			2.37%	28.47	4.8%	30.50%	2.37%
	Amortizable							
391.00	Office Furniture	← 15 Year Amortization →			← 15 Year Amortization →			
391.10	Office Equipment	← 10 Year Amortization →			← 10 Year Amortization →			
391.20	Duplicating Equipment	← 10 Year Amortization →			← 10 Year Amortization →			
391.50	Computer Systems	← 5 Year Amortization →			← 5 Year Amortization →			
391.60	Computer Related Equipment	← 5 Year Amortization →			← 5 Year Amortization →			
394.00	Tools, Shop and Garage Equipment	← 15 Year Amortization →			← 15 Year Amortization →			
394.20	Automated Meter Reading Equipment	← 15 Year Amortization →			← 15 Year Amortization →			
395.00	Laboratory Equipment	← 15 Year Amortization →			← 15 Year Amortization →			
397.00	Communication Equipment	← 15 Year Amortization →			← 15 Year Amortization →			
397.10	Radio Telecommunication Equipment	← 10 Year Amortization →			← 10 Year Amortization →			
397.20	Microwave Equipment	← 15 Year Amortization →			← 15 Year Amortization →			
397.30	Radio Load Control Equipment	← 10 Year Amortization →			← 10 Year Amortization →			
	Total Amortizable			9.57%	4.71		51.43%	9.57%
	Total General Plant			4.88%	11.51	3.1%	37.80%	4.88%
	TOTAL UTILITY			3.02%	23.06	-13.0%	40.23%	2.98%
STEAM PRODUCTION								
Big Stone								
311.00	Structures and Improvements	15.18	-9.0%	2.26%	15.18	-9.1%	76.62%	2.14%
312.00	Boiler Plant Equipment	15.19	-9.0%	3.14%	15.18	-9.1%	63.69%	2.99%
314.00	Turbogenerator Units	15.19	-9.0%	3.80%	15.19	-9.1%	54.60%	3.59%
315.00	Accessory Electric Equipment	15.18	-9.0%	2.43%	15.18	-9.1%	74.56%	2.28%
316.00	Miscellaneous Power Plant Equipment	15.19	-8.8%	3.18%	15.19	-8.9%	63.33%	3.00%
	Total Big Stone			3.08%	15.18	-9.1%	64.69%	2.92%
Hoot Lake Units 2 and 3								
311.00	Structures and Improvements	10.35	-10.8%	2.37%	10.35	-11.2%	86.97%	2.34%
312.00	Boiler Plant Equipment	10.36	-10.8%	5.25%	10.36	-11.2%	60.17%	4.93%
314.00	Turbogenerator Units	10.35	-10.8%	2.98%	10.35	-11.2%	82.26%	2.80%
315.00	Accessory Electric Equipment	10.35	-10.8%	1.79%	10.35	-11.2%	93.86%	1.68%
316.00	Miscellaneous Power Plant Equipment	10.36	-10.6%	5.17%	10.36	-11.1%	58.68%	5.06%
	Total Hoot Lake Units 2 and 3			4.33%	10.36	-11.2%	68.99%	4.08%
Coyote								
311.00	Structures and Improvements	19.94	-4.8%	1.97%	19.94	-4.9%	67.23%	1.89%
312.00	Boiler Plant Equipment	19.94	-4.8%	2.28%	19.94	-4.9%	61.30%	2.19%
314.00	Turbogenerator Units	19.95	-4.8%	2.84%	19.95	-4.9%	50.68%	2.72%
315.00	Accessory Electric Equipment	19.95	-4.8%	2.51%	19.95	-4.9%	56.76%	2.41%
316.00	Miscellaneous Power Plant Equipment	19.95	-4.6%	2.86%	19.95	-4.6%	49.29%	2.77%
	Total Coyote			2.32%	19.94	-4.9%	60.62%	2.22%

OTTER TAIL POWER COMPANY

Statement A

Comparison of Current and Proposed Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
HYDRAULIC PRODUCTION							
Hoot Lake							
331.00 Structures and Improvements	11.31		0.26%	10.34		97.19%	0.27%
332.00 Reservoirs, Dams and Waterways	11.31		0.19%	10.34		97.87%	0.21%
333.00 Water Wheels, Turbines & Generators	11.32		1.58%	10.35		83.76%	1.57%
334.00 Accessory Electric Equipment	11.33		2.18%	10.35		77.77%	2.15%
335.00 Miscellaneous Power Plant Equipment							
Total Hoot Lake			0.67%	10.34		93.02%	0.68%
Wright							
331.00 Structures and Improvements	11.33		3.27%	10.35		65.76%	3.31%
332.00 Reservoirs, Dams and Waterways	11.33		4.88%	10.36		49.21%	4.90%
333.00 Water Wheels, Turbines & Generators	11.33		5.35%	10.36		44.37%	5.37%
334.00 Accessory Electric Equipment	11.33		5.66%	10.36		41.20%	5.68%
335.00 Miscellaneous Power Plant Equipment	11.33		3.12%	10.35		67.35%	3.15%
Total Wright			5.04%	10.36		47.58%	5.06%
Pisgah							
331.00 Structures and Improvements	11.32		2.62%	10.35		72.51%	2.66%
332.00 Reservoirs, Dams and Waterways	11.32		1.95%	10.35		79.36%	1.99%
333.00 Water Wheels, Turbines & Generators	11.33		7.29%	10.36		24.36%	7.30%
334.00 Accessory Electric Equipment	11.33		5.57%	10.36		42.05%	5.59%
335.00 Miscellaneous Power Plant Equipment	11.33		3.42%	10.36		64.20%	3.46%
Total Pisgah			5.07%	10.36		47.19%	5.10%
Dayton Hollow							
331.00 Structures and Improvements	11.32		2.53%	10.35		73.44%	2.57%
332.00 Reservoirs, Dams and Waterways	11.33		4.56%	10.36		51.03%	4.73%
333.00 Water Wheels, Turbines & Generators	11.33		7.38%	10.36		23.05%	7.43%
334.00 Accessory Electric Equipment	11.33		4.54%	10.36		52.52%	4.58%
335.00 Miscellaneous Power Plant Equipment	11.33		3.81%	10.36		60.17%	3.84%
Total Dayton Hollow			5.32%	10.36		43.75%	5.43%
Taplin Gorge							
331.00 Structures and Improvements	11.30		0.97%	10.34		89.74%	0.99%
332.00 Reservoirs, Dams and Waterways	11.32		2.12%	10.35		77.93%	2.13%
333.00 Water Wheels, Turbines & Generators	11.30		0.83%	10.33		91.12%	0.86%
334.00 Accessory Electric Equipment	11.33		3.51%	10.36		63.62%	3.51%
335.00 Miscellaneous Power Plant Equipment	11.33		3.83%	10.36		60.35%	3.83%
Total Taplin Gorge			2.35%	10.35		75.53%	2.36%
Bemidji							
331.00 Structures and Improvements	11.33		6.56%	10.36		15.80%	8.13%
332.00 Reservoirs, Dams and Waterways	11.33		4.20%	10.36		31.17%	6.64%
333.00 Water Wheels, Turbines & Generators	11.33		5.39%	10.36		38.00%	5.98%
334.00 Accessory Electric Equipment	11.31		2.78%	10.34		63.77%	3.50%
335.00 Miscellaneous Power Plant Equipment	11.32		3.39%	10.36		5.64%	9.11%
Total Bemidji			5.07%	10.36		30.50%	6.71%

OTTER TAIL POWER COMPANY Statement A

Comparison of Current and Proposed Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
OTHER PRODUCTION							
Jamestown							
341.00 Structures and Improvements	10.35	-0.6%	2.82%	10.35	-0.6%	74.16%	2.56%
342.00 Fuel Holders and Accessories	10.35	-0.6%	2.61%	10.35	-0.6%	76.15%	2.36%
343.00 Prime Movers	10.35	-0.6%	2.84%	10.35	-0.6%	73.99%	2.57%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-0.6%	2.83%	10.36	-0.6%	73.89%	2.58%
346.00 Miscellaneous Power Plant Equipment	10.36	-0.6%	4.30%	10.36	-0.6%	55.17%	4.38%
Total Jamestown			2.86%	10.35	-0.6%	73.80%	2.59%
Jamestown Unit 1							
341.00 Structures and Improvements	10.35	-0.6%	2.73%	10.35	-0.6%	75.08%	2.47%
342.00 Fuel Holders and Accessories	10.35	-0.6%	2.47%	10.35	-0.6%	77.74%	2.21%
343.00 Prime Movers	10.36	-0.6%	3.31%	10.35	-0.6%	69.58%	3.00%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-0.6%	2.02%	10.35	-0.6%	82.17%	1.78%
346.00 Miscellaneous Power Plant Equipment	10.36	-0.6%	4.95%	10.36	-0.6%	47.31%	5.14%
Total Jamestown Unit 1			3.25%	10.35	-0.6%	70.03%	2.96%
Jamestown Unit 2							
341.00 Structures and Improvements	10.36	-0.6%	4.30%	10.36	-0.6%	59.51%	3.97%
342.00 Fuel Holders and Accessories	10.35	-0.6%	3.37%	10.35	-0.6%	67.32%	3.22%
343.00 Prime Movers	10.35	-0.6%	2.49%	10.35	-0.6%	77.33%	2.25%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-0.6%	3.29%	10.36	-0.6%	69.25%	3.03%
346.00 Miscellaneous Power Plant Equipment	10.35	-0.6%	2.51%	10.35	-0.6%	77.00%	2.28%
Total Jamestown Unit 2			2.51%	10.35	-0.6%	77.09%	2.27%
Lake Preston							
341.00 Structures and Improvements	10.35	-0.9%	1.97%	10.35	-0.9%	82.56%	1.77%
342.00 Fuel Holders and Accessories	10.35	-0.9%	1.98%	10.35	-0.9%	82.45%	1.78%
343.00 Prime Movers	10.35	-0.9%	2.27%	10.35	-0.9%	79.44%	2.07%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-0.9%	2.06%	10.35	-0.9%	81.70%	1.86%
346.00 Miscellaneous Power Plant Equipment	10.35	-0.9%	1.98%	10.35	-0.9%	82.53%	1.77%
Total Lake Preston			2.21%	10.35	-0.9%	80.03%	2.01%
Ashtabula Wind Generation							
341.00 Structures and Improvements	23.50		4.07%	22.50		8.20%	4.08%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	23.50		4.07%	22.50		8.20%	4.08%
345.00 Accessory Electric Equipment	23.50		4.07%	22.50		8.20%	4.08%
346.00 Miscellaneous Power Plant Equipment							
Total Ashtabula Wind Generation			4.07%	22.50		8.20%	4.08%
Langdon Wind Generation							
341.00 Structures and Improvements	22.50		4.10%	21.50		11.76%	4.10%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	22.50		4.10%	21.50		11.76%	4.10%
345.00 Accessory Electric Equipment	22.50		4.10%	21.50		11.76%	4.10%
346.00 Miscellaneous Power Plant Equipment							
Total Langdon Wind Generation			4.10%	21.50		11.76%	4.10%

OTTER TAIL POWER COMPANY

Statement A

Comparison of Current and Proposed Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
Luverne Wind Generation							
341.00 Structures and Improvements			4.04%	23.50		5.12%	4.04%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	24.50		4.04%	23.50		5.12%	4.04%
345.00 Accessory Electric Equipment			4.04%	23.50		5.12%	4.04%
346.00 Miscellaneous Power Plant Equipment							
Total Luverne Wind Generation			4.04%	23.50		5.12%	4.04%
Solway Combustion Turbine							
341.00 Structures and Improvements	27.47	-0.1%	2.92%	26.54	-0.1%	22.72%	2.92%
342.00 Fuel Holders and Accessories	27.47	-0.1%	2.94%	26.54	-0.1%	22.12%	2.94%
343.00 Prime Movers	27.47	-0.1%	2.91%	26.54	-0.1%	22.81%	2.91%
344.00 Generators							
345.00 Accessory Electric Equipment	27.47	-0.1%	2.91%	26.54	-0.1%	22.88%	2.91%
346.00 Miscellaneous Power Plant Equipment	27.47	-0.1%	3.02%	26.54	-0.1%	20.08%	3.02%
Total Solway Combustion Turbine			2.91%	26.54	-0.1%	22.75%	2.91%
Fergus Falls Control Center							
341.00 Structures and Improvements							
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	19.96		3.04%	19.01		42.27%	3.04%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center			3.04%	19.01		42.27%	3.04%

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
311.00 Structures and Improvements	$ 60,471,083	0.49842336	$ 1,281,510	$ 638,735	$ 1,227,104	$ 611,617	$ (54,406)	$ (27,118)
312.00 Boiler Plant Equipment	195,848,589	0.49842336	6,096,807	3,038,791	5,798,981	2,890,348	(297,826)	(148,443)
314.00 Turbogenerator Units	59,108,053	0.49842336	1,958,725	976,274	1,856,546	925,346	(102,179)	(50,928)
315.00 Accessory Electric Equipment	22,070,636	0.49842336	530,277	264,302	503,712	251,062	(26,565)	(13,240)
316.00 Miscellaneous Power Plant Equipment	5,460,488	0.49842336	187,174	93,292	179,665	89,549	(7,509)	(3,743)
Total Steam Production Plant	$ 342,958,849		$ 10,054,493	$ 5,011,394	$ 9,566,008	$ 4,767,922	$ (488,485)	$ (243,472)
HYDRAULIC PRODUCTION								
331.00 Structures and Improvements	$ 335,799	0.49842336	$ 14,588	$ 7,271	$ 17,757	$ 8,849	$ 3,169	$ 1,578
332.00 Reservoirs, Dams and Waterways	1,959,148	0.49842336	66,232	33,011	78,049	38,902	11,817	5,891
333.00 Water Wheels, Turbines & Generators	1,067,509	0.49842336	60,491	30,150	62,584	31,194	2,093	1,044
334.00 Accessory Electric Equipment	588,497	0.49842336	28,599	14,255	28,772	14,341	173	86
335.00 Miscellaneous Power Plant Equipment	148,675	0.49842336	5,209	2,596	5,298	2,640	89	44
Total Hydraulic Production Plant	$ 4,099,628		$ 175,119	$ 87,283	$ 192,460	$ 95,926	$ 17,341	$ 8,643
OTHER PRODUCTION								
341.00 Structures and Improvements	$ 12,638,918	0.49842336	$ 459,027	$ 183,554	$ 458,319	$ 183,202	$ (708)	$ (352)
342.00 Fuel Holders and Accessories	1,547,234	0.49842336	41,787	20,828	40,594	20,233	(1,193)	(595)
343.00 Prime Movers	31,536,006	0.49842336	893,726	445,453	869,348	433,303	(24,378)	(12,150)
344.00 Generators	241,119,769	0.49842336	9,814,697	4,908,827	9,825,497	4,914,229	10,800	5,402
345.00 Accessory Electric Equipment	19,619,965	0.49842336	776,442	290,224	776,171	290,091	(271)	(133)
346.00 Miscellaneous Power Plant Equipment	435,505	0.49842336	14,240	7,097	14,275	7,115	35	18
Total Other Production Plant	$ 306,897,397		$ 11,999,919	$ 5,855,983	$ 11,984,204	$ 5,848,173	$ (15,715)	$ (7,810)
TRANSMISSION PLANT								
353.00 Station Equipment	$ 65,703,300	0.48158803	$ 1,070,964	$ 515,763	$ 1,070,964	$ 515,763	$ -	$ -
354.00 Towers and Fixtures	4,692,263	0.48158803	72,261	34,800	71,792	34,574	(469)	(226)
355.00 Poles and Fixtures	78,379,397	0.48158803	1,716,509	826,650	1,700,833	819,101	(15,676)	(7,549)
356.00 Overhead Conductors and Devices	68,938,932	0.48158803	1,406,354	677,283	1,399,460	673,963	(6,894)	(3,320)
358.00 Underground Conductors and Devices	72,672	0.48158803	1,875	903	1,817	875	(58)	(28)
Total Transmission Plant	$ 217,786,564		$ 4,267,963	$ 2,055,399	$ 4,244,866	$ 2,044,276	$ (23,097)	$ (11,123)
DISTRIBUTION PLANT								
362.00 Station Equipment	$ 58,892,512	0.44159716	$ 1,378,085	$ 608,558	$ 1,378,085	$ 608,558	$ -	$ -
364.00 Poles, Towers and Fixtures	61,123,990	0.44159716	1,613,673	712,593	1,613,673	712,593		
365.00 Overhead Conductors and Devices	44,422,348	0.44159716	1,430,400	631,661	1,425,957	629,699	(4,443)	(1,962)
367.00 Underground Conductors and Devices	58,084,549	0.44159716	1,667,027	736,154	1,678,643	741,284	11,616	5,130
368.00 Line Transformers	67,027,056	0.44159716	992,000	438,064	985,298	435,105	(6,702)	(2,959)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
369.00 Overhead Services	11,605,848	0.44159716	559,402	247,030	560,562	247,543	1,160	513
369.10 Underground Services	32,001,464	0.44159716	832,038	367,426	835,238	368,839	3,200	1,413
370.00 Meters	21,034,292	0.44159716	586,857	259,154	616,305	272,159	29,448	13,005
370.10 Load Management Switches	8,919,168	0.44159716	576,178	254,439	574,394	253,651	(1,784)	(788)
370.20 Interruption Monitors	608,006	0.44159716	121,601	53,699	121,601	53,699		
371.20 Other Private Lighting	3,913,151	0.44159716	153,396	67,739	153,787	67,912	391	173
373.00 Street Lighting and Signal Systems	4,527,015	0.44159716	240,384	106,153	241,290	106,553	906	400
Total Distribution Plant	$ 372,159,399		$ 10,151,041	$ 4,482,670	$ 10,184,833	$ 4,497,595	$ 33,792	$ 14,925
GENERAL PLANT								
Depreciable								
390.00 Structures and Improvements	$ 19,277,599	0.47414136	$ 358,563	$ 170,010	$ 358,563	$ 170,010	$ -	$ -
390.10 General Office Buildings	5,691,178	0.47414136	188,947	89,588	189,516	89,857	569	269
390.20 Fleet Service Center Building	789,744	0.47414136	28,747	13,630	28,984	13,743	237	113
390.30 Central Stores Building	3,894,885	0.47414136	96,204	45,614	96,204	45,614		
396.00 Power Operated Equipment	591,250	0.47414136	23,118	10,961	22,822	10,821	(296)	(140)
397.40 Communication Towers	1,486,753	0.47414136	55,159	26,153	55,307	26,223	148	70
Total Depreciable	$ 31,731,409		$ 750,738	$ 355,956	$ 751,396	$ 356,268	$ 658	$ 312
Amortizable								
391.00 Office Furniture	$ 2,091,614	0.47414136	$ 130,265	$ 61,764	$ 130,265	$ 61,764	$ -	$ -
391.10 Office Equipment	943,080	0.47414136	89,304	42,343	89,304	42,343		
391.20 Duplicating Equipment	1,030,494	0.47414136	84,260	39,951	84,260	39,951		
391.50 Computer Systems	2,422,266	0.47414136	439,741	208,499	439,741	208,499		
391.60 Computer Related Equipment	1,461,822	0.47414136	291,791	138,350	291,791	138,350		
394.00 Tools, Shop and Garage Equipment	3,009,657	0.47414136	191,123	90,619	191,123	90,619		
394.20 Automated Meter Reading Equipment	1,093,497	0.47414136	56,162	26,629	56,162	26,629		
395.00 Laboratory Equipment	80,100	0.47414136	3,276	1,553	3,276	1,553		
397.00 Communication Equipment	847,313	0.47414136	50,411	23,902	50,411	23,902		
397.10 Radio Telecommunication Equipment	959,571	0.47414136	82,814	39,266	82,814	39,266		
397.20 Microwave Equipment	2,897,529	0.47414136	192,257	91,157	192,257	91,157		
397.30 Radio Load Control Equipment	158,538	0.47414136	15,854	7,517	15,854	7,517		
Total Amortizable	$ 16,995,481		$ 1,627,258	$ 771,550	$ 1,627,258	$ 771,550	$ -	$ -
Total General Plant	$ 48,726,890		$ 2,377,996	$ 1,127,506	$ 2,378,654	$ 1,127,818	$ 658	$ 312
TOTAL UTILITY	$ 1,292,628,727		$ 39,026,531	$ 18,620,235	$ 38,551,025	$ 18,381,710	$ (475,506)	$ (238,525)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
Big Stone								
311.00 Structures and Improvements	$ 22,696,935	0.49842336	$ 512,951	$ 255,667	$ 485,714	$ 242,091	$ (27,237)	$ (13,576)
312.00 Boiler Plant Equipment	72,433,043	0.49842336	2,274,398	1,133,613	2,165,748	1,079,459	(108,650)	(54,154)
314.00 Turbogenerator Units	27,618,807	0.49842336	1,049,515	523,103	991,515	494,194	(58,000)	(28,909)
315.00 Accessory Electric Equipment	8,518,956	0.49842336	207,011	103,179	194,232	96,810	(12,779)	(6,369)
316.00 Miscellaneous Power Plant Equipment	2,668,752	0.49842336	84,866	42,299	80,063	39,905	(4,803)	(2,394)
Total Big Stone	$ 133,936,493		$ 4,128,741	$ 2,057,861	$ 3,917,272	$ 1,952,459	$ (211,469)	$ (105,402)
Hoot Lake Units 2 and 3								
311.00 Structures and Improvements	$ 6,102,018	0.49842336	$ 144,618	$ 72,081	$ 142,787	$ 71,168	$ (1,831)	$ (913)
312.00 Boiler Plant Equipment	33,957,397	0.49842336	1,782,763	888,571	1,674,100	834,411	(108,663)	(54,160)
314.00 Turbogenerator Units	10,653,344	0.49842336	317,470	158,234	298,294	148,677	(19,176)	(9,557)
315.00 Accessory Electric Equipment	2,344,617	0.49842336	41,969	20,918	39,390	19,633	(2,579)	(1,285)
316.00 Miscellaneous Power Plant Equipment	972,502	0.49842336	50,278	25,060	49,209	24,527	(1,069)	(533)
Total Hoot Lake Units 2 and 3	$ 54,029,878		$ 2,337,098	$ 1,164,864	$ 2,203,780	$ 1,098,416	$ (133,318)	$ (66,448)
Coyote								
311.00 Structures and Improvements	$ 31,672,130	0.49842336	$ 623,941	$ 310,987	$ 598,603	$ 298,358	$ (25,338)	$ (12,629)
312.00 Boiler Plant Equipment	89,458,149	0.49842336	2,039,646	1,016,607	1,959,133	976,478	(80,513)	(40,129)
314.00 Turbogenerator Units	20,835,902	0.49842336	591,740	294,937	566,737	282,475	(25,003)	(12,462)
315.00 Accessory Electric Equipment	11,207,063	0.49842336	281,297	140,205	270,090	134,619	(11,207)	(5,586)
316.00 Miscellaneous Power Plant Equipment	1,819,234	0.49842336	52,030	25,933	50,393	25,117	(1,637)	(816)
Total Coyote	$ 154,992,478		$ 3,588,654	$ 1,788,669	$ 3,444,956	$ 1,717,047	$ (143,698)	$ (71,622)
HYDRAULIC PRODUCTION								
Hoot Lake								
331.00 Structures and Improvements	$ 69,354	0.49842336	$ 180	$ 90	$ 187	$ 93	$ 7	$ 3
332.00 Reservoirs, Dams and Waterways	247,942	0.49842336	471	235	521	260	50	25
333.00 Water Wheels, Turbines & Generators	104,195	0.49842336	1,646	820	1,636	815	(10)	(5)
334.00 Accessory Electric Equipment	34,650	0.49842336	755	376	745	371	(10)	(5)
335.00 Miscellaneous Power Plant Equipment								
Total Hoot Lake	$ 456,141		$ 3,052	$ 1,521	$ 3,089	$ 1,539	$ 37	$ 18
Wright								
331.00 Structures and Improvements	$ 19,026	0.49842336	$ 622	$ 310	$ 630	$ 314	$ 8	$ 4
332.00 Reservoirs, Dams and Waterways	357,504	0.49842336	17,446	8,695	17,518	8,731	72	36
333.00 Water Wheels, Turbines & Generators	228,711	0.49842336	12,236	6,099	12,282	6,122	46	23
334.00 Accessory Electric Equipment	200,523	0.49842336	11,350	5,657	11,390	5,677	40	20
335.00 Miscellaneous Power Plant Equipment	54,714	0.49842336	1,707	851	1,723	859	16	8
Total Wright	$ 860,478		$ 43,361	$ 21,612	$ 43,543	$ 21,703	$ 182	$ 91

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Pisgah								
331.00 Structures and Improvements	$ 12,117	0.49842336	$ 317	$ 158	$ 322	$ 160	$ 5	$ 2
332.00 Reservoirs, Dams and Waterways	110,070	0.49842336	2,146	1,070	2,190	1,092	44	22
333.00 Water Wheels, Turbines & Generators	159,731	0.49842336	11,644	5,804	11,660	5,812	16	8
334.00 Accessory Electric Equipment	111,258	0.49842336	6,197	3,089	6,219	3,100	22	11
335.00 Miscellaneous Power Plant Equipment	21,820	0.49842336	746	372	755	376	9	4
Total Pisgah	$ 414,996		$ 21,050	$ 10,493	$ 21,146	$ 10,540	$ 96	$ 47
Dayton Hollow								
331.00 Structures and Improvements	$ 66	0.49842336	$ 2	$ 1	$ 2	$ 1	$ -	$ -
332.00 Reservoirs, Dams and Waterways	431,522	0.49842336	19,677	9,807	20,411	10,173	734	366
333.00 Water Wheels, Turbines & Generators	234,635	0.49842336	17,316	8,631	17,433	8,689	117	58
334.00 Accessory Electric Equipment	179,618	0.49842336	8,155	4,065	8,227	4,101	72	36
335.00 Miscellaneous Power Plant Equipment	8,354	0.49842336	318	158	321	160	3	2
Total Dayton Hollow	$ 854,195		$ 45,468	$ 22,662	$ 46,394	$ 23,124	$ 926	$ 462
Taplin Gorge								
331.00 Structures and Improvements	$ 35,140	0.49842336	$ 341	$ 170	$ 348	$ 173	$ 7	$ 3
332.00 Reservoirs, Dams and Waterways	366,191	0.49842336	7,763	3,869	7,800	3,888	37	19
333.00 Water Wheels, Turbines & Generators	15,110	0.49842336	125	62	130	65	5	3
334.00 Accessory Electric Equipment	55,608	0.49842336	1,952	973	1,952	973		
335.00 Miscellaneous Power Plant Equipment	62,717	0.49842336	2,402	1,197	2,402	1,197		
Total Taplin Gorge	$ 534,766		$ 12,583	$ 6,271	$ 12,632	$ 6,296	$ 49	$ 25
Bemidji								
331.00 Structures and Improvements	$ 200,096	0.49842336	$ 13,126	$ 6,542	$ 16,268	$ 8,108	$ 3,142	$ 1,566
332.00 Reservoirs, Dams and Waterways	445,919	0.49842336	18,729	9,335	29,609	14,758	10,880	5,423
333.00 Water Wheels, Turbines & Generators	325,127	0.49842336	17,524	8,734	19,443	9,691	1,919	957
334.00 Accessory Electric Equipment	6,840	0.49842336	190	95	239	119	49	24
335.00 Miscellaneous Power Plant Equipment	1,070	0.49842336	36	18	97	48	61	30
Total Bemidji	$ 979,052		$ 49,605	$ 24,724	$ 65,656	$ 32,724	$ 16,051	$ 8,000
OTHER PRODUCTION								
Jamestown								
341.00 Structures and Improvements	$ 244,252	0.49842336	$ 6,894	$ 3,437	$ 6,249	$ 3,115	$ (645)	$ (322)
342.00 Fuel Holders and Accessories	241,933	0.49842336	6,307	3,144	5,718	2,850	(589)	(294)
343.00 Prime Movers	6,674,855	0.49842336	189,798	94,599	171,764	85,611	(18,034)	(8,988)
344.00 Generators								
345.00 Accessory Electric Equipment	61,439	0.49842336	1,741	867	1,586	791	(155)	(76)
346.00 Miscellaneous Power Plant Equipment	102,176	0.49842336	4,398	2,192	4,479	2,233	81	41
Total Jamestown	$ 7,324,655		$ 209,138	$ 104,239	$ 189,796	$ 94,600	$ (19,342)	$ (9,639)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Jamestown Unit 1								
341.00 Structures and Improvements	$ 229,859	0.49842336	$ 6,275	$ 3,128	$ 5,678	$ 2,830	$ (597)	$ (298)
342.00 Fuel Holders and Accessories	205,164	0.49842336	5,068	2,526	4,534	2,260	(534)	(266)
343.00 Prime Movers	2,877,314	0.49842336	95,239	47,469	86,319	43,023	(8,920)	(4,446)
344.00 Generators								
345.00 Accessory Electric Equipment	22,080	0.49842336	446	222	393	196	(53)	(26)
346.00 Miscellaneous Power Plant Equipment	75,134	0.49842336	3,719	1,854	3,862	1,925	143	71
Total Jamestown Unit 1	$ 3,409,551		$ 110,747	$ 55,199	$ 100,786	$ 50,234	$ (9,961)	$ (4,965)
Jamestown Unit 2								
341.00 Structures and Improvements	$ 14,393	0.49842336	$ 619	$ 309	$ 571	$ 285	$ (48)	$ (24)
342.00 Fuel Holders and Accessories	36,769	0.49842336	1,239	618	1,184	590	(55)	(28)
343.00 Prime Movers	3,797,541	0.49842336	94,559	47,130	85,445	42,588	(9,114)	(4,542)
344.00 Generators								
345.00 Accessory Electric Equipment	39,359	0.49842336	1,295	645	1,193	595	(102)	(50)
346.00 Miscellaneous Power Plant Equipment	27,042	0.49842336	679	338	617	308	(62)	(30)
Total Jamestown Unit 2	$ 3,915,104		$ 98,391	$ 49,040	$ 89,010	$ 44,366	$ (9,381)	$ (4,674)
Lake Preston								
341.00 Structures and Improvements	$ 194,154	0.49842336	$ 3,825	$ 1,906	$ 3,437	$ 1,713	$ (388)	$ (193)
342.00 Fuel Holders and Accessories	301,705	0.49842336	5,974	2,978	5,370	2,677	(604)	(301)
343.00 Prime Movers	3,172,065	0.49842336	72,006	35,889	65,662	32,727	(6,344)	(3,162)
344.00 Generators								
345.00 Accessory Electric Equipment	369,280	0.49842336	7,607	3,792	6,869	3,424	(738)	(368)
346.00 Miscellaneous Power Plant Equipment	21,607	0.49842336	428	213	382	190	(46)	(23)
Total Lake Preston	$ 4,058,811		$ 89,840	$ 44,778	$ 81,720	$ 40,731	$ (8,120)	$ (4,047)
Ashtabula Wind Generation								
341.00 Structures and Improvements	$ 3,248,290	0.50015069	$ 132,205	$ 66,122	$ 132,530	$ 66,285	$ 325	$ 163
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	108,000,336	0.50015069	4,395,614	2,198,469	4,406,414	2,203,871	10,800	5,402
345.00 Accessory Electric Equipment	6,219,783	0.50015069	253,145	126,611	253,767	126,922	622	311
346.00 Miscellaneous Power Plant Equipment								
Total Ashtabula Wind Generation	$ 117,468,409		$ 4,780,964	$ 2,391,202	$ 4,792,711	$ 2,397,078	$ 11,747	$ 5,876

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Langdon Wind Generation								
341.00 Structures and Improvements	$ 2,484,069	0.50015069	$ 101,847	$ 50,939	$ 101,847	$ 50,939	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	68,429,649	0.50015069	2,805,616	1,403,231	2,805,616	1,403,231		
345.00 Accessory Electric Equipment	6,866,659	0.50015069	281,533	140,809	281,533	140,809		
346.00 Miscellaneous Power Plant Equipment								
Total Langdon Wind Generation	$ 77,780,377		$ 3,188,996	$ 1,594,979	$ 3,188,996	$ 1,594,979	$ -	$ -
Luverne Wind Generation								
341.00 Structures and Improvements	$ 2,266,581	0.50015069	$ 91,570	$ 45,799	$ 91,570	$ 45,799	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	64,689,784	0.50015069	2,613,467	1,307,127	2,613,467	1,307,127		
345.00 Accessory Electric Equipment	4,851,757	0.50015069	196,011	98,035	196,011	98,035		
346.00 Miscellaneous Power Plant Equipment								
Total Luverne Wind Generation	$ 71,808,122		$ 2,901,048	$ 1,450,961	$ 2,901,048	$ 1,450,961	$ -	$ -
Solway Combustion Turbine								
341.00 Structures and Improvements	$ 4,201,572	0.49842336	$ 122,686	$ 61,150	$ 122,686	$ 61,150	$ -	$ -
342.00 Fuel Holders and Accessories	1,003,596	0.49842336	29,506	14,706	29,506	14,706		
343.00 Prime Movers	21,097,449	0.49842336	613,936	306,000	613,936	306,000		
344.00 Generators								
345.00 Accessory Electric Equipment	1,251,047	0.49842336	36,405	18,145	36,405	18,145		
346.00 *Miscellaneous Power Plant Equipment*	311,722	0.49842336	9,414	4,692	9,414	4,692		
Total Solway Combustion Turbine	$ 27,865,386		$ 811,947	$ 404,693	$ 811,947	$ 404,693	$ -	$ -
Fergus Falls Control Center								
341.00 Structures and Improvements	$ -		$ -	$ -	$ -	$ -	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers	591,637	0.49842336	17,986	8,965	17,986	8,965		
344.00 Generators								
345.00 Accessory Electric Equipment								
346.00 Miscellaneous Power Plant Equipment								
Total Fergus Falls Control Center	$ 591,637		$ 17,986	$ 8,965	$ 17,986	$ 8,965	$ -	$ -

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2010

Statement C

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 60,471,083	$ 43,859,536	72.53%	$ 39,197,674	64.82%	$ 43,990,007	72.75%
312.00 Boiler Plant Equipment	195,848,589	121,413,576	61.99%	108,328,273	55.31%	121,402,715	61.99%
314.00 Turbogenerator Units	59,108,053	34,544,719	58.44%	30,795,125	52.10%	34,402,313	58.20%
315.00 Accessory Electric Equipment	22,070,636	14,937,650	67.68%	13,303,850	60.28%	14,914,178	67.57%
316.00 Miscellaneous Power Plant Equipment	5,460,488	3,111,435	56.98%	2,822,052	51.68%	3,157,704	57.83%
Total Steam Production Plant	$ 342,958,849	$217,866,917	63.53%	$194,446,974	56.70%	$217,866,917	63.53%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	$ 335,799	$ 142,634	42.48%	$ 151,013	44.97%	$ 151,903	45.24%
332.00 Reservoirs, Dams and Waterways	1,959,148	1,141,854	58.28%	1,164,002	59.41%	1,150,562	58.73%
333.00 Water Wheels, Turbines & Generators	1,067,509	434,956	40.74%	450,793	42.23%	419,035	39.25%
334.00 Accessory Electric Equipment	588,497	292,827	49.76%	293,148	49.81%	290,420	49.35%
335.00 Miscellaneous Power Plant Equipment	148,675	93,445	62.85%	92,739	62.38%	93,796	63.09%
Total Hydraulic Production Plant	$ 4,099,628	$ 2,105,715	51.36%	$ 2,151,694	52.49%	$ 2,105,715	51.36%
OTHER PRODUCTION							
341.00 Structures and Improvements	$ 12,638,918	$ 1,970,497	15.59%	$ 1,996,661	15.80%	$ 1,970,848	15.59%
342.00 Fuel Holders and Accessories	1,547,234	655,124	42.34%	602,428	38.94%	655,022	42.34%
343.00 Prime Movers	31,536,006	12,518,879	39.70%	11,538,162	36.59%	12,521,027	39.70%
344.00 Generators	241,119,769	20,219,787	8.39%	24,261,572	10.06%	20,217,798	8.38%
345.00 Accessory Electric Equipment	19,619,965	2,201,322	11.22%	2,453,543	12.51%	2,199,462	11.21%
346.00 Miscellaneous Power Plant Equipment	435,505	135,329	31.07%	125,949	28.92%	136,782	31.41%
Total Other Production Plant	$ 306,897,397	$ 37,700,940	12.28%	$ 40,978,315	13.35%	$ 37,700,940	12.28%
TRANSMISSION PLANT							
353.00 Station Equipment	$ 65,703,300	$ 16,093,256	24.49%	$ 15,276,559	23.25%	$ 15,780,460	24.02%
354.00 Towers and Fixtures	4,692,263	2,284,828	48.69%	2,220,178	47.32%	2,293,411	48.88%
355.00 Poles and Fixtures	78,379,397	37,626,276	48.01%	36,612,595	46.71%	37,820,271	48.25%
356.00 Overhead Conductors and Devices	68,938,932	30,366,333	44.05%	29,503,276	42.80%	30,476,449	44.21%
358.00 Underground Conductors and Devices	72,672	63,611	87.53%	61,679	84.87%	63,713	87.67%
Total Transmission Plant	$ 217,786,564	$ 86,434,304	39.69%	$ 83,674,287	38.42%	$ 86,434,304	39.69%

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2010

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
DISTRIBUTION PLANT							
362.00 Station Equipment	$ 58,892,512	$ 16,805,750	28.54%	$ 16,099,514	27.34%	$ 16,912,165	28.72%
364.00 Poles, Towers and Fixtures	61,123,990	32,083,999	52.49%	30,734,244	50.28%	32,285,607	52.82%
365.00 Overhead Conductors and Devices	44,422,348	32,549,015	73.27%	31,359,914	70.59%	32,942,859	74.16%
367.00 Underground Conductors and Devices	58,084,549	26,660,090	45.90%	25,198,743	43.38%	26,470,692	45.57%
368.00 Line Transformers	67,027,056	9,732,519	14.52%	9,285,540	13.85%	9,754,243	14.55%
369.00 Overhead Services	11,605,848	12,375,052	106.63%	11,741,964	101.17%	12,334,660	106.28%
369.10 Underground Services	32,001,464	12,251,142	38.28%	11,585,921	36.20%	12,170,740	38.03%
370.00 Meters	21,034,292	7,829,965	37.22%	7,128,832	33.89%	7,488,672	35.60%
370.10 Load Management Switches	8,919,168	3,488,709	39.11%	3,328,401	37.32%	3,496,408	39.20%
370.20 Interruption Monitors	608,006	304,002	50.00%	304,003	50.00%	304,003	50.00%
371.20 Other Private Lighting	3,913,151	1,044,502	26.69%	974,312	24.90%	1,023,492	26.16%
373.00 Street Lighting and Signal Systems	4,527,015	2,411,028	53.26%	2,239,205	49.46%	2,352,233	51.96%
Total Distribution Plant	$ 372,159,399	$157,535,773	42.33%	$149,980,593	40.30%	$157,535,773	42.33%
GENERAL PLANT							
Depreciable							
390.00 Structures and Improvements	$ 19,277,599	$ 4,388,582	22.77%	$ 5,230,707	27.13%	$ 4,285,009	22.23%
390.10 General Office Buildings	5,691,178	2,400,188	42.17%	2,900,813	50.97%	2,376,354	41.76%
390.20 Fleet Service Center Building	789,744	419,528	53.12%	509,326	64.49%	417,241	52.83%
390.30 Central Stores Building	3,894,885	1,812,118	46.53%	2,210,953	56.77%	1,811,219	46.50%
396.00 Power Operated Equipment	591,250	184,049	31.13%	219,686	37.16%	179,967	30.44%
397.40 Communication Towers	1,486,753	618,761	41.62%	742,041	49.91%	607,882	40.89%
Total Depreciable	$ 31,731,409	$ 9,823,226	30.96%	$ 11,813,527	37.23%	$ 9,677,673	30.50%
Amortizable							
391.00 Office Furniture	$ 2,091,614	$ 1,356,108	64.84%	$ 1,364,626	65.24%	$ 1,364,626	65.24%
391.10 Office Equipment	943,080	466,981	49.52%	466,460	49.46%	466,460	49.46%
391.20 Duplicating Equipment	1,030,494	712,108	69.10%	709,024	68.80%	709,024	68.80%
391.50 Computer Systems	2,422,266	1,009,315	41.67%	1,114,662	46.02%	1,114,662	46.02%
391.60 Computer Related Equipment	1,461,822	708,918	48.50%	726,764	49.72%	726,764	49.72%
394.00 Tools, Shop and Garage Equipment	3,009,657	1,276,548	42.42%	1,285,495	42.71%	1,285,495	42.71%
394.20 Automated Meter Reading Equipment	1,093,497	624,661	57.13%	624,661	57.13%	624,661	57.13%
395.00 Laboratory Equipment	80,100	76,147	95.06%	74,760	93.33%	74,760	93.33%

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2010

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
397.00 Communication Equipment	847,313	359,214	42.39%	359,947	42.48%	359,947	42.48%
397.10 Radio Telecommunication Equipment	959,571	600,577	62.59%	602,951	62.84%	602,951	62.84%
397.20 Microwave Equipment	2,897,529	1,316,690	45.44%	1,321,938	45.62%	1,321,938	45.62%
397.30 Radio Load Control Equipment	158,538	87,472	55.17%	89,004	56.14%	89,004	56.14%
Total Amortizable	$ 16,995,481	$ 8,594,739	50.57%	$ 8,740,292	51.43%	$ 8,740,292	51.43%
Total General Plant	$ 48,726,890	$ 18,417,965	37.80%	$ 20,553,819	42.18%	$ 18,417,965	37.80%
TOTAL UTILITY	$ 1,292,628,727	$520,061,614	40.23%	$491,785,682	38.05%	$520,061,614	40.23%
STEAM PRODUCTION							
Big Stone							
311.00 Structures and Improvements	$ 22,696,935	$ 17,397,749	76.65%	$ 15,507,846	68.33%	$ 17,391,022	76.62%
312.00 Boiler Plant Equipment	72,433,043	46,110,471	63.66%	41,136,497	56.79%	46,131,858	63.69%
314.00 Turbogenerator Units	27,618,807	15,120,557	54.75%	13,446,641	48.69%	15,079,518	54.60%
315.00 Accessory Electric Equipment	8,518,956	6,354,301	74.59%	5,664,092	66.49%	6,351,904	74.56%
316.00 Miscellaneous Power Plant Equipment	2,668,752	1,661,469	62.26%	1,507,218	56.48%	1,690,245	63.33%
Total Big Stone	$ 133,936,493	$ 86,644,548	64.69%	$ 77,262,294	57.69%	$ 86,644,548	64.69%
Hoot Lake Units 2 and 3							
311.00 Structures and Improvements	$ 6,102,018	$ 5,221,944	85.58%	$ 4,847,013	79.43%	$ 5,307,106	86.97%
312.00 Boiler Plant Equipment	33,957,397	20,475,926	60.30%	18,660,491	54.95%	20,431,801	60.17%
314.00 Turbogenerator Units	10,653,344	8,797,813	82.58%	8,003,575	75.13%	8,763,298	82.26%
315.00 Accessory Electric Equipment	2,344,617	2,205,788	94.08%	2,009,935	85.73%	2,200,724	93.86%
316.00 Miscellaneous Power Plant Equipment	972,502	572,127	58.83%	521,195	53.59%	570,669	58.68%
Total Hoot Lake Units 2 and 3	$ 54,029,878	$ 37,273,598	68.99%	$ 34,042,209	63.01%	$ 37,273,598	68.99%
Coyote							
311.00 Structures and Improvements	$ 31,672,130	$ 21,239,843	67.06%	$ 18,842,815	59.49%	$ 21,291,878	67.23%
312.00 Boiler Plant Equipment	89,458,149	54,827,179	61.29%	48,531,285	54.25%	54,839,056	61.30%
314.00 Turbogenerator Units	20,835,902	10,626,349	51.00%	9,344,908	44.85%	10,559,497	50.68%
315.00 Accessory Electric Equipment	11,207,063	6,377,560	56.91%	5,629,823	50.23%	6,361,550	56.76%
316.00 Miscellaneous Power Plant Equipment	1,819,234	877,840	48.25%	793,638	43.62%	896,790	49.29%
Total Coyote	$ 154,992,478	$ 93,948,771	60.62%	$ 83,142,470	53.64%	$ 93,948,771	60.62%

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2010

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
HYDRAULIC PRODUCTION							
Hoot Lake							
331.00 Structures and Improvements	$ 69,354	$ 67,475	97.29%	$ 57,166	82.43%	$ 67,406	97.19%
332.00 Reservoirs, Dams and Waterways	247,942	242,943	97.98%	205,803	83.00%	242,668	97.87%
333.00 Water Wheels, Turbines & Generators	104,195	87,061	83.56%	74,013	71.03%	87,270	83.76%
334.00 Accessory Electric Equipment	34,650	26,812	77.38%	22,853	65.95%	26,947	77.77%
335.00 Miscellaneous Power Plant Equipment							
Total Hoot Lake	$ 456,141	$ 424,291	93.02%	$ 359,835	78.89%	$ 424,291	93.02%
Wright							
331.00 Structures and Improvements	$ 19,026	$ 12,530	65.86%	$ 12,553	65.98%	$ 12,512	65.76%
332.00 Reservoirs, Dams and Waterways	357,504	175,833	49.18%	176,495	49.37%	175,928	49.21%
333.00 Water Wheels, Turbines & Generators	228,711	101,274	44.28%	101,799	44.51%	101,471	44.37%
334.00 Accessory Electric Equipment	200,523	82,844	41.31%	82,889	41.34%	82,622	41.20%
335.00 Miscellaneous Power Plant Equipment	54,714	36,901	67.44%	36,968	67.57%	36,849	67.35%
Total Wright	$ 860,478	$ 409,382	47.58%	$ 410,704	47.73%	$ 409,382	47.58%
Pisgah							
331.00 Structures and Improvements	$ 12,117	$ 8,818	72.78%	$ 8,836	72.92%	$ 8,787	72.51%
332.00 Reservoirs, Dams and Waterways	110,070	87,738	79.71%	87,846	79.81%	87,357	79.36%
333.00 Water Wheels, Turbines & Generators	159,731	38,537	24.13%	39,133	24.50%	38,915	24.36%
334.00 Accessory Electric Equipment	111,258	46,712	41.98%	47,044	42.28%	46,783	42.05%
335.00 Miscellaneous Power Plant Equipment	21,820	14,044	64.36%	14,086	64.56%	14,008	64.20%
Total Pisgah	$ 414,996	$ 195,850	47.19%	$ 196,945	47.46%	$ 195,850	47.19%
Dayton Hollow							
331.00 Structures and Improvements	$ 66	$ 48	72.17%	$ 52	78.37%	$ 48	73.44%
332.00 Reservoirs, Dams and Waterways	431,522	217,759	50.46%	235,009	54.46%	220,213	51.03%
333.00 Water Wheels, Turbines & Generators	234,635	55,774	23.77%	57,706	24.59%	54,073	23.05%
334.00 Accessory Electric Equipment	179,618	95,115	52.95%	100,668	56.05%	94,330	52.52%
335.00 Miscellaneous Power Plant Equipment	8,354	4,997	59.81%	5,364	64.21%	5,027	60.17%
Total Dayton Hollow	$ 854,195	$ 373,692	43.75%	$ 398,800	46.69%	$ 373,692	43.75%

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2010

Statement C

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
Taplin Gorge							
331.00 Structures and Improvements	$ 35,140	$ 31,492	89.62%	$ 30,192	85.92%	$ 31,536	89.74%
332.00 Reservoirs, Dams and Waterways	366,191	284,531	77.70%	273,229	74.61%	285,388	77.93%
333.00 Water Wheels, Turbines & Generators	15,110	13,752	91.01%	13,182	87.24%	13,769	91.12%
334.00 Accessory Electric Equipment	55,608	36,533	65.70%	33,868	60.91%	35,376	63.62%
335.00 Miscellaneous Power Plant Equipment	62,717	37,613	59.97%	36,240	57.78%	37,853	60.35%
Total Taplin Gorge	$ 534,766	$ 403,921	75.53%	$ 386,711	72.31%	$ 403,921	75.53%
Bemidji							
331.00 Structures and Improvements	$ 200,096	$ 22,271	11.13%	$ 42,214	21.10%	$ 31,613	15.80%
332.00 Reservoirs, Dams and Waterways	445,919	133,049	29.84%	185,620	41.63%	139,008	31.17%
333.00 Water Wheels, Turbines & Generators	325,127	138,557	42.62%	164,960	50.74%	123,536	38.00%
334.00 Accessory Electric Equipment	6,840	4,812	70.34%	5,824	85.15%	4,362	63.77%
335.00 Miscellaneous Power Plant Equipment	1,070	(110)	-10.31%	81	7.53%	60	5.64%
Total Bemidji	$ 979,052	$ 298,579	30.50%	$ 398,699	40.72%	$ 298,579	30.50%
OTHER PRODUCTION							
Jamestown							
341.00 Structures and Improvements	$ 244,252	$ 181,297	74.23%	$ 169,801	69.52%	$ 181,139	74.16%
342.00 Fuel Holders and Accessories	241,933	184,492	76.26%	172,423	71.27%	184,243	76.15%
343.00 Prime Movers	6,674,855	4,939,280	74.00%	4,580,996	68.63%	4,938,499	73.99%
344.00 Generators							
345.00 Accessory Electric Equipment	61,439	45,515	74.08%	42,106	68.53%	45,397	73.89%
346.00 Miscellaneous Power Plant Equipment	102,176	55,059	53.89%	52,513	51.39%	56,366	55.17%
Total Jamestown	$ 7,324,655	$ 5,405,644	73.80%	$ 5,017,840	68.51%	$ 5,405,644	73.80%
Jamestown Unit 1							
341.00 Structures and Improvements	$ 229,859	$ 172,625	75.10%	$ 161,918	70.44%	$ 172,574	75.08%
342.00 Fuel Holders and Accessories	205,164	159,135	77.56%	149,642	72.94%	159,490	77.74%
343.00 Prime Movers	2,877,314	2,003,617	69.63%	1,878,293	65.28%	2,001,905	69.58%
344.00 Generators							
345.00 Accessory Electric Equipment	22,080	18,062	81.80%	17,022	77.09%	18,143	82.17%
346.00 Miscellaneous Power Plant Equipment	75,134	34,215	45.54%	33,349	44.39%	35,543	47.31%
Total Jamestown Unit 1	$ 3,409,551	$ 2,387,655	70.03%	$ 2,240,224	65.70%	$ 2,387,655	70.03%

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2010

Statement C

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
Jamestown Unit 2							
341.00 Structures and Improvements	$ 14,393	$ 8,672	60.25%	$ 7,883	54.77%	$ 8,565	59.51%
342.00 Fuel Holders and Accessories	36,769	25,357	68.96%	22,782	61.96%	24,753	67.32%
343.00 Prime Movers	3,797,541	2,935,663	77.30%	2,702,703	71.17%	2,936,594	77.33%
344.00 Generators							
345.00 Accessory Electric Equipment	39,359	27,453	69.75%	25,084	63.73%	27,255	69.25%
346.00 Miscellaneous Power Plant Equipment	27,042	20,844	77.08%	19,164	70.87%	20,823	77.00%
Total Jamestown Unit 2	$ 3,915,104	$ 3,017,990	77.09%	$ 2,777,616	70.95%	$ 3,017,990	77.09%
Lake Preston							
341.00 Structures and Improvements	$ 194,154	$ 159,988	82.40%	$ 146,460	75.44%	$ 160,299	82.56%
342.00 Fuel Holders and Accessories	301,705	248,302	82.30%	227,272	75.33%	248,747	82.45%
343.00 Prime Movers	3,172,065	2,517,631	79.37%	2,302,234	72.58%	2,519,772	79.44%
344.00 Generators							
345.00 Accessory Electric Equipment	369,280	304,647	82.50%	275,659	74.65%	301,706	81.70%
346.00 Miscellaneous Power Plant Equipment	21,607	17,788	82.33%	16,293	75.41%	17,832	82.53%
Total Lake Preston	$ 4,058,811	$ 3,248,356	80.03%	$ 2,967,918	73.12%	$ 3,248,356	80.03%
Ashtabula Wind Generation							
341.00 Structures and Improvements	$ 3,248,290	$ 265,941	8.19%	$ 324,829	10.00%	$ 266,420	8.20%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	108,000,336	8,859,421	8.20%	10,800,034	10.00%	8,858,025	8.20%
345.00 Accessory Electric Equipment	6,219,783	509,220	8.19%	621,978	10.00%	510,137	8.20%
346.00 Miscellaneous Power Plant Equipment							
Total Ashtabula Wind Generation	$ 117,468,409	$ 9,634,582	8.20%	$ 11,746,841	10.00%	$ 9,634,582	8.20%
Langdon Wind Generation							
341.00 Structures and Improvements	$ 2,484,069	$ 292,003	11.76%	$ 347,770	14.00%	$ 292,161	11.76%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	68,429,649	8,048,871	11.76%	9,580,151	14.00%	8,048,277	11.76%
345.00 Accessory Electric Equipment	6,866,659	807,179	11.76%	961,332	14.00%	807,614	11.76%
346.00 Miscellaneous Power Plant Equipment							
Total Langdon Wind Generation	$ 77,780,377	$ 9,148,052	11.76%	$ 10,889,253	14.00%	$ 9,148,052	11.76%

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2010

Statement C

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
Luverne Wind Generation							
341.00 Structures and Improvements	$ 2,266,581	$ 116,027	5.12%	$ 135,995	6.00%	$ 116,027	5.12%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	64,689,784	3,311,496	5.12%	3,881,387	6.00%	3,311,496	5.12%
345.00 Accessory Electric Equipment	4,851,757	248,363	5.12%	291,105	6.00%	248,363	5.12%
346.00 Miscellaneous Power Plant Equipment							
Total Luverne Wind Generation	$ 71,808,122	$ 3,675,887	5.12%	$ 4,308,487	6.00%	$ 3,675,887	5.12%
Solway Combustion Turbine							
341.00 Structures and Improvements	$ 4,201,572	$ 955,241	22.74%	$ 871,806	20.75%	$ 954,802	22.72%
342.00 Fuel Holders and Accessories	1,003,596	222,330	22.15%	202,733	20.20%	222,033	22.12%
343.00 Prime Movers	21,097,449	4,811,897	22.81%	4,394,344	20.83%	4,812,685	22.81%
344.00 Generators							
345.00 Accessory Electric Equipment	1,251,047	286,397	22.89%	261,362	20.89%	286,244	22.88%
346.00 Miscellaneous Power Plant Equipment	311,722	62,481	20.04%	57,144	18.33%	62,584	20.08%
Total Solway Combustion Turbine	$ 27,865,386	$ 6,338,347	22.75%	$ 5,787,389	20.77%	$ 6,338,347	22.75%
Fergus Falls Control Center							
341.00 Structures and Improvements	$ -	$ -		$ -		$ -	
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	591,637	250,071	42.27%	260,588	44.05%	250,071	42.27%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center	$ 591,637	$ 250,071	42.27%	$ 260,588	44.05%	$ 250,071	42.27%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average Rate
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	$ 61,563,967	$ 1,092,884	$ 60,471,083	-27.2%	-7.1%	$ (297,238)	$ (4,300,781)	$ (4,598,020)	-7.5%
312.00 Boiler Plant Equipment	223,693,654	27,845,065	195,848,589	-10.7%	-7.5%	(2,989,604)	(14,778,085)	(17,767,688)	-7.9%
314.00 Turbogenerator Units	71,606,310	12,498,257	59,108,053	11.9%	-8.0%	1,482,214	(4,727,445)	(3,245,231)	-4.5%
315.00 Accessory Electric Equipment	22,939,506	868,870	22,070,636	-5.9%	-7.2%	(51,213)	(1,586,968)	(1,638,181)	-7.1%
316.00 Miscellaneous Power Plant Equipment	7,201,044	1,740,556	5,460,488	8.0%	-7.9%	139,581	(429,151)	(289,570)	-4.0%
Total Steam Production Plant	$ 387,004,481	$ 44,045,632	$ 342,958,849	-3.9%	-7.5%	$ (1,716,260)	$ (25,822,431)	$ (27,538,691)	-7.1%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	$ 346,920	$ 11,121	$ 335,799			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	1,976,483	17,335	1,959,148			(15,630)		(15,630)	-0.8%
333.00 Water Wheels, Turbines & Generators	1,082,063	14,554	1,067,509			(6,662)		(6,662)	-0.6%
334.00 Accessory Electric Equipment	588,497		588,497						
335.00 Miscellaneous Power Plant Equipment	155,022	6,347	148,675			(132)		(132)	-0.1%
Total Hydraulic Production Plant	$ 4,148,985	$ 49,357	$ 4,099,628	-45.4%		$ (22,423)	$ -	$ (22,423)	-0.5%
OTHER PRODUCTION									
341.00 Structures and Improvements	$ 12,648,141	$ 9,223	$ 12,638,918	-2.5%	-0.1%	$ (226)	$ (7,414)	$ (7,641)	-0.1%
342.00 Fuel Holders and Accessories	1,697,075	149,841	1,547,234	-5.4%	-0.3%	(8,091)	(5,171)	(13,262)	-0.8%
343.00 Prime Movers	31,947,129	411,123	31,536,006	-23.4%	-0.3%	(96,396)	(89,695)	(186,091)	-0.6%
344.00 Generators	241,119,769		241,119,769						
345.00 Accessory Electric Equipment	19,631,301	11,336	19,619,965	4.4%	0.0%	500	(4,943)	(4,443)	
346.00 Miscellaneous Power Plant Equipment	439,125	3,620	435,505	71.8%	-0.3%	2,599	(1,119)	1,480	0.3%
Total Other Production Plant	$ 307,482,540	$ 585,143	$ 306,897,397	-17.4%	0.0%	$ (101,614)	$ (108,343)	$ (209,957)	-0.1%
TRANSMISSION PLANT									
353.00 Station Equipment	$ 72,446,674	$ 6,743,374	$ 65,703,300	48.5%	-5.0%	$ 3,270,536	$ (3,285,165)	$ (14,629)	
354.00 Towers and Fixtures	4,692,263		4,692,263		-10.0%		(469,226)	(469,226)	-10.0%
355.00 Poles and Fixtures	82,724,785	4,345,388	78,379,397	67.2%	-50.0%	2,920,101	(39,189,699)	(36,269,598)	-43.8%
356.00 Overhead Conductors and Devices	73,555,115	4,616,183	68,938,932	58.2%	-30.0%	2,686,619	(20,681,680)	(17,995,061)	-24.5%
358.00 Underground Conductors and Devices	73,134	462	72,672	-395.7%	-5.0%	(1,828)	(3,634)	(5,462)	-7.5%
Total Transmission Plant	$ 233,491,971	$ 15,705,407	$ 217,786,564	56.5%	-29.2%	$ 8,875,427	$ (63,629,403)	$ (54,753,976)	-23.5%
DISTRIBUTION PLANT									
362.00 Station Equipment	$ 73,560,534	$ 14,668,022	$ 58,892,512	22.1%	5.0%	$ 3,241,633	$ 2,944,626	$ 6,186,258	8.4%
364.00 Poles, Towers and Fixtures	63,686,601	2,562,611	61,123,990	-81.5%	-75.0%	(2,088,528)	(45,842,993)	(47,931,520)	-75.3%
365.00 Overhead Conductors and Devices	47,251,400	2,829,052	44,422,348	-69.0%	-100.0%	(1,952,046)	(44,422,348)	(46,374,394)	-98.1%
367.00 Underground Conductors and Devices	61,630,403	3,545,854	58,084,549	-2.2%	-5.0%	(78,009)	(2,904,227)	(2,982,236)	-4.8%
368.00 Line Transformers	76,328,850	9,301,794	67,027,056	47.8%	50.0%	4,446,258	33,513,528	37,959,786	49.7%
369.00 Overhead Services	12,260,253	654,405	11,605,848	-186.9%	-150.0%	(1,223,083)	(17,408,772)	(18,631,855)	-152.0%
369.10 Underground Services	32,328,317	326,853	32,001,464	-26.2%	-20.0%	(85,635)	(6,400,293)	(6,485,928)	-20.1%
370.00 Meters	24,031,835	2,997,543	21,034,292	0.8%		23,980		23,980	0.1%
370.10 Load Management Switches	10,889,777	1,970,609	8,919,168						
370.20 Interruption Monitors	1,199,176	591,170	608,006						
371.20 Other Private Lighting	6,089,013	2,175,862	3,913,151	10.9%	10.0%	237,169	391,315	628,484	10.3%
373.00 Street Lighting and Signal Systems	7,460,310	2,933,295	4,527,015	-0.2%	-5.0%	(5,867)	(226,351)	(232,217)	-3.1%
Total Distribution Plant	$ 416,716,469	$ 44,557,070	$ 372,159,399	5.6%	-21.6%	$ 2,515,872	$ (80,355,515)	$ (77,839,643)	-18.7%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	Rate
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
GENERAL PLANT									
Depreciable									
390.00 Structures and Improvements	$ 22,156,315	$ 2,878,716	$ 19,277,599	33.6%	10.0%	$ 967,249	$ 1,927,760	$ 2,895,008	13.1%
390.10 General Office Buildings	6,437,913	746,735	5,691,178	-9.1%	-5.0%	(67,953)	(284,559)	(352,512)	-5.5%
390.20 Fleet Service Center Building	867,186	77,442	789,744	-59.5%	-5.0%	(46,078)	(39,487)	(85,565)	-9.9%
390.30 Central Stores Building	3,932,079	37,194	3,894,885	-5.1%	-5.0%	(1,897)	(194,744)	(196,641)	-5.0%
396.00 Power Operated Equipment	1,038,103	446,853	591,250	27.3%	5.0%	121,991	29,563	151,553	14.6%
397.40 Communication Towers	1,576,095	89,342	1,486,753	16.2%	5.0%	14,473	74,338	88,811	5.6%
Total Depreciable	$ 36,007,691	$ 4,276,282	$ 31,731,409	23.1%	4.8%	$ 987,785	$ 1,512,870	$ 2,500,655	6.9%
Amortizable									
391.00 Office Furniture	$ 5,830,466	$ 3,738,852	$ 2,091,614			$ -	$ -	$ -	
391.10 Office Equipment	2,723,140	1,780,060	943,080						
391.20 Duplicating Equipment	2,053,266	1,022,772	1,030,494						
391.50 Computer Systems	10,062,065	7,639,799	2,422,266						
391.60 Computer Related Equipment	9,513,072	8,051,250	1,461,822						
394.00 Tools, Shop and Garage Equipment	5,598,481	2,588,824	3,009,657						
394.20 Automated Meter Reading Equipment	2,069,298	975,801	1,093,497						
395.00 Laboratory Equipment	2,357,718	2,277,618	80,100						
397.00 Communication Equipment	1,849,994	1,002,681	847,313						
397.10 Radio Telecommunication Equipment	5,634,910	4,675,339	959,571						
397.20 Microwave Equipment	5,480,991	2,583,462	2,897,529						
397.30 Radio Load Control Equipment	1,484,295	1,325,757	158,538						
Total Amortizable	$ 54,657,696	$ 37,662,215	$ 16,995,481			$ -	$ -	$ -	
Total General Plant	$ 90,665,387	$ 41,938,497	$ 48,726,890	2.4%	3.1%	$ 987,785	$ 1,512,870	$ 2,500,655	2.8%
TOTAL UTILITY	$ 1,439,509,833	$ 146,881,106	$ 1,292,628,727	8.4%	-13.0%	$ 12,277,339	$ (168,402,822)	$ (157,864,035)	-11.0%
STEAM PRODUCTION									
Big Stone									
311.00 Structures and Improvements	$ 23,083,881	$ 386,946	$ 22,696,935	-4.3%	-9.1%	$ (16,639)	$ (2,065,421)	$ (2,082,060)	-9.0%
312.00 Boiler Plant Equipment	84,919,364	12,486,321	72,433,043	-24.1%	-9.1%	(3,009,203)	(6,591,407)	(9,600,610)	-11.3%
314.00 Turbogenerator Units	32,171,816	4,553,009	27,618,807	22.9%	-9.1%	1,042,639	(2,513,311)	(1,470,672)	-4.6%
315.00 Accessory Electric Equipment	8,689,113	170,157	8,518,956	-2.6%	-9.1%	(4,424)	(775,225)	(779,649)	-9.0%
316.00 Miscellaneous Power Plant Equipment	3,362,975	694,223	2,668,752	3.1%	-8.9%	21,521	(237,519)	(215,998)	-6.4%
Total Big Stone	$ 152,227,149	$ 18,290,656	$ 133,936,493	-10.7%	-9.1%	$ (1,966,106)	$ (12,182,883)	$ (14,148,990)	-9.3%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	$ 6,334,644	$ 232,626	$ 6,102,018	-95.8%	-11.2%	$ (222,856)	$ (683,426)	$ (906,282)	-14.3%
312.00 Boiler Plant Equipment	39,399,754	5,442,357	33,957,397	2.0%	-11.2%	108,847	(3,803,228)	(3,694,381)	-9.4%
314.00 Turbogenerator Units	11,961,163	1,307,819	10,653,344	-0.9%	-11.2%	(11,770)	(1,193,175)	(1,204,945)	-10.1%
315.00 Accessory Electric Equipment	2,369,927	25,310	2,344,617	-168.9%	-11.2%	(42,749)	(262,597)	(305,346)	-12.9%
316.00 Miscellaneous Power Plant Equipment	1,073,610	101,108	972,502	56.0%	-11.1%	56,620	(107,948)	(51,327)	-4.8%
Total Hoot Lake Units 2 and 3	$ 61,139,098	$ 7,109,220	$ 54,029,878	-1.6%	-11.2%	$ (111,907)	$ (6,050,374)	$ (6,162,281)	-10.1%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	Rate
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
Coyote									
311.00 Structures and Improvements	$ 32,145,442	$ 473,312	$ 31,672,130	-12.2%	-4.9%	$ (57,744)	$ (1,551,934)	$ (1,609,678)	-5.0%
312.00 Boiler Plant Equipment	99,374,536	9,916,387	89,458,149	-0.9%	-4.9%	(89,247)	(4,383,449)	(4,472,697)	-4.5%
314.00 Turbogenerator Units	27,473,331	6,637,429	20,835,902	6.8%	-4.9%	451,345	(1,020,959)	(569,614)	-2.1%
315.00 Accessory Electric Equipment	11,880,466	673,403	11,207,063	-0.6%	-4.9%	(4,040)	(549,146)	(553,187)	-4.7%
316.00 Miscellaneous Power Plant Equipment	2,764,459	945,225	1,819,234	6.5%	-4.6%	61,440	(83,685)	(22,245)	-0.8%
Total Coyote	$ 173,638,234	$ 18,645,756	$ 154,992,478	1.9%	-4.9%	$ 361,753	$ (7,589,174)	$ (7,227,421)	-4.2%
HYDRAULIC PRODUCTION									
Hoot Lake									
331.00 Structures and Improvements	$ 69,354	$ -	$ 69,354			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	247,942		247,942						
333.00 Water Wheels, Turbines & Generators	104,195		104,195						
334.00 Accessory Electric Equipment	34,650		34,650						
335.00 Miscellaneous Power Plant Equipment									
Total Hoot Lake	$ 456,141	$ -	$ 456,141			$ -	$ -	$ -	
Wright									
331.00 Structures and Improvements	$ 19,026	$ -	$ 19,026			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	365,083	7,579	357,504	-85.8%		(6,503)		(6,503)	-1.8%
333.00 Water Wheels, Turbines & Generators	228,711		228,711						
334.00 Accessory Electric Equipment	200,523		200,523						
335.00 Miscellaneous Power Plant Equipment	54,714		54,714						
Total Wright	$ 868,057	$ 7,579	$ 860,478	-85.8%		$ (6,503)	$ -	$ (6,503)	-0.7%
Pisgah									
331.00 Structures and Improvements	$ 12,117	$ -	$ 12,117			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	110,070		110,070						
333.00 Water Wheels, Turbines & Generators	161,199	1,468	159,731	-1645.1%		(24,150)		(24,150)	-15.0%
334.00 Accessory Electric Equipment	111,258		111,258						
335.00 Miscellaneous Power Plant Equipment	21,820		21,820						
Total Pisgah	$ 416,464	$ 1,468	$ 414,996	-1645.1%		$ (24,150)	$ -	$ (24,150)	-5.8%
Dayton Hollow									
331.00 Structures and Improvements	$ 66	$ -	$ 66			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	436,162	4,640	431,522	-205.3%		(9,526)		(9,526)	-2.2%
333.00 Water Wheels, Turbines & Generators	247,179	12,544	234,635	-37.9%		(4,754)		(4,754)	-1.9%
334.00 Accessory Electric Equipment	179,618		179,618						
335.00 Miscellaneous Power Plant Equipment	8,354		8,354						
Total Dayton Hollow	$ 871,379	$ 17,184	$ 854,195	-83.1%		$ (14,280)	$ -	$ (14,280)	-1.6%
Taplin Gorge									
331.00 Structures and Improvements	$ 35,140	$ -	$ 35,140			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	366,191		366,191						
333.00 Water Wheels, Turbines & Generators	15,110		15,110						
334.00 Accessory Electric Equipment	55,608		55,608						
335.00 Miscellaneous Power Plant Equipment	67,759	5,042	62,717						
Total Taplin Gorge	$ 539,808	$ 5,042	$ 534,766			$ -	$ -	$ -	

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	Rate
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
Bemidji									
331.00 Structures and Improvements	$ 211,217	$ 11,121	$ 200,096			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	451,035	5,116	445,919	7.8%		399		399	0.1%
333.00 Water Wheels, Turbines & Generators	325,669	542	325,127	4103.8%		22,243		22,243	6.8%
334.00 Accessory Electric Equipment	6,840		6,840						
335.00 Miscellaneous Power Plant Equipment	2,375	1,305	1,070	-10.1%		(132)		(132)	-5.5%
Total Bemidji	$ 997,136	$ 18,084	$ 979,052	124.5%		$ 22,510	$ -	$ 22,510	2.3%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	$ 245,475	$ 1,223	$ 244,252	-18.5%	-0.6%	$ (226)	$ (1,466)	$ (1,692)	-0.7%
342.00 Fuel Holders and Accessories	391,774	149,841	241,933	-5.4%	-0.6%	(8,091)	(1,452)	(9,543)	-2.4%
343.00 Prime Movers	6,923,560	248,705	6,674,855	-42.7%	-0.6%	(106,193)	(40,049)	(146,242)	-2.1%
344.00 Generators									
345.00 Accessory Electric Equipment	68,264	6,825	61,439	7.3%	-0.6%	500	(369)	132	0.2%
346.00 Miscellaneous Power Plant Equipment	102,176		102,176		-0.6%		(613)	(613)	-0.6%
Total Jamestown	$ 7,731,249	$ 406,594	$ 7,324,655	-28.0%	-0.6%	$ (114,010)	$ (43,948)	$ (157,958)	-2.0%
Jamestown Unit 1									
341.00 Structures and Improvements	$ 231,082	$ 1,223	$ 229,859	-18.5%	-0.6%	$ (226)	$ (1,379)	$ (1,605)	-0.7%
342.00 Fuel Holders and Accessories	205,164		205,164		-0.6%		(1,231)	(1,231)	-0.6%
343.00 Prime Movers	3,004,562	127,248	2,877,314	-63.6%	-0.6%	(80,930)	(17,264)	(98,194)	-3.3%
344.00 Generators									
345.00 Accessory Electric Equipment	24,293	2,213	22,080	22.6%	-0.6%	500	(132)	368	1.5%
346.00 Miscellaneous Power Plant Equipment	75,134		75,134		-0.6%		(451)	(451)	-0.6%
Total Jamestown Unit 1	$ 3,540,235	$ 130,684	$ 3,409,551	-61.7%	-0.6%	$ (80,656)	$ (20,457)	$ (101,113)	-2.9%
Jamestown Unit 2									
341.00 Structures and Improvements	$ 14,393	$ -	$ 14,393		-0.6%	$ -	$ (86)	$ (86)	-0.6%
342.00 Fuel Holders and Accessories	186,610	149,841	36,769	-5.4%	-0.6%	(8,091)	(221)	(8,312)	-4.5%
343.00 Prime Movers	3,918,998	121,457	3,797,541	-20.8%	-0.6%	(25,263)	(22,785)	(48,048)	-1.2%
344.00 Generators									
345.00 Accessory Electric Equipment	43,971	4,612	39,359		-0.6%		(236)	(236)	-0.5%
346.00 Miscellaneous Power Plant Equipment	27,042		27,042		-0.6%		(162)	(162)	-0.6%
Total Jamestown Unit 2	$ 4,191,014	$ 275,910	$ 3,915,104	-12.1%	-0.6%	$ (33,354)	$ (23,491)	$ (56,845)	-1.4%
Lake Preston									
341.00 Structures and Improvements	$ 194,154	$ -	$ 194,154		-0.9%	$ -	$ (1,747)	$ (1,747)	-0.9%
342.00 Fuel Holders and Accessories	301,705		301,705		-0.9%		(2,715)	(2,715)	-0.9%
343.00 Prime Movers	3,248,401	76,336	3,172,065	-6.0%	-0.9%	(4,580)	(28,549)	(33,129)	-1.0%
344.00 Generators									
345.00 Accessory Electric Equipment	373,791	4,511	369,280		-0.9%		(3,324)	(3,324)	-0.9%
346.00 Miscellaneous Power Plant Equipment	25,227	3,620	21,607	71.8%	-0.9%	2,599	(194)	2,405	9.5%
Total Lake Preston	$ 4,143,278	$ 84,467	$ 4,058,811	-2.3%	-0.9%	$ (1,981)	$ (36,529)	$ (38,510)	-0.9%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average Rate
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
Ashtabula Wind Generation									
341.00 Structures and Improvements	$ 3,248,290	$ -	$ 3,248,290			$ -	$ -	$ -	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	108,000,336		108,000,336						
345.00 Accessory Electric Equipment	6,219,783		6,219,783						
346.00 Miscellaneous Power Plant Equipment									
Total Ashtabula Wind Generation	$ 117,468,409	$ -	$ 117,468,409			$ -	$ -	$ -	
Langdon Wind Generation									
341.00 Structures and Improvements	$ 2,484,069	$ -	$ 2,484,069			$ -	$ -	$ -	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	68,429,649		68,429,649						
345.00 Accessory Electric Equipment	6,866,659		6,866,659						
346.00 Miscellaneous Power Plant Equipment									
Total Langdon Wind Generation	$ 77,780,377	$ -	$ 77,780,377			$ -	$ -	$ -	
Luverne Wind Generation									
341.00 Structures and Improvements	$ 2,266,581	$ -	$ 2,266,581			$ -	$ -	$ -	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	64,689,784		64,689,784						
345.00 Accessory Electric Equipment	4,851,757		4,851,757						
346.00 Miscellaneous Power Plant Equipment									
Total Luverne Wind Generation	$ 71,808,122	$ -	$ 71,808,122			$ -	$ -	$ -	
Solway Combustion Turbine									
341.00 Structures and Improvements	$ 4,209,572	$ 8,000	$ 4,201,572		-0.1%	$ -	$ (4,202)	$ (4,202)	-0.1%
342.00 Fuel Holders and Accessories	1,003,596		1,003,596		-0.1%		(1,004)	(1,004)	-0.1%
343.00 Prime Movers	21,124,195	26,746	21,097,449	40.0%	-0.1%	10,698	(21,097)	(10,399)	
344.00 Generators									
345.00 Accessory Electric Equipment	1,251,047		1,251,047		-0.1%		(1,251)	(1,251)	-0.1%
346.00 Miscellaneous Power Plant Equipment	311,722		311,722		-0.1%		(312)	(312)	-0.1%
Total Solway Combustion Turbine	$ 27,900,132	$ 34,746	$ 27,865,386	30.8%	-0.1%	$ 10,698	$ (27,865)	$ (17,167)	-0.1%
Fergus Falls Control Center									
341.00 Structures and Improvements	$ -	$ -	$ -			$ -	$ -	$ -	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers	650,973	59,336	591,637	6.2%		3,679		3,679	0.6%
344.00 Generators									
345.00 Accessory Electric Equipment									
346.00 Miscellaneous Power Plant Equipment									
Total Fergus Falls Control Center	$ 650,973	$ 59,336	$ 591,637	6.2%		$ 3,679	$ -	$ 3,679	0.6%

OTTER TAIL POWER COMPANY
Future Net Salvage
Steam Production

Statement E

Account Description	12/31/10 Plant Investment	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate
		Interim	Final	Interim	Final	Interim	Final	Total	
A	B	C	D=B-C	E	F	G=C*E	H=D*F	I=G+H	J=I/B
STEAM PRODUCTION									
Big Stone									
311.00 Structures and Improvements	$ 22,696,935	$ 918,907	$ 21,778,028	-5.0%	-9.3%	$ (45,945)	$ (2,026,012)	$ (2,071,957)	-9.1%
312.00 Boiler Plant Equipment	72,433,043	2,892,801	69,540,242	-5.0%	-9.3%	(144,640)	(6,469,334)	(6,613,974)	-9.1%
314.00 Turbogenerator Units	27,618,807	1,081,187	26,537,620	-5.0%	-9.3%	(54,059)	(2,468,797)	(2,522,856)	-9.1%
315.00 Accessory Electric Equipment	8,518,956	344,968	8,173,988	-5.0%	-9.3%	(17,248)	(760,427)	(777,675)	-9.1%
316.00 Miscellaneous Power Plant Equipment	2,668,752	106,030	2,562,722		-9.3%		(238,410)	(238,410)	-8.9%
Total Big Stone	$ 133,936,493	$ 5,343,894	$ 128,592,599	-4.9%	-9.3%	$ (261,893)	$ (11,962,980)	$ (12,224,873)	-9.1%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	$ 6,102,018	$ 170,279	$ 5,931,739	-5.0%	-11.4%	$ (8,514)	$ (673,902)	$ (682,416)	-11.2%
312.00 Boiler Plant Equipment	33,957,397	894,490	33,062,907	-5.0%	-11.4%	(44,725)	(3,756,259)	(3,800,983)	-11.2%
314.00 Turbogenerator Units	10,653,344	291,279	10,362,065	-5.0%	-11.4%	(14,564)	(1,177,228)	(1,191,792)	-11.2%
315.00 Accessory Electric Equipment	2,344,617	66,129	2,278,488	-5.0%	-11.4%	(3,306)	(258,858)	(262,164)	-11.2%
316.00 Miscellaneous Power Plant Equipment	972,502	25,145	947,357		-11.4%		(107,629)	(107,629)	-11.1%
Total Hoot Lake Units 2 and 3	$ 54,029,878	$ 1,447,322	$ 52,582,556	-4.9%	-11.4%	$ (71,109)	$ (5,973,875)	$ (6,044,984)	-11.2%
Coyote									
311.00 Structures and Improvements	$ 31,672,130	$ 1,704,389	$ 29,967,741	-5.0%	-4.9%	$ (85,219)	$ (1,469,227)	$ (1,554,447)	-4.9%
312.00 Boiler Plant Equipment	89,458,149	4,777,646	84,680,503	-5.0%	-4.9%	(238,882)	(4,151,628)	(4,390,510)	-4.9%
314.00 Turbogenerator Units	20,835,902	1,097,265	19,738,637	-5.0%	-4.9%	(54,863)	(967,725)	(1,022,589)	-4.9%
315.00 Accessory Electric Equipment	11,207,063	595,906	10,611,157	-5.0%	-4.9%	(29,795)	(520,233)	(550,028)	-4.9%
316.00 Miscellaneous Power Plant Equipment	1,819,234	95,439	1,723,795		-4.9%		(84,512)	(84,512)	-4.6%
Total Coyote	$ 154,992,478	$ 8,270,646	$ 146,721,832	-4.9%	-4.9%	$ (408,760)	$ (7,193,326)	$ (7,602,086)	-4.9%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	$ 244,252	$ 6,553	$ 237,699		-0.6%	$ -	$ (1,458)	$ (1,458)	-0.6%
342.00 Fuel Holders and Accessories	241,933	6,567	235,366		-0.6%		(1,444)	(1,444)	-0.6%
343.00 Prime Movers	6,674,855	179,755	6,495,100		-0.6%		(39,845)	(39,845)	-0.6%
344.00 Generators									
345.00 Accessory Electric Equipment	61,439	1,643	59,796		-0.6%		(367)	(367)	-0.6%
346.00 Miscellaneous Power Plant Equipment	102,176	2,673	99,503		-0.6%		(610)	(610)	-0.6%
Total Jamestown	$ 7,324,655	$ 197,191	$ 7,127,464		-0.6%	$ -	$ (43,724)	$ (43,724)	-0.6%

OTTER TAIL POWER COMPANY
Future Net Salvage
Steam Production

Statement E

Account Description	12/31/10 Plant Investment	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate
		Interim	Final	Interim	Final	Interim	Final	Total	
A	B	C	D=B-C	E	F	G=C*E	H=D*F	I=G+H	J=I/B
Lake Preston									
341.00 Structures and Improvements	$ 194,154	$ 5,274	$ 188,880		-1.0%	$ -	$ (1,797)	$ (1,797)	-0.9%
342.00 Fuel Holders and Accessories	301,705	8,190	293,515		-1.0%		(2,793)	(2,793)	-0.9%
343.00 Prime Movers	3,172,065	85,689	3,086,376		-1.0%		(29,370)	(29,370)	-0.9%
344.00 Generators									
345.00 Accessory Electric Equipment	369,280	10,015	359,265		-1.0%		(3,419)	(3,419)	-0.9%
346.00 Miscellaneous Power Plant Equipment	21,607	582	21,025		-1.0%		(200)	(200)	-0.9%
Total Lake Preston	$ 4,058,811	$ 109,750	$ 3,949,061		-1.0%	$ -	$ (37,579)	$ (37,579)	-0.9%
Solway Combustion Turbine									
341.00 Structures and Improvements	$ 4,201,572	$ 288,987	$ 3,912,585		-0.1%	$ -	$ (3,646)	$ (3,646)	-0.1%
342.00 Fuel Holders and Accessories	1,003,596	68,986	934,610		-0.1%		(871)	(871)	-0.1%
343.00 Prime Movers	21,097,449	1,451,094	19,646,355		-0.1%		(18,308)	(18,308)	-0.1%
344.00 Generators									
345.00 Accessory Electric Equipment	1,251,047	86,059	1,164,988		-0.1%		(1,086)	(1,086)	-0.1%
346.00 Miscellaneous Power Plant Equipment	311,722	21,384	290,338		-0.1%		(271)	(271)	-0.1%
Total Solway Combustion Turbine	$ 27,865,386	$ 1,916,511	$ 25,948,875		-0.1%	$ -	$ (24,182)	$ (24,182)	-0.1%

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
STEAM PRODUCTION												
311.00 Structures and Improvements			42.29	16.94	-7.4	-7.0			42.89	16.94	-7.5	-7.1
312.00 Boiler Plant Equipment			31.04	15.46	-7.9	-7.4			32.09	15.55	-7.9	-7.5
314.00 Turbogenerator Units			28.52	15.82	-4.4	-7.8			29.53	15.84	-4.5	-8.0
315.00 Accessory Electric Equipment			38.16	17.20	-7.0	-7.1			39.15	17.22	-7.1	-7.2
316.00 Miscellaneous Power Plant Equipment			27.78	15.31	-4.3	-7.7			28.26	15.26	-4.0	-7.9
Total Steam Production Plant									33.39	15.88	-7.1	-7.5
HYDRAULIC PRODUCTION												
331.00 Structures and Improvements			30.01	11.32					18.82	10.36		
332.00 Reservoirs, Dams and Waterways			30.29	11.33	-0.9				25.75	10.36	-0.8	
333.00 Water Wheels, Turbines & Generators			18.24	11.33	-0.6				18.15	10.36	-0.6	
334.00 Accessory Electric Equipment			20.62	11.33					20.64	10.36		
335.00 Miscellaneous Power Plant Equipment			27.80	11.33	-0.1				27.55	10.36	-0.1	
Total Hydraulic Production Plant									21.96	10.36	-0.5	
OTHER PRODUCTION												
341.00 Structures and Improvements			28.24	24.14	-0.1				27.63	23.27	-0.1	
342.00 Fuel Holders and Accessories			34.61	21.91	-0.8				34.90	21.37	-0.8	
343.00 Prime Movers			33.38	21.93	-0.6				33.72	21.42	-0.6	
344.00 Generators			25.00	23.52					25.00	22.48		
345.00 Accessory Electric Equipment			25.81	23.02					25.61	22.41		
346.00 Miscellaneous Power Plant Equipment			29.79	21.89	0.4				29.02	20.70	0.3	
Total Other Production Plant									25.87	22.42	-0.1	0.0
TRANSMISSION PLANT												
353.00 Station Equipment	60.00	R0.5	60.58	49.85	0.1	-5.0	60.00	R0.5	60.60	49.54		-5.0
354.00 Towers and Fixtures	70.00	R5	70.00	40.89	-10.0	-10.0	70.00	R5	70.00	39.89	-10.0	-10.0
355.00 Poles and Fixtures	65.00	S1.5	65.17	47.32	-44.5	-50.0	65.00	S1.5	65.17	46.81	-43.8	-50.0
356.00 Overhead Conductors and Devices	60.00	S1.5	60.22	42.66	-24.8	-30.0	60.00	S1.5	60.22	42.18	-24.5	-30.0
358.00 Underground Conductors and Devices	35.00	S4	36.58	7.37	-7.5	-5.0	35.00	S4	36.96	6.92	-7.5	-5.0
Total Transmission Plant									62.21	45.99	-23.5	-29.2

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
DISTRIBUTION PLANT												
362.00 Station Equipment	38.00	S-.5	38.43	28.28	7.7	5.0	38.00	S-.5	38.42	28.38	8.4	5.0
364.00 Poles, Towers and Fixtures	65.00	R3	65.09	46.65	-75.8	-75.0	65.00	R3	65.12	46.33	-75.3	-75.0
365.00 Overhead Conductors and Devices	60.00	R3	60.03	39.67	-99.5	-100.0	60.00	R3	60.04	39.22	-98.1	-100.0
367.00 Underground Conductors and Devices	35.00	R4	34.99	20.98	-4.9	-5.0	35.00	R4	35.02	20.59	-4.8	-5.0
368.00 Line Transformers	32.00	R0.5	33.69	23.97	49.1	50.0	32.00	R0.5	33.62	24.16	49.7	50.0
369.00 Overhead Services	50.00	S5	50.32	30.39	-152.6	-150.0	50.00	S5	50.34	29.73	-152.0	-150.0
369.10 Underground Services	45.00	R4	45.07	31.93	-20.1	-20.0	45.00	R4	45.09	31.46	-20.1	-20.0
370.00 Meters	32.00	S0.5	34.53	22.05	0.1		32.00	S0.5	33.20	21.97	0.1	
370.10 Load Management Switches	15.00	L3	15.05	10.34			15.00	L3	15.06	9.44		
370.20 Interruption Monitors	5.00	SQ	5.00	3.50			5.00	SQ	5.00	2.50		
371.20 Other Private Lighting	22.00	L0	22.39	16.43	10.3	10.0	22.00	L0	22.39	16.25	10.3	10.0
373.00 Street Lighting and Signal Systems	18.00	L2	18.44	10.11	-3.3	-5.0	18.00	L2	18.49	9.96	-3.1	-5.0
Total Distribution Plant									38.88	26.39	-18.7	-21.6
GENERAL PLANT												
Depreciable												
390.00 Structures and Improvements	50.00	L1	50.39	37.09	13.1	10.0	50.00	L1	50.44	36.49	13.1	10.0
390.10 General Office Buildings	2030	200-SC	36.98	19.95	-5.5	-5.0	2030	200-SC	37.10	19.00	-5.5	-5.0
390.20 Fleet Service Center Building	2025	200-SC	38.56	15.18	-9.9	-5.0	2025	200-SC	38.58	14.22	-9.9	-5.0
390.30 Central Stores Building	2035	200-SC	51.51	24.62	-5.0	-5.0	2035	200-SC	51.57	23.69	-5.0	-5.0
396.00 Power Operated Equipment	23.00	L0	24.73	16.45	14.4	5.0	23.00	L0	24.70	16.73	14.6	5.0
397.40 Communication Towers	30.00	R4	30.34	15.30	5.6	5.0	30.00	R4	30.42	14.53	5.6	5.0
Total Depreciable									45.05	28.47	6.9	4.8
Amortizable												
391.00 Office Furniture	15.00	SQ	15.00	5.11			15.00	SQ	15.00	5.21		
391.10 Office Equipment	10.00	SQ	10.00	5.40			10.00	SQ	10.00	5.05		
391.20 Duplicating Equipment	10.00	SQ	10.00	3.45			10.00	SQ	10.00	3.12		
391.50 Computer Systems	5.00	SQ	5.00	2.35			5.00	SQ	5.00	2.70		
391.60 Computer Related Equipment	5.00	SQ	5.00	2.30			5.00	SQ	5.00	2.51		
394.00 Tools, Shop and Garage Equipment	15.00	SQ	15.00	7.91			15.00	SQ	15.00	8.59		
394.20 Automated Meter Reading Equipment	15.00	SQ	15.00	7.43			15.00	SQ	15.00	6.43		
395.00 Laboratory Equipment	15.00	SQ	15.00	1.30			15.00	SQ	15.00	1.00		
397.00 Communication Equipment	15.00	SQ	15.00	9.12			15.00	SQ	15.00	8.63		
397.10 Radio Telecommunication Equipment	10.00	SQ	10.00	4.50			10.00	SQ	10.00	3.72		

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
397.20 Microwave Equipment	15.00	SQ	15.00	8.53			15.00	SQ	15.00	8.16		
397.30 Radio Load Control Equipment	10.00	SQ	10.00	4.16			10.00	SQ	10.00	4.39		
Total Amortizable									9.69	4.71		
Total General Plant									19.82	11.51	2.8	3.1
TOTAL UTILITY									34.15	23.06	-11.0	-13.0
STEAM PRODUCTION												
Big Stone												
311.00 Structures and Improvements	2025	200-SC	39.82	15.18	-8.9	-9.0	2026	200-SC	40.58	15.18	-9.0	-9.1
312.00 Boiler Plant Equipment	2025	200-SC	31.52	15.19	-11.4	-9.0	2026	200-SC	32.30	15.18	-11.3	-9.1
314.00 Turbogenerator Units	2025	200-SC	25.34	15.19	-4.5	-9.0	2026	200-SC	26.30	15.19	-4.6	-9.1
315.00 Accessory Electric Equipment	2025	200-SC	37.72	15.18	-8.9	-9.0	2026	200-SC	38.83	15.18	-9.0	-9.1
316.00 Miscellaneous Power Plant Equipment	2025	200-SC	29.91	15.19	-6.6	-8.8	2026	200-SC	30.83	15.19	-6.4	-8.9
Total Big Stone									32.21	15.18	-9.3	-9.1
Hoot Lake Units 2 and 3												
311.00 Structures and Improvements	2020	200-SC	37.30	10.35	-14.3	-10.8	2021	200-SC	37.24	10.35	-14.3	-11.2
312.00 Boiler Plant Equipment	2020	200-SC	19.18	10.36	-9.4	-10.8	2021	200-SC	20.15	10.36	-9.4	-11.2
314.00 Turbogenerator Units	2020	200-SC	30.31	10.35	-9.7	-10.8	2021	200-SC	31.59	10.35	-10.1	-11.2
315.00 Accessory Electric Equipment	2020	200-SC	44.46	10.35	-12.5	-10.8	2021	200-SC	45.87	10.35	-12.9	-11.2
316.00 Miscellaneous Power Plant Equipment	2020	200-SC	18.48	10.36	-4.0	-10.6	2021	200-SC	18.88	10.36	-4.8	-11.1
Total Hoot Lake Units 2 and 3									23.60	10.36	-10.1	-11.2
Coyote												
311.00 Structures and Improvements	2030	200-SC	45.49	19.94	-4.9	-4.8	2031	200-SC	46.11	19.94	-5.0	-4.9
312.00 Boiler Plant Equipment	2030	200-SC	40.33	19.94	-4.4	-4.8	2031	200-SC	41.14	19.94	-4.5	-4.9
314.00 Turbogenerator Units	2030	200-SC	32.99	19.95	-2.0	-4.8	2031	200-SC	33.92	19.95	-2.1	-4.9
315.00 Accessory Electric Equipment	2030	200-SC	37.38	19.95	-4.6	-4.8	2031	200-SC	38.21	19.95	-4.7	-4.9
316.00 Miscellaneous Power Plant Equipment	2030	200-SC	32.66	19.95	-1.5	-4.6	2031	200-SC	32.98	19.95	-0.8	-4.6
Total Coyote									40.53	19.94	-4.2	-4.9

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
HYDRAULIC PRODUCTION												
Hoot Lake												
331.00 Structures and Improvements	2021	200-SC	58.72	11.31			2021	200-SC	58.84	10.34		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	60.71	11.31			2021	200-SC	60.84	10.34		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	35.67	11.32			2021	200-SC	35.73	10.35		
334.00 Accessory Electric Equipment	2021	200-SC	30.35	11.33			2021	200-SC	30.40	10.35		
335.00 Miscellaneous Power Plant Equipment												
Total Hoot Lake									48.99	10.34		
Wright												
331.00 Structures and Improvements	2021	200-SC	30.38	11.33			2021	200-SC	30.42	10.35		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	20.82	11.33	-1.8		2021	200-SC	20.83	10.36	-1.8	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	18.65	11.33			2021	200-SC	18.67	10.36		
334.00 Accessory Electric Equipment	2021	200-SC	17.64	11.33			2021	200-SC	17.66	10.36		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	31.85	11.33			2021	200-SC	31.91	10.35		
Total Wright									19.96	10.36	-0.7	
Pisgah												
331.00 Structures and Improvements	2021	200-SC	38.15	11.32			2021	200-SC	38.22	10.35		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	51.18	11.32			2021	200-SC	51.26	10.35		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	15.77	11.33	-15.0		2021	200-SC	15.78	10.36	-15.0	
334.00 Accessory Electric Equipment	2021	200-SC	17.93	11.33			2021	200-SC	17.95	10.36		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	29.18	11.33			2021	200-SC	29.23	10.36		
Total Pisgah									21.25	10.36	-5.8	
Dayton Hollow												
331.00 Structures and Improvements	2021	200-SC	47.76	11.32			2021	200-SC	47.85	10.35		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	24.01	11.33	-2.3		2021	200-SC	23.25	10.36	-2.2	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	14.00	11.33	-1.9		2021	200-SC	14.00	10.36	-1.9	
334.00 Accessory Electric Equipment	2021	200-SC	23.54	11.33			2021	200-SC	23.57	10.36		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	28.90	11.33			2021	200-SC	28.95	10.36		
Total Dayton Hollow									19.76	10.36	-1.6	

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
Taplin Gorge												
331.00 Structures and Improvements	2021	200-SC	73.28	11.30			2021	200-SC	73.44	10.34		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	40.71	11.32			2021	200-SC	40.77	10.35		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	80.78	11.30			2021	200-SC	80.96	10.33		
334.00 Accessory Electric Equipment	2021	200-SC	26.46	11.33			2021	200-SC	26.50	10.36		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	24.51	11.33			2021	200-SC	24.54	10.36		
Total Taplin Gorge									37.39	10.35		
Bemidji												
331.00 Structures and Improvements	2021	200-SC	16.50	11.33			2021	200-SC	13.13	10.36		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	31.49	11.33	0.2		2021	200-SC	17.73	10.36	0.1	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	20.05	11.33	7.1		2021	200-SC	19.60	10.36	6.8	
334.00 Accessory Electric Equipment	2021	200-SC	69.49	11.31			2021	200-SC	69.64	10.34		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	50.29	11.32	-10.1		2021	200-SC	11.82	10.36	-5.5	
Total Bemidji									17.13	10.36	2.3	
OTHER PRODUCTION												
Jamestown												
341.00 Structures and Improvements			32.44	10.35	-0.7	-0.6			33.53	10.35	-0.7	-0.6
342.00 Fuel Holders and Accessories			34.84	10.35	-2.4	-0.6			35.77	10.35	-2.4	-0.6
343.00 Prime Movers			31.88	10.35	-2.1	-0.6			33.08	10.35	-2.1	-0.6
344.00 Generators												
345.00 Accessory Electric Equipment			31.28	10.36	0.2	-0.6			32.29	10.36	0.2	-0.6
346.00 Miscellaneous Power Plant Equipment			22.45	10.36	-0.6	-0.6			21.18	10.36	-0.6	-0.6
Total Jamestown									32.91	10.35	-2.0	-0.6
Jamestown Unit 1												
341.00 Structures and Improvements	2020	200-SC	33.48	10.35	-0.7	-0.6	2021	200-SC	34.56	10.35	-0.7	-0.6
342.00 Fuel Holders and Accessories	2020	200-SC	36.49	10.35	-0.6	-0.6	2021	200-SC	37.64	10.35	-0.6	-0.6
343.00 Prime Movers	2020	200-SC	29.01	10.36	-3.3	-0.6	2021	200-SC	30.27	10.35	-3.3	-0.6
344.00 Generators												
345.00 Accessory Electric Equipment	2020	200-SC	42.39	10.35	1.5	-0.6	2021	200-SC	43.37	10.35	1.5	-0.6
346.00 Miscellaneous Power Plant Equipment	2020	200-SC	19.59	10.36	-0.6	-0.6	2021	200-SC	18.54	10.36	-0.6	-0.6
Total Jamestown Unit 1									30.52	10.35	-2.9	-0.6

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
Jamestown Unit 2												
341.00 Structures and Improvements	2020	200-SC	21.70	10.36	-0.6	-0.6	2021	200-SC	22.74	10.36	-0.6	-0.6
342.00 Fuel Holders and Accessories	2020	200-SC	27.81	10.35	-4.5	-0.6	2021	200-SC	27.99	10.35	-4.5	-0.6
343.00 Prime Movers	2020	200-SC	34.47	10.35	-1.2	-0.6	2021	200-SC	35.59	10.35	-1.2	-0.6
344.00 Generators												
345.00 Accessory Electric Equipment	2020	200-SC	27.27	10.36	-0.5	-0.6	2021	200-SC	28.24	10.36	-0.5	-0.6
346.00 Miscellaneous Power Plant Equipment	2020	200-SC	34.02	10.35	-0.6	-0.6	2021	200-SC	35.02	10.35	-0.6	-0.6
Total Jamestown Unit 2									35.33	10.35	-1.4	-0.6
Lake Preston												
341.00 Structures and Improvements	2020	200-SC	40.02	10.35	-0.9	-0.9	2021	200-SC	41.01	10.35	-0.9	-0.9
342.00 Fuel Holders and Accessories	2020	200-SC	39.86	10.35	-0.9	-0.9	2021	200-SC	40.84	10.35	-0.9	-0.9
343.00 Prime Movers	2020	200-SC	36.13	10.35	-1.0	-0.9	2021	200-SC	36.91	10.35	-1.0	-0.9
344.00 Generators												
345.00 Accessory Electric Equipment	2020	200-SC	38.78	10.35	-0.9	-0.9	2021	200-SC	39.78	10.35	-0.9	-0.9
346.00 Miscellaneous Power Plant Equipment	2020	200-SC	35.72	10.35	9.5	-0.9	2021	200-SC	36.74	10.35	9.5	-0.9
Total Lake Preston									37.60	10.35	-0.9	-0.9
Ashtabula Wind Generation												
341.00 Structures and Improvements	25.00	S5	25.00	23.50			25.00	S5	25.00	22.50		
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	25.00	S5	25.00	23.50			25.00	S5	25.00	22.50		
345.00 Accessory Electric Equipment	25.00	S5	25.00	23.50			25.00	S5	25.00	22.50		
346.00 Miscellaneous Power Plant Equipment												
Total Ashtabula Wind Generation									25.00	22.50		
Langdon Wind Generation												
341.00 Structures and Improvements	25.00	S5	25.00	22.50			25.00	S5	25.00	21.50		
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	25.00	S5	25.00	22.50			25.00	S5	25.00	21.50		
345.00 Accessory Electric Equipment	25.00	S5	25.00	22.50			25.00	S5	25.00	21.50		
346.00 Miscellaneous Power Plant Equipment												
Total Langdon Wind Generation									25.00	21.50		

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
Luverne Wind Generation												
341.00 Structures and Improvements							25.00	S5	25.00	23.50		
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	25.00	S5	25.00	24.50			25.00	S5	25.00	23.50		
345.00 Accessory Electric Equipment							25.00	S5	25.00	23.50		
346.00 Miscellaneous Power Plant Equipment												
Total Luverne Wind Generation									25.00	23.50		
Solway Combustion Turbine												
341.00 Structures and Improvements	2038	200-SC	33.46	27.47	-0.1	-0.1	2038	200-SC	33.48	26.54	-0.1	-0.1
342.00 Fuel Holders and Accessories	2038	200-SC	33.24	27.47	-0.1	-0.1	2038	200-SC	33.25	26.54	-0.1	-0.1
343.00 Prime Movers	2038	200-SC	33.49	27.47		-0.1	2038	200-SC	33.48	26.54		-0.1
344.00 Generators												
345.00 Accessory Electric Equipment	2038	200-SC	33.52	27.47	-0.1	-0.1	2038	200-SC	33.54	26.54	-0.1	-0.1
346.00 Miscellaneous Power Plant Equipment	2038	200-SC	32.50	27.47	-0.1	-0.1	2038	200-SC	32.49	26.54	-0.1	-0.1
Total Solway Combustion Turbine									33.46	26.54	-0.1	-0.1
Fergus Falls Control Center												
341.00 Structures and Improvements												
342.00 Fuel Holders and Accessories												
343.00 Prime Movers	2030	200-SC	33.73	19.96	0.6		2030	200-SC	33.77	19.01	0.6	
344.00 Generators												
345.00 Accessory Electric Equipment												
346.00 Miscellaneous Power Plant Equipment												
Total Fergus Falls Control Center									33.77	19.01	0.6	

OTTER TAIL POWER COMPANY
Plant Activity for 2010

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
STEAM PRODUCTION						
311.00 Structures and Improvements	$ 60,281,267	$ 375,252	$ 199,467		$14,029	$ 60,471,081
312.00 Boiler Plant Equipment	196,524,040	984,057	1,645,479		(14,029)	195,848,588
314.00 Turbo Generator Units	58,912,382	227,202	31,534			59,108,050
315.00 Accessory Electric Equipment	22,002,677	73,487	8,926		3,399	22,070,637
316.00 Misc. Power Plant Equipment	5,448,430	126,772	114,715			5,460,488
Total Steam Production	$ 343,168,796	$ 1,786,769	$ 2,000,121		$3,399	$ 342,958,844
HYDRAULIC PRODUCTION						
331.00 Structures and Improvements	$ 205,945	$ 129,855				$ 335,801
332.00 Reservoirs, Dams and Waterways	1,737,074	222,073				1,959,147
333.00 Water Wheels, Turbines and Gen.	1,056,163	11,347				1,067,510
334.00 Accessory Electric Equipment	588,496					588,496
335.00 Misc. Power Plant Equipment	147,893	1,070	288			148,675
Total Hydraulic Production	$ 3,735,571	$ 364,345	$ 288			$ 4,099,628
OTHER PRODUCTION						
341.00 Structures and Improvements	$ 10,372,336	$ 2,266,581				$ 12,638,916
342.00 Fuel Holders and Accessories	1,547,235					1,547,235
343.00 Prime Movers	31,432,837	103,172				31,536,008
344.00 Generators	248,814,640	(7,694,871)				241,119,769
345.00 Accessory Electric Equipment	14,768,208	4,851,757				19,619,965
346.00 Misc. Power Plant Equipment	421,985	13,520				435,505
Total Other Production	$ 307,357,240	$ (459,841)	$ -			$ 306,897,399
TRANSMISSION PLANT						
353.00 Station Equipment	$ 64,113,761	$ 1,648,193	$ 11,420		$ (47,235)	$ 65,703,299
354.00 Towers and Fixtures	4,692,263					4,692,263
355.00 Poles and Fixtures	78,694,228	895,418	198,495		(1,011,755)	78,379,397
356.00 Overhead Conductors and Devices	68,505,645	1,158,551	180,967		(544,299)	68,938,930
358.00 Underground Conductors and Devices	72,672					72,672
Total Transmission Plant	$ 216,078,570	$ 3,702,163	$ 390,882		$ (1,603,289)	$ 217,786,562

OTTER TAIL POWER COMPANY
Plant Activity for 2010

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
DISTRIBUTION PLANT						
362.00 Station Equipment	$ 55,865,911	$ 3,843,672	$ 878,391		$ 61,319	$ 58,892,510
364.00 Poles, Towers and Fixtures	57,700,687	2,473,239	61,692		1,011,755	61,123,989
365.00 Overhead Conductors and Devices	43,146,926	974,457	225,854		526,816	44,422,346
366.00 Underground Conduit						
367.00 Underground Conductors and Devices	56,395,314	1,839,936	150,698			58,084,552
368.00 Line Transformers	62,659,926	5,098,877	731,745			67,027,058
369.00 Overhead Services	11,483,579	133,415	11,147			11,605,847
369.10 Underground Services	30,954,909	1,070,278	23,724			32,001,463
370.00 Meters	20,641,651	1,099,535	706,893			21,034,293
370.10 Load Management Switches	8,936,228		17,061			8,919,167
370.20 Interruption Monitors	608,007					608,007
371.20 Other Private Lighting	3,830,944	171,535	89,329			3,913,151
373.00 Street Lighting and Signal Systems	4,415,498	189,289	77,772			4,527,015
Total Distribution Plant	$ 356,639,579	$ 16,894,234	$ 2,974,307		$ 1,599,890	$ 372,159,396
GENERAL PLANT						
390.00 Structures and Improvements	$ 19,326,797	$ (34,225)	$ 14,971			$ 19,277,601
390.10 General Office Buildiners	5,722,357	(31,177)				5,691,180
390.20 Fleet Service Center Buildings	789,745					789,745
390.30 Central Stores Building	3,894,888					3,894,888
391.00 Office Furniture	2,168,543	147,368	224,299			2,091,613
391.10 Office Equipment	1,048,336	10,228	115,483			943,080
391.20 Duplicating Equipment	1,191,021	21,988	182,517			1,030,492
391.50 Computer Systems	1,420,606	1,063,987	17,217		(45,109)	2,422,266
391.60 Computer Related Equipment	1,367,925	385,985	337,197		45,109	1,461,822

OTTER TAIL POWER COMPANY
Plant Activity for 2010

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
393.00 Stores Equipment						
394.00 Tools, Shop and Garage Equipment	2,906,256	403,058	266,908		(32,749)	3,009,657
394.20 Automated Meter Reading Equipment	1,093,497					1,093,497
395.00 Laboratory Equipment	123,117		43,017			80,100
396.00 Power Operated Equipment	534,531	56,720	32,749		32,749	591,251
397.00 Communication Equipment	879,534	10,279	42,500			847,314
397.10 Radio Telecommunications Equipment	972,587	18,644	31,660			959,570
397.20 Microwave Equipment	2,806,088	170,645	79,204			2,897,529
397.30 Radio Load Control Equipment	127,877	30,661				158,538
397.40 Communication Equipment - Towers	1,486,754					1,486,754
Total General Plant	$ 47,860,459	$ 2,254,161	$ 1,387,722		$ -	$ 48,726,898
TOTAL DEPRECIABLE PLANT	$ 1,274,840,215	$ 24,541,831	$ 6,753,319		$ 0	$ 1,292,628,727

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2010

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 43,605,719	$ 1,231,197		$ 199,467	$ 48,040	$ (729,873)	$ 43,859,536
312.00 Boiler Plant Equipment	117,127,819	6,179,518	35,266	1,645,479	98,548	(184,999)	121,413,576
314.00 Turbo Generator Units	32,129,044	1,957,476		31,534	396	490,128	34,544,719
315.00 Accessory Electric Equipment	13,983,209	551,136	(1,400)	8,926	175	413,806	14,937,650
316.00 Misc. Power Plant Equipment	3,017,234	186,417	16,357	114,715	6,348	12,490	3,111,435
Total Steam Production	$ 209,863,024	$ 10,105,745	$ 50,223	$ 2,000,121	$ 153,507	$ 1,552	$ 217,866,917
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	$ 138,833	$ 5,458				$ (1,657)	$ 142,634
332.00 Reservoirs, Dams and Waterways	1,142,457	48,371				(48,973)	1,141,855
333.00 Water Wheels, Turbines and Gen.	350,083	57,406				27,466	434,956
334.00 Accessory Electric Equipment	238,621	28,448				25,758	292,827
335.00 Misc. Power Plant Equipment	91,769	4,557		288		(2,594)	93,444
Total Hydraulic Production	$ 1,961,763	$ 144,241	$ -	$ 288	$ -	$ -	$ 2,105,716
OTHER PRODUCTION							
341.00 Structures and Improvements	$ 1,511,427	$ 353,242				$ 105,828	$ 1,970,498
342.00 Fuel Holders and Accessories	617,236	40,630				(2,742)	655,124
343.00 Prime Movers	11,671,333	867,823				(20,277)	12,518,879
344.00 Generators	10,804,248	9,766,037				(350,498)	20,219,787
345.00 Accessory Electric Equipment	1,373,838	559,447				268,037	2,201,322
346.00 Misc. Power Plant Equipment	122,419	13,259				(349)	135,329
Total Other Production	$ 26,100,502	$ 11,600,438	$ -	$ -	$ -	$ (0)	$ 37,700,940
TRANSMISSION PLANT							
353.00 Station Equipment	$ 15,147,831	$ 1,056,560	$ 2,437	$ 11,420	$ 3,156	$ (98,996)	$ 16,093,256
354.00 Towers and Fixtures	2,212,980	70,389				1,460	2,284,828
355.00 Poles and Fixtures	36,562,698	1,692,778	412,571	198,495	148,055	(695,221)	37,626,276
356.00 Overhead Conductors and Devices	29,359,196	1,381,918	188,276	180,967	88,893	(293,197)	30,366,333
358.00 Underground Conductors and Devices	64,501	1,126				(2,017)	63,611
Total Transmission Plant	$ 83,347,207	$ 4,202,771	$ 603,284	$ 390,882	$ 240,104	$ (1,087,971)	$ 86,434,304
DISTRIBUTION PLANT							
362.00 Station Equipment	$ 15,755,178	$ 1,335,014	$ 449,106	$ 878,391	$ 188,548	$ 333,391	$ 16,805,750
364.00 Poles, Towers and Fixtures	30,054,517	1,543,100	46,735	61,692	196,104	697,442	32,083,999
365.00 Overhead Conductors and Devices	31,364,893	1,376,391	136,263	225,854	292,720	190,042	32,549,015

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2010

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
366.00 Underground Conduit							
367.00 Underground Conductors and Devices	25,360,261	1,600,664	16,404	150,698	15,793	(150,748)	26,660,090
368.00 Line Transformers	9,189,947	935,351	575,266	731,745	217,534	(18,765)	9,732,519
369.00 Overhead Services	11,904,845	551,202	(110)	11,147	46,100	(23,637)	12,375,052
369.10 Underground Services	11,522,460	800,172		23,724	426	(47,339)	12,251,142
370.00 Meters	7,799,073	592,632	9,213	706,893	8	135,948	7,829,965
370.10 Load Management Switches	2,945,570	536,445		17,061		23,755	3,488,709
370.20 Interruption Monitors	186,025	121,601				(3,624)	304,002
371.20 Other Private Lighting	978,544	150,121	5,555	89,329	5,248	4,860	1,044,502
373.00 Street Lighting and Signal Systems	2,322,281	225,773	3,211	77,772	7,558	(54,906)	2,411,028
Total Distribution Plant	$ 149,383,592	$ 9,768,465	$ 1,241,643	$ 2,974,307	$ 970,040	$ 1,086,420	$ 157,535,773
GENERAL PLANT							
390.00 Structures and Improvements	$ 4,175,648	$ 350,131		$ 14,971		$ (122,227)	$ 4,388,582
390.10 General Office Buildiners	2,160,112	183,718				56,358	2,400,188
390.20 Fleet Service Center Buildings	396,799	26,793				(4,064)	419,528
390.30 Central Stores Building	1,728,464	92,379				(8,725)	1,812,118
391.00 Office Furniture	1,435,079	150,411		224,299		(5,084)	1,356,108
391.10 Office Equipment	474,800	100,534		115,483		7,130	466,981
391.20 Duplicating Equipment	777,994	114,160		182,517		2,470	712,108
391.50 Computer Systems	705,903	304,601		17,217		16,028	1,009,315
391.60 Computer Related Equipment	698,627	277,412		337,197		70,077	708,918
393.00 Stores Equipment	(0)						(0)
394.00 Tools, Shop and Garage Equipment	1,383,226	188,705		266,908		(28,475)	1,276,548
394.20 Automated Meter Reading Equipment	551,760	72,900				1	624,661
395.00 Laboratory Equipment	110,243	6,703		43,017		2,218	76,147
396.00 Power Operated Equipment	167,306	21,549	12,000	32,749		15,943	184,049
397.00 Communication Equipment	335,108	56,828		42,500		9,778	359,214
397.10 Radio Telecommunications Equipment	531,794	96,984		31,660		3,460	600,577
397.20 Microwave Equipment	1,204,542	184,872		79,204		6,480	1,316,690
397.30 Radio Load Control Equipment	74,683	12,788				1	87,472
397.40 Communication Equipment - Towers	588,986	51,144				(21,369)	618,761
Total General Plant	$ 17,501,074	$ 2,292,612	$ 12,000	$ 1,387,722	$ -	$ -	$ 18,417,965
TOTAL DEPRECIABLE PLANT	$ 488,157,162	$ 38,114,271	$ 1,907,150	$ 6,753,319	$ 1,363,651	$ (0)	$ 520,061,614

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2010

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	$ 60,281,267	-7.0%	$ (4,219,689)	$ 43,605,719	$ 20,895,237		17.12	$ 1,220,516	2.02%
312.00 Boiler Plant Equipment	196,524,040	-7.5%	(14,739,303)	117,127,819	94,135,524		15.59	6,038,199	3.07%
314.00 Turbo Generator Units	58,912,382	-8.0%	(4,712,991)	32,129,044	31,496,328		15.45	2,038,597	3.46%
315.00 Accessory Electric Equipment	22,002,677	-7.4%	(1,628,198)	13,983,209	9,647,666		16.64	579,788	2.64%
316.00 Misc. Power Plant Equipment	5,448,430	-7.7%	(419,529)	3,017,234	2,850,726		15.37	185,473	3.40%
Total Steam Production	$ 343,168,796	-7.5%	$ (25,719,709)	$ 209,863,024	$ 159,025,481		15.80	$ 10,062,574	2.93%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	$ 205,945		$ -	$ 138,833	$ 67,113		12.29	$ 5,461	2.65%
332.00 Reservoirs, Dams and Waterways	1,737,074			1,142,457	594,618		12.29	48,382	2.79%
333.00 Water Wheels, Turbines and Gen.	1,056,163			350,083	706,079		12.30	57,405	5.44%
334.00 Accessory Electric Equipment	588,496			238,621	349,875		12.30	28,445	4.83%
335.00 Misc. Power Plant Equipment	147,893			91,769	56,123		12.30	4,563	3.09%
Total Hydraulic Production	$ 3,735,571		$ -	$ 1,961,763	$ 1,773,808		12.30	$ 144,256	3.86%
OTHER PRODUCTION									
341.00 Structures and Improvements	$ 10,372,336		$ -	$ 1,511,427	$ 8,860,908		26.74	$ 331,373	3.19%
342.00 Fuel Holders and Accessories	1,547,235			617,236	929,998		22.44	41,444	2.68%
343.00 Prime Movers	31,432,837			11,671,333	19,761,503		22.44	880,637	2.80%
344.00 Generators	248,814,640			10,804,248	238,010,392		24.10	9,875,950	3.97%
345.00 Accessory Electric Equipment	14,768,208			1,373,838	13,394,370		24.78	540,531	3.66%
346.00 Misc. Power Plant Equipment	421,985			122,419	299,566		22.25	13,464	3.19%
Total Other Production	$ 307,357,240		$ -	$ 26,100,502	$ 281,256,738		24.07	$ 11,683,399	3.80%
TRANSMISSION PLANT									
353.00 Station Equipment	$ 64,113,761	-5.0%	$ (3,205,688)	$ 15,147,831	$ 52,171,618	60.00	49.36	$ 1,056,961	1.65%
354.00 Towers and Fixtures	4,692,263	-10.0%	(469,226)	2,212,980	2,948,510	70.00	41.89	70,387	1.50%
355.00 Poles and Fixtures	78,694,228	-50.0%	(39,347,114)	36,562,698	81,478,644	65.00	47.61	1,711,377	2.17%
356.00 Overhead Conductors and Devices	68,505,645	-30.0%	(20,551,694)	29,359,196	59,698,143	60.00	43.04	1,387,039	2.02%
358.00 Underground Conductors and Devices	72,672	-5.0%	(3,634)	64,501	11,805	35.00	10.48	1,126	1.55%
Total Transmission Plant	$ 216,078,570	-29.4%	$ (63,577,356)	$ 83,347,207	$ 196,308,719		46.44	$ 4,226,890	1.96%
DISTRIBUTION PLANT									
362.00 Station Equipment	$ 55,865,911	5.0%	$ 2,793,296	$ 15,755,178	$ 37,317,437	38.00	28.13	$ 1,326,606	2.37%
364.00 Poles, Towers and Fixtures	57,700,687	-75.0%	(43,275,515)	30,054,517	70,921,685	65.00	47.02	1,508,330	2.61%
365.00 Overhead Conductors and Devices	43,146,926	-100.0%	(43,146,926)	31,364,893	54,928,960	60.00	40.45	1,357,947	3.15%
366.00 Underground Conduit									
367.00 Underground Conductors and Devices	56,395,314	-5.0%	(2,819,766)	25,360,261	33,854,819	35.00	21.27	1,591,670	2.82%
368.00 Line Transformers	62,659,926	50.0%	31,329,963	9,189,947	22,140,016	32.00	23.90	926,360	1.48%
369.00 Overhead Services	11,483,579	-150.0%	(17,225,368)	11,904,845	16,804,102	50.00	30.41	552,585	4.81%
369.10 Underground Services	30,954,909	-20.0%	(6,190,982)	11,522,460	25,623,431	45.00	32.10	798,238	2.58%

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2010

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
370.00 Meters	20,641,651			7,799,073	12,842,578	32.00	21.94	585,350	2.84%
370.10 Load Management Switches	8,936,228			2,945,570	5,990,658	15.00	11.16	536,797	6.01%
370.20 Interruption Monitors	608,007			186,025	421,982	5.00	4.50		
371.20 Other Private Lighting	3,830,944	10.0%	383,094	978,544	2,469,306	22.00	16.61	148,664	3.88%
373.00 Street Lighting and Signal Systems	4,415,498	-5.0%	(220,775)	2,322,281	2,313,992	18.00	10.30	224,659	5.09%
Total Distribution Plant	$ 356,639,579	-22.0%	$ (78,372,979)	$ 149,383,592	$ 285,628,965		29.89	$ 9,557,207	2.68%
GENERAL PLANT									
390.00 Structures and Improvements	$ 19,326,797	10.0%	$ 1,932,680	$ 4,175,648	$ 13,218,469	50.00	37.48	$ 352,681	1.82%
390.10 General Office Buildiners	5,722,357	-5.0%	(286,118)	2,160,112	3,848,363		20.89	184,220	3.22%
390.20 Fleet Service Center Buildings	789,745	-5.0%	(39,487)	396,799	432,433		16.14	26,793	3.39%
390.30 Central Stores Building	3,894,888	-5.0%	(194,744)	1,728,464	2,361,169		25.56	92,377	2.37%
391.00 Office Furniture*	2,168,543			1,435,079	733,464	15.00			
391.10 Office Equipment*	1,048,336			474,800	573,535	10.00			
391.20 Duplicating Equipment*	1,191,021			777,994	413,027	10.00			
391.50 Computer Systems*	1,420,606			705,903	714,703	5.00			
391.60 Computer Related Equipment*	1,367,925			698,627	669,298	5.00			
393.00 Stores Equipment*				(0)	0	15.00			
394.00 Tools, Shop and Garage Equipment*	2,906,256			1,383,226	1,523,030	15.00			
394.20 Automated Meter Reading Equipment*	1,093,497			551,760	541,737	15.00			
395.00 Laboratory Equipment*	123,117			110,243	12,874	15.00			
396.00 Power Operated Equipment	534,531	5.0%	26,727	167,306	340,499	23.00	16.72	20,365	3.81%
397.00 Communication Equipment*	879,534			335,108	544,426	15.00			
397.10 Radio Telecommunications Equipment*	972,587			531,794	440,793	10.00			
397.20 Microwave Equipment*	2,806,088			1,204,542	1,601,547	15.00			
397.30 Radio Load Control Equipment*	127,877			74,683	53,194	10.00			
397.40 Communication Equipment - Towers	1,486,754	5.0%	74,338	588,986	823,430	30.00	16.10	51,145	3.44%
Total General Plant	$ 47,860,459	3.2%	$ 1,513,395	$ 17,501,074	$ 28,845,990		39.65	$ 727,581	1.52%
TOTAL DEPRECIABLE PLANT	$ 1,274,840,215	-13.0%	$ (166,156,649)	$ 488,157,162	$ 952,839,702		26.18	$ 36,401,906	2.86%

*Amortization Account. (Col. I = Col. B / Col. G)

OTTER TAIL POWER COMPANY
2011 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2012

Account Number	Class of Utility Plant	Remaining Life (Yrs)	Net Salvage (%)	Amortization Period (Yrs)
STEAM PRODUCTION				
	Big Stone Plant			
311-101	Structures & Improvements	15.18	-9.1%	
312-101	Boiler Plant Equipment	15.18	-9.1%	
314-101	Turbogenerator Units	15.19	-9.1%	
315-101	Accessory Electric Equipment	15.18	-9.1%	
316-101	Misc. Power Plant Equipment	15.19	-8.9%	
	Hoot Lake Plant - Units 2 & 3			
311-102	Structures & Improvements	10.35	-11.2%	
312-102	Boiler Plant Equipment	10.36	-11.2%	
314-102	Turbogenerator Units	10.35	-11.2%	
315-102	Accessory Electric Equipment	10.35	-11.2%	
316-102	Misc. Power Plant Equipment	10.36	-11.1%	
	Coyote Station			
311-103	Structures & Improvements	19.94	-4.9%	
312-103	Boiler Plant Equipment	19.94	-4.9%	
314-103	Turbogenerator Units	19.95	-4.9%	
315-103	Accessory Electric Equipment	19.95	-4.9%	
316-103	Misc. Power Plant Equipment	19.95	-4.6%	
HYDRAULIC PRODUCTION				
	Hoot Lake Hydro Unit			
331-131	Structures & Improvements	10.34	0.0%	
332-131	Reservoirs, Dams & Waterways	10.34	0.0%	
333-131	Water Wheels, Turbines & Gen.	10.35	0.0%	
334-131	Accessory Electric Equipment	10.35	0.0%	
	Wright Hydro Unit			
331-132	Structures & Improvements	10.35	0.0%	
332-132	Reservoirs, Dams & Waterways	10.36	0.0%	
333-132	Water Wheels, Turbines & Gen.	10.36	0.0%	
334-132	Accessory Electric Equipment	10.36	0.0%	
335-132	Misc. Power Plant Equipment	10.35	0.0%	
	Pisgah Hydro Unit			
331-133	Structures & Improvements	10.35	0.0%	
332-133	Reservoirs, Dams & Waterways	10.35	0.0%	
333-133	Water Wheels, Turbines & Gen.	10.36	0.0%	
334-133	Accessory Electric Equipment	10.36	0.0%	
335-133	Misc. Power Plant Equipment	10.36	0.0%	
	Dayton Hollow Hydro Unit			
331-134	Structures & Improvements	10.35	0.0%	
332-134	Reservoirs, Dams & Waterways	10.36	0.0%	
333-134	Water Wheels, Turbines & Gen.	10.36	0.0%	
334-134	Accessory Electric Equipment	10.36	0.0%	
335-134	Misc. Power Plant Equipment	10.36	0.0%	
	Taplin Gorge Hydro Unit			
331-135	Structures & Improvements	10.34	0.0%	
332-135	Reservoirs, Dams & Waterways	10.35	0.0%	

OTTER TAIL POWER COMPANY
2011 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2012

Account Number	Class of Utility Plant	Remaining Life (Yrs)	Net Salvage (%)	Amortization Period (Yrs)
333-135	Water Wheels, Turbines & Gen.	10.33	0.0%	
334-135	Accessory Electric Equipment	10.36	0.0%	
335-135	Misc. Power Plant Equipment	10.36	0.0%	
	Bemidji Hydro Unit			
331-138	Structures & Improvements	10.36	0.0%	
332-138	Reservoirs, Dams & Waterways	10.36	0.0%	
333-138	Water Wheels, Turbines & Gen.	10.36	0.0%	
334-138	Accessory Electric Equipment	10.34	0.0%	
335-138	Misc. Power Plant Equipment	10.36	0.0%	
OTHER PRODUCTION				
	Jamestown Unit 1			
341-140	Structures & Improvements	10.35	-0.6%	
342-140	Fuel Holders & Accessories	10.35	-0.6%	
343-140	Prime Movers	10.35	-0.6%	
345-140	Accessory Electric Equipment	10.35	-0.6%	
346-140	Misc. Power Plant Equipment	10.36	-0.6%	
	Jamestown Unit 2			
341-142	Structures & Improvements	10.36	-0.6%	
342-142	Fuel Holders & Accessories	10.35	-0.6%	
343-142	Prime Movers	10.35	-0.6%	
345-142	Accessory Electric Equipment	10.36	-0.6%	
346-142	Misc. Power Plant Equipment	10.35	-0.6%	
	Lake Preston			
341-141	Structures & Improvements	10.35	-0.9%	
342-141	Fuel Holders & Accessories	10.35	-0.9%	
343-141	Prime Movers	10.35	-0.9%	
345-141	Accessory Electric Equipment	10.35	-0.9%	
346-141	Misc. Power Plant Equipment	10.35	-0.9%	
	Fergus Falls Control Center			
343-143	Prime Movers	19.01	0.0%	
	Solway Combustion Turbine Plant			
341-144	Structures & Improvements	26.54	-0.1%	
342-144	Fuel Holders & Accessories	26.54	-0.1%	
343-144	Prime Movers	26.54	-0.1%	
345-144	Accessory Electric Equipment	26.54	-0.1%	
346-144	Misc. Power Plant Equipment	26.54	-0.1%	
	Langdon Wind Energy Center			
341-160	Structures & Improvements	21.50	0.0%	
344-160	Generators	21.50	0.0%	
345-160	Accessory Electric Equipment	21.50	0.0%	
	Ashtabula Wind Energy Center			
341-161	Structures & Improvements	22.50	0.0%	
344-161	Generators	22.50	0.0%	
345-161	Accessory Electric Equipment	22.50	0.0%	

OTTER TAIL POWER COMPANY
2011 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2012

Account Number	Class of Utility Plant	Remaining Life (Yrs)	Net Salvage (%)	Amortization Period (Yrs)
	Luverne Wind Energy Center			
341-162	Structures & Improvements	23.50	0.0%	
344-162	Generators	23.50	0.0%	
345-162	Accessory Electric Equipment	23.50	0.0%	
TRANSMISSION				
353	Station Equipment	49.54	-5.0%	
354	Towers & Fixtures	39.89	-10.0%	
355	Poles & Fixtures	46.81	-50.0%	
356	Overhead Conductor & Devices	42.18	-30.0%	
358	Underground Conductor & Devices	6.92	-5.0%	
DISTRIBUTION				
362	Station Equipment	28.38	5.0%	
364	Poles, Towers & Fixtures	46.33	-75.0%	
365	Overhead Conductor & Devices	39.22	-100.0%	
367	Underground Conductor & Devices	20.59	-5.0%	
368	Line Transformers	24.16	50.0%	
369	Overhead Services	29.73	-150.0%	
369.1	Underground Services	31.46	-20.0%	
370	Meters	21.97	0.0%	
370.1	Load Management Switches	9.44	0.0%	
370.20	Interruption Monitors			5
371.20	Other Private Lighting	16.25	10.0%	
373	Street Lighting & Signal System	9.96	-5.0%	
GENERAL PLANT				
	Depreciable			
390	Structures & Improvements	36.49	10.0%	
390.1	General Office Buildings	19.00	-5.0%	
390.2	Fleet Service Center Buildings	14.22	-5.0%	
390.3	Central Stores Building	23.69	-5.0%	
396	Power Operated Equipment	16.73	5.0%	
397.4	Communication Towers	14.53	5.0%	
	Amortizable			
391	Office Furniture			15
391.1	Office Equipment			10
391.2	Duplicating Equipment			10
391.5	Computer Systems			5
391.6	Computer Related Equipment			5
394	Tools, Shop & Garage Equipment			15
394.2	Automated Meter Reading Equip.			15
395	Laboratory Equipment			15
397	Communication Equipment			15
397.1	Radio Telecom Equipment			10
397.2	Microwave Equipment			15
397.3	Radio Load Control Equipment			10

Source is Statement A from Foster Report

OTTER TAIL POWER COMPANY
2011 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

Future Additions and Retirements

As indicated at the bottom of Page 4 in the 2011 Technical Update ("Annual Review"): "Minnesota State Agency Rules 7825.0700, Subpart 2-B provides that each utility shall disclose a list of any major future additions or retirements to the plant accounts that the utility believes may have a material effect on the current certification results." Otter Tail Power Company ("Otter Tail" or "the Company") is unaware of any major future additions or retirements that would materially affect the current certification results.

In addition to discussing future additions or retirements affecting the current certification results, it is the Company's practice to also discuss potential *future* additions and retirements that may have an effect on *future* depreciation expense or *future* certification results. Last year's 2010 depreciation Technical Update provided some discussion of potential projects and we provided below additional updates on current projects being considered.

Otter Tail is investing in three of the CapX2020 transmission projects, the Fargo – Monticello 345 kV project, Bemidji – Grand Rapids 230 kV project, and the Brookings – Twin Cities 345 kV project. Almost all major permits have been received for each of the projects, with the Bemidji – Grand Rapids 230 kV project and a portion of the Fargo – Monticello 345 kV project under construction. The construction period for these projects is expected to last through 2015, with portions of the projects going into service throughout this time period.

In addition, Otter Tail is actively participating in the development of transmission in the Big Stone area. We are working closely with MISO on their Candidate Multi-Value Portfolio Study. In this study two projects in the Big Stone area have been identified: Big Stone – Brookings and Big Stone – Ellendale. These projects likely will be eligible for regional cost sharing under MISO's FERC approved Multi-Value Project ("MVP") cost allocation methodology. These projects are in the early stages of development with permitting possibly beginning in 2012.

Currently, the Big Stone Plant is subject to the Regional Haze Rule, which was promulgated by the Environmental Protection Agency to protect the visibility in 156 designated national parks and wilderness areas. The rule requires states to identify sources within their state that might adversely affect visibility in the designated areas and to require installation of Best Available Retrofit Technology ("BART") that would reduce the visibility impact. Otter Tail submitted a BART study to the South Dakota Department of Environment and Natural Resources ("SDDENR") that identified the need for installation of technology to reduce sulfur dioxide ("SO_2") and oxides of nitrogen ("NOx") emissions at Big Stone Plant. The SDDENR has adopted a Regional Haze State Implementation Plan, which includes Regional Haze Rules, that require installation of both flue gas desulfurization system for sulfur dioxide emissions control and a selective catalytic reduction system at Big Stone Plant. The control technologies must be installed and operating as expeditiously as possible no later than five years following EPA approval of the South Dakota State Implementation Plan.

OTTER TAIL POWER COMPANY
2011 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

The EPA released the Cross-State Air Pollution Rule ("CSAPR"), which is a replacement for the Transport Rule, on July 8, 2011. The impact of the rule is currently under review, but the initial assessment is that Hoot Lake Plant will need to either reduce SO2 or NOx emissions or purchase allowances to comply with CSAPR. It is expected that Hoot Lake will be able to sufficiently reduce NOx emissions with existing control equipment. It is likely that in the near term Hoot Lake will purchase additional SO2 allowances to comply with CSAPR in lieu of making a capital expenditure. Neither North Dakota nor South Dakota sources are slated for regulation by the CSAPR.

The company is exploring the possibility of re-powering Dayton Hollow Hydro unit number 3. This unit suffered a mechanical failure in the early 1960's and the turbine was retired in place while the generator was salvaged. The company is checking on the feasibility of having the turbine rebuilt and acquiring another generator unit to replace the original one. The company would also need to obtain the necessary Department of Natural Resources and FERC permits to bring this renewable resource back on line. Dayton Hollow Hydro is the company's first generating facility and was placed in service in 1909 with 3 operating units. Units 1 and 2 are still in operation.

The Company continues to explore other wind generation projects that could materialize in future years. These may or may not come to fruition depending on many factors including the outcome of future federal government policy decisions.

By June 25, 2010, the Company filed its latest Resource Plan (Docket No. E017/RP-10-623), which provided information on our plans for future generation (see Attachment 4 for a reconciliation between the Resource Plan and this depreciation filing). The resource plan indicates a new simple cycle combustion turbine resource to be added in the future. The Company is currently evaluating plans to add such a facility. The facility would be approximately 50 MW in nameplate capacity. Because these efforts are still in the planning stage, they will not impact current depreciation results.

The Minnesota Public Utilities Commission ("MPUC") "Order Accepting Resource Plan Change" (Docket No. E-017/RP-05-968) dated March 26, 2009, requires that: "In its first depreciation filing that includes new peaking generators, Otter Tail shall compare the last rate case's short term peaking capacity costs to the peaking capacity costs of the new generators." Because Otter Tail is still evaluating its peaking capacity options and has not made a final decision on which peaking option to pursue, there is no information to report to fulfill the requirements of the above Order.

As indicated in last year's depreciation filing, the trend continues for steam plant depreciation. As we approach the latter portion of a steam plant's forecasted service life, the impact on depreciation expense due to new additions grows exponentially. The additions are still necessary in order to achieve the current forecasted retirement date. However the recovery period

OTTER TAIL POWER COMPANY
2011 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

(remaining life) declines each year, such that the later life additions result in a larger remaining life depreciation expense increases. The Company continues to evaluate the condition of its existing steam and peaking plants and the related costs to continue operation of these plants past their current service life designation. In conjunction with the steam plant depreciation expense trend and our internal generating plant evaluations, the Company, prior to the 2010 annual review of depreciation certification adopted and implemented a policy to mitigate these issues. For generating assets that have a remaining life of less than 10 years an additional internal review of the asset will determine if it can remain in operating economically for the next ten year timeframe. If so, the minimum life of 10 years will be applied to that plant. Additionally, in recognition that major baseload generation facilities take a considerable amount of lead time and to ensure that a sizeable majority of generating assets are not retiring simultaneously, the policy maintains that a minimum of five years separation of remaining life intervals will be maintained between major generating plants. For example in the 2011 depreciation filing, Hoot Lake Plant a steam plant called out specifically in the policy would have its current operating life reduced by one year from 10.36 years to 9.36 years. Since this result falls below 10 years, an internal assessment was conducted on Hoot Lake Plant and the determination was made that yes under the present conditions the plant should be able to operate for the next 10 years, so an additional year was added to the plant in essence keeping the plant life at 10.36 years.

OTTER TAIL POWER COMPANY
2011 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Comparison of Resource Plan to Annual Review

Generating Unit	Retirement Dates: Resource Plan 2011 - 2025, Base Case, (prior to capacity expansion analysis)	Retirement Dates: 2011 Depreciation Study (Attachment No. 1)	Difference	Comments
BASE LOAD RESOURCES				
➢ Hoot Lake Plant Units 2 & 3	May-2020	May-2021	1 year	The resource plan selected conversion alternatives of these resources in 2019 which would create new retirement dates for these resources. The Depreciation filing extends the plant life an additional year per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➢ Big Stone Plant	Jan-2016	Mar-2026	1 year	The resource plan selected a conversion alternative of this resource in 2016 which would create a new retirement date for this resource. The Depreciation filing extends the plant life an additional year per policy to maintain a 5 year minimum baseload replacement window.
➢ Coyote Station	Dec-2029	Dec-2030	1 year	The Depreciation filing extends the plant life an additional year per policy to maintain a 5 year minimum baseload replacement window.
WIND				
➢ Langdon Wind Energy Center	Jun-2032	Jun-2032	None	
➢ Ashtabula Wind Energy Center	Jun-2033	Jul-2033	None	
➢ Luverne Wind Energy Center	Dec-2033	Jul-2034	6 months	IRP added 25 years from implementation, depreciation study assumes 1/2 year convention.
HYDRO				
➢ 6 units in 5 dams on the Otter Tail River, FERC licensed	No retirement date discussed - IRP assumes operating perpetually	May-2021	None	IRP assumes permanent hydro dam structures operate perpetually until a final retirement date is established. Depreciation Studies tie retirement date to end of current hydro license.
➢ 2 units on outlet of Lake Bemidji – not subject to FERC jurisdiction,	No retirement date discussed - IRP assumes operating perpetually	May-2021	None	IRP assumes permanent hydro dam structures operate perpetually until a final retirement date is established. Depreciation Studies tie retirement date to end of current hydro license for other dam structures which are of a similar vintage.
PEAKING FACILITIES				
➢ Jamestown Combustion Turbines - 2 units	May-2020	May-2021	1 year	The resource plan selected conversion alternatives of these resources in 2019 which would create new retirement dates for these resources. The Depreciation filing extends the plant life an additional year per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➢ Lake Preston Combustion Turbine	May-2020	May-2021	1 year	The resource plan selected conversion alternatives of these resources in 2019 which would create new retirement dates for these resources. The Depreciation filing extends the plant life an additional year per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➢ Solway Combustion Turbine	May-2037	Jul-2037	2 months	Model assumption differences.
➢ Fergus Control Center Diesel	No retirement date discussed - beyond study period	Jan-2030	N/A	IRP assumes new EPA Rice rule environmental upgrades are completed with retirement outside of study period. Depreciation study accounts for assets functionality as control center black start and back up strategic functionality. See note 2 on next page.

Note 1:

The Resource Plan (RP) filed on July 1, 2010 is a 15-year analysis covering the 2011-2025 time frame. The near term is intended to be very specific with regard to resource changes, additions, retirements, etc. The long-term is much more uncertain and identifies resources that a utility is likely to use. Those resources with retirement dates during the 15-year time frame were modeled with conversion alternatives that allowed the resource to continue if it was economic to do so based on the cost data and assumptions provided in the analysis. The depreciation study is intended to be an exact forecast, to be used for appropriate depreciation expense allocation over the remaining plant life. The IRP is far less exact in the long term. So, there is a natural potential difference between the purpose of the two filings.

Note 2:

Otter Tail Power company invested in the Fergus Falls Control Center diesel backup generator unit for strategic black start and Control Center operational backup power supply. This small 1.8MW unit qualifies to be listed as a generating resource under MISO and as such has been a capacity resource that was included in the company's IRP filings. In 2010, the Environmental Protection Agency (EPA) issued its Reciprocating Internal Combustion Engine (RICE) rules that would require certain environmental upgrades be made to the unit in order for it to continue to qualify as a capacity resource under MISO. The Company is still evaluating whether it will be economical to comply with the new EPA emission standards in order to continue using the Fergus Falls Control Center diesel as a capacity resource. Whether or not it remains as a capacity resource for resource adequacy purposes, it will continue to be available for its primary function as a back-up generator for the Control Center.

There was a mischaracterization of the IRP assumption in last year's depreciation filing. The comments for the Fergus Falls Control Center diesel stated that a conservative assumption was used where the new EPA rule environmental upgrades were not made and the unit was not longer available for resource adequacy. In fact, the assumption was made that the upgrades would be made and the unit would be available for resource adequacy. Under either scenario, the Fergus Falls Control Center diesel would still be in operation, it just may not be used as a capacity resource. While not mentioned in the IRP because it is outside of its scope, the assumed retirement date would be January, 2030, which is consistent with the depreciation filing.

Estimated Impact on North Dakota

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	North Dakota	Total	North Dakota	Total	North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
311.00 Structures and Improvements	$ 60,471,083	0.39600725	$ 1,281,510	$ 507,487	$ 1,227,104	$ 485,942	$ (54,406)	$ (21,545)
312.00 Boiler Plant Equipment	195,848,589	0.39600725	6,096,807	2,414,380	5,798,981	2,296,439	(297,826)	(117,941)
314.00 Turbogenerator Units	59,108,053	0.39600725	1,958,725	775,669	1,856,546	735,206	(102,179)	(40,463)
315.00 Accessory Electric Equipment	22,070,636	0.39600725	530,277	209,994	503,712	199,474	(26,565)	(10,520)
316.00 Miscellaneous Power Plant Equipment	5,460,488	0.39600725	187,174	74,122	179,665	71,149	(7,509)	(2,973)
Total Steam Production Plant	$ 342,958,849		$ 10,054,493	$ 3,981,652	$ 9,566,008	$ 3,788,210	$ (488,485)	$ (193,442)
HYDRAULIC PRODUCTION								
331.00 Structures and Improvements	$ 335,799	0.39600725	$ 14,588	$ 5,777	$ 17,757	$ 7,032	$ 3,169	$ 1,255
332.00 Reservoirs, Dams and Waterways	1,959,148	0.39600725	66,232	26,229	78,049	30,907	11,817	4,678
333.00 Water Wheels, Turbines & Generators	1,067,509	0.39600725	60,491	23,956	62,584	24,784	2,093	828
334.00 Accessory Electric Equipment	588,497	0.39600725	28,599	11,325	28,772	11,395	173	70
335.00 Miscellaneous Power Plant Equipment	148,675	0.39600725	5,209	2,062	5,298	2,097	89	35
Total Hydraulic Production Plant	$ 4,099,628		$ 175,119	$ 69,349	$ 192,460	$ 76,215	$ 17,341	$ 6,866
OTHER PRODUCTION								
341.00 Structures and Improvements	$ 12,638,918	0.39600725	$ 459,027	$ 181,108	$ 458,319	$ 180,827	$ (708)	$ (281)
342.00 Fuel Holders and Accessories	1,547,234	0.39600725	41,787	16,549	40,594	16,076	(1,193)	(473)
343.00 Prime Movers	31,536,006	0.39600725	893,726	353,922	869,348	344,269	(24,378)	(9,653)
344.00 Generators	241,119,769	0.39600725	9,814,697	3,866,456	9,825,497	3,870,711	10,800	4,255
345.00 Accessory Electric Equipment	19,619,965	0.39600725	776,442	305,971	776,171	305,862	(271)	(109)
346.00 Miscellaneous Power Plant Equipment	435,505	0.39600725	14,240	5,639	14,275	5,652	35	13
Total Other Production Plant	$ 306,897,397		$ 11,999,919	$ 4,729,645	$ 11,984,204	$ 4,723,397	$ (15,715)	$ (6,248)
TRANSMISSION PLANT								
353.00 Station Equipment	$ 65,703,300	0.40869453	$ 1,070,964	$ 437,697	$ 1,070,964	$ 437,697	$ -	$ -
354.00 Towers and Fixtures	4,692,263	0.40869453	72,261	29,533	71,792	29,341	(469)	(192)
355.00 Poles and Fixtures	78,379,397	0.40869453	1,716,509	701,528	1,700,833	695,121	(15,676)	(6,407)
356.00 Overhead Conductors and Devices	68,938,932	0.40869453	1,406,354	574,769	1,399,460	571,952	(6,894)	(2,817)
358.00 Underground Conductors and Devices	72,672	0.40869453	1,875	766	1,817	743	(58)	(23)
Total Transmission Plant	$ 217,786,564		$ 4,267,963	$ 1,744,293	$ 4,244,866	$ 1,734,854	$ (23,097)	$ (9,439)
DISTRIBUTION PLANT								
362.00 Station Equipment	$ 58,892,512	0.45358304	$ 1,378,085	$ 625,076	$ 1,378,085	$ 625,076	$ -	$ -
364.00 Poles, Towers and Fixtures	61,123,990	0.45358304	1,613,673	731,935	1,613,673	731,935		
365.00 Overhead Conductors and Devices	44,422,348	0.45358304	1,430,400	648,805	1,425,957	646,790	(4,443)	(2,015)
367.00 Underground Conductors and Devices	58,084,549	0.45358304	1,667,027	756,135	1,678,643	761,404	11,616	5,269
368.00 Line Transformers	67,027,056	0.45358304	992,000	449,954	985,298	446,914	(6,702)	(3,040)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account	Description	12/31/10 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual North Dakota	Proposed Annual Accrual Total	Proposed Annual Accrual North Dakota	Difference Total	Difference North Dakota
A		B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
369.00	Overhead Services	11,605,848	0.45358304	559,402	253,735	560,562	254,261	1,160	526
369.10	Underground Services	32,001,464	0.45358304	832,038	377,398	835,238	378,850	3,200	1,452
370.00	Meters	21,034,292	0.45358304	586,857	266,188	616,305	279,545	29,448	13,357
370.10	Load Management Switches	8,919,168	0.45358304	576,178	261,345	574,394	260,535	(1,784)	(810)
370.20	Interruption Monitors	608,006	0.45358304	121,601	55,156	121,601	55,156		
371.20	Other Private Lighting	3,913,151	0.45358304	153,396	69,578	153,787	69,755	391	177
373.00	Street Lighting and Signal Systems	4,527,015	0.45358304	240,384	109,034	241,290	109,445	906	411
	Total Distribution Plant	$ 372,159,399		$ 10,151,041	$ 4,604,339	$ 10,184,833	$ 4,619,666	$ 33,792	$ 15,327
	GENERAL PLANT								
	Depreciable								
390.00	Structures and Improvements	$ 19,277,599	0.42371212	$ 358,563	$ 151,927	$ 358,563	$ 151,927	$ -	$ -
390.10	General Office Buildings	5,691,178	0.42371212	188,947	80,059	189,516	80,300	569	241
390.20	Fleet Service Center Building	789,744	0.42371212	28,747	12,180	28,984	12,281	237	101
390.30	Central Stores Building	3,894,885	0.42371212	96,204	40,763	96,204	40,763		
396.00	Power Operated Equipment	591,250	0.42371212	23,118	9,795	22,822	9,670	(296)	(125)
397.40	Communication Towers	1,486,753	0.42371212	55,159	23,372	55,307	23,434	148	62
	Total Depreciable	$ 31,731,409		$ 750,738	$ 318,096	$ 751,396	$ 318,375	$ 658	$ 279
	Amortizable								
391.00	Office Furniture	$ 2,091,614	0.42371212	$ 130,265	$ 55,195	$ 130,265	$ 55,195	$ -	$ -
391.10	Office Equipment	943,080	0.42371212	89,304	37,839	89,304	37,839		
391.20	Duplicating Equipment	1,030,494	0.42371212	84,260	35,702	84,260	35,702		
391.50	Computer Systems	2,422,266	0.42371212	439,741	186,324	439,741	186,324		
391.60	Computer Related Equipment	1,461,822	0.42371212	291,791	123,635	291,791	123,635		
394.00	Tools, Shop and Garage Equipment	3,009,657	0.42371212	191,123	80,981	191,123	80,981		
394.20	Automated Meter Reading Equipment	1,093,497	0.42371212	56,162	23,797	56,162	23,797		
395.00	Laboratory Equipment	80,100	0.42371212	3,276	1,388	3,276	1,388		
397.00	Communication Equipment	847,313	0.42371212	50,411	21,360	50,411	21,360		
397.10	Radio Telecommunication Equipment	959,571	0.42371212	82,814	35,089	82,814	35,089		
397.20	Microwave Equipment	2,897,529	0.42371212	192,257	81,462	192,257	81,462		
397.30	Radio Load Control Equipment	158,538	0.42371212	15,854	6,718	15,854	6,718		
	Total Amortizable	$ 16,995,481		$ 1,627,258	$ 689,490	$ 1,627,258	$ 689,490	$ -	$ -
	Total General Plant	$ 48,726,890		$ 2,377,996	$ 1,007,586	$ 2,378,654	$ 1,007,865	$ 658	$ 279
	TOTAL UTILITY	$ 1,292,628,727		$ 39,026,531	$ 16,136,864	$ 38,551,025	$ 15,950,207	$ (475,506)	$ (186,657)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual North Dakota	Proposed Annual Accrual Total	Proposed Annual Accrual North Dakota	Difference Total	Difference North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
Big Stone								
311.00 Structures and Improvements	$ 22,696,935	0.39600725	$ 512,951	$ 203,132	$ 485,714	$ 192,346	$ (27,237)	$ (10,786)
312.00 Boiler Plant Equipment	72,433,043	0.39600725	2,274,398	900,678	2,165,748	857,652	(108,650)	(43,026)
314.00 Turbogenerator Units	27,618,807	0.39600725	1,049,515	415,616	991,515	392,647	(58,000)	(22,969)
315.00 Accessory Electric Equipment	8,518,956	0.39600725	207,011	81,978	194,232	76,917	(12,779)	(5,061)
316.00 Miscellaneous Power Plant Equipment	2,668,752	0.39600725	84,866	33,608	80,063	31,706	(4,803)	(1,902)
Total Big Stone	$ 133,936,493		$ 4,128,741	$ 1,635,012	$ 3,917,272	$ 1,551,268	$ (211,469)	$ (83,744)
Hoot Lake Units 2 and 3								
311.00 Structures and Improvements	$ 6,102,018	0.39600725	$ 144,618	$ 57,270	$ 142,787	$ 56,545	$ (1,831)	$ (725)
312.00 Boiler Plant Equipment	33,957,397	0.39600725	1,782,763	705,987	1,674,100	662,956	(108,663)	(43,031)
314.00 Turbogenerator Units	10,653,344	0.39600725	317,470	125,720	298,294	118,127	(19,176)	(7,593)
315.00 Accessory Electric Equipment	2,344,617	0.39600725	41,969	16,620	39,390	15,599	(2,579)	(1,021)
316.00 Miscellaneous Power Plant Equipment	972,502	0.39600725	50,278	19,910	49,209	19,487	(1,069)	(423)
Total Hoot Lake Units 2 and 3	$ 54,029,878		$ 2,337,098	$ 925,507	$ 2,203,780	$ 872,714	$ (133,318)	$ (52,793)
Coyote								
311.00 Structures and Improvements	$ 31,672,130	0.39600725	$ 623,941	$ 247,085	$ 598,603	$ 237,051	$ (25,338)	$ (10,034)
312.00 Boiler Plant Equipment	89,458,149	0.39600725	2,039,646	807,715	1,959,133	775,831	(80,513)	(31,884)
314.00 Turbogenerator Units	20,835,902	0.39600725	591,740	234,333	566,737	224,432	(25,003)	(9,901)
315.00 Accessory Electric Equipment	11,207,063	0.39600725	281,297	111,396	270,090	106,958	(11,207)	(4,438)
316.00 Miscellaneous Power Plant Equipment	1,819,234	0.39600725	52,030	20,604	50,393	19,956	(1,637)	(648)
Total Coyote	$ 154,992,478		$ 3,588,654	$ 1,421,133	$ 3,444,956	$ 1,364,228	$ (143,698)	$ (56,905)
HYDRAULIC PRODUCTION								
Hoot Lake								
331.00 Structures and Improvements	$ 69,354	0.39600725	$ 180	$ 71	$ 187	$ 74	$ 7	$ 3
332.00 Reservoirs, Dams and Waterways	247,942	0.39600725	471	187	521	206	50	19
333.00 Water Wheels, Turbines & Generators	104,195	0.39600725	1,646	652	1,636	648	(10)	(4)
334.00 Accessory Electric Equipment	34,650	0.39600725	755	299	745	295	(10)	(4)
335.00 Miscellaneous Power Plant Equipment								
Total Hoot Lake	$ 456,141		$ 3,052	$ 1,209	$ 3,089	$ 1,223	$ 37	$ 14
Wright								
331.00 Structures and Improvements	$ 19,026	0.39600725	$ 622	$ 246	$ 630	$ 249	$ 8	$ 3
332.00 Reservoirs, Dams and Waterways	357,504	0.39600725	17,446	6,909	17,518	6,937	72	28
333.00 Water Wheels, Turbines & Generators	228,711	0.39600725	12,236	4,846	12,282	4,864	46	18
334.00 Accessory Electric Equipment	200,523	0.39600725	11,350	4,495	11,390	4,511	40	16
335.00 Miscellaneous Power Plant Equipment	54,714	0.39600725	1,707	676	1,723	682	16	6
Total Wright	$ 860,478		$ 43,361	$ 17,172	$ 43,543	$ 17,243	$ 182	$ 71

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual North Dakota	Proposed Annual Accrual Total	Proposed Annual Accrual North Dakota	Difference Total	Difference North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Pisgah								
331.00 Structures and Improvements	$ 12,117	0.39600725	$ 317	$ 126	$ 322	$ 128	$ 5	$ 2
332.00 Reservoirs, Dams and Waterways	110,070	0.39600725	2,146	850	2,190	867	44	17
333.00 Water Wheels, Turbines & Generators	159,731	0.39600725	11,644	4,611	11,660	4,617	16	6
334.00 Accessory Electric Equipment	111,258	0.39600725	6,197	2,454	6,219	2,463	22	9
335.00 Miscellaneous Power Plant Equipment	21,820	0.39600725	746	295	755	299	9	4
Total Pisgah	$ 414,996		$ 21,050	$ 8,336	$ 21,146	$ 8,374	$ 96	$ 38
Dayton Hollow								
331.00 Structures and Improvements	$ 66	0.39600725	$ 2	$ 1	$ 2	$ 1	$ -	$ -
332.00 Reservoirs, Dams and Waterways	431,522	0.39600725	19,677	7,792	20,411	8,083	734	291
333.00 Water Wheels, Turbines & Generators	234,635	0.39600725	17,316	6,857	17,433	6,904	117	47
334.00 Accessory Electric Equipment	179,618	0.39600725	8,155	3,229	8,227	3,258	72	29
335.00 Miscellaneous Power Plant Equipment	8,354	0.39600725	318	126	321	127	3	1
Total Dayton Hollow	$ 854,195		$ 45,468	$ 18,005	$ 46,394	$ 18,373	$ 926	$ 368
Taplin Gorge								
331.00 Structures and Improvements	$ 35,140	0.39600725	$ 341	$ 135	$ 348	$ 138	$ 7	$ 3
332.00 Reservoirs, Dams and Waterways	366,191	0.39600725	7,763	3,074	7,800	3,089	37	15
333.00 Water Wheels, Turbines & Generators	15,110	0.39600725	125	50	130	51	5	1
334.00 Accessory Electric Equipment	55,608	0.39600725	1,952	773	1,952	773		
335.00 Miscellaneous Power Plant Equipment	62,717	0.39600725	2,402	951	2,402	951		
Total Taplin Gorge	$ 534,766		$ 12,583	$ 4,983	$ 12,632	$ 5,002	$ 49	$ 19
Bemidji								
331.00 Structures and Improvements	$ 200,096	0.39600725	$ 13,126	$ 5,198	$ 16,268	$ 6,442	$ 3,142	$ 1,244
332.00 Reservoirs, Dams and Waterways	445,919	0.39600725	18,729	7,417	29,609	11,725	10,880	4,308
333.00 Water Wheels, Turbines & Generators	325,127	0.39600725	17,524	6,940	19,443	7,700	1,919	760
334.00 Accessory Electric Equipment	6,840	0.39600725	190	75	239	95	49	20
335.00 Miscellaneous Power Plant Equipment	1,070	0.39600725	36	14	97	38	61	24
Total Bemidji	$ 979,052		$ 49,605	$ 19,644	$ 65,656	$ 26,000	$ 16,051	$ 6,356
OTHER PRODUCTION								
Jamestown								
341.00 Structures and Improvements	$ 244,252	0.39600725	$ 6,894	$ 2,730	$ 6,249	$ 2,475	$ (645)	$ (255)
342.00 Fuel Holders and Accessories	241,933	0.39600725	6,307	2,498	5,718	2,264	(589)	(234)
343.00 Prime Movers	6,674,855	0.39600725	189,798	75,161	171,764	68,020	(18,034)	(7,141)
344.00 Generators								
345.00 Accessory Electric Equipment	61,439	0.39600725	1,741	690	1,586	628	(155)	(62)
346.00 Miscellaneous Power Plant Equipment	102,176	0.39600725	4,398	1,742	4,479	1,773	81	31
Total Jamestown	$ 7,324,655		$ 209,138	$ 82,821	$ 189,796	$ 75,160	$ (19,342)	$ (7,661)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	North Dakota	Total	North Dakota	Total	North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Jamestown Unit 1								
341.00 Structures and Improvements	$ 229,859	0.39600725	$ 6,275	$ 2,485	$ 5,678	$ 2,249	$ (597)	$ (236)
342.00 Fuel Holders and Accessories	205,164	0.39600725	5,068	2,007	4,534	1,795	(534)	(212)
343.00 Prime Movers	2,877,314	0.39600725	95,239	37,715	86,319	34,183	(8,920)	(3,532)
344.00 Generators								
345.00 Accessory Electric Equipment	22,080	0.39600725	446	177	393	156	(53)	(21)
346.00 Miscellaneous Power Plant Equipment	75,134	0.39600725	3,719	1,473	3,862	1,529	143	56
Total Jamestown Unit 1	$ 3,409,551		$ 110,747	$ 43,857	$ 100,786	$ 39,912	$ (9,961)	$ (3,945)
Jamestown Unit 2								
341.00 Structures and Improvements	$ 14,393	0.39600725	$ 619	$ 245	$ 571	$ 226	$ (48)	$ (19)
342.00 Fuel Holders and Accessories	36,769	0.39600725	1,239	491	1,184	469	(55)	(22)
343.00 Prime Movers	3,797,541	0.39600725	94,559	37,446	85,445	33,837	(9,114)	(3,609)
344.00 Generators								
345.00 Accessory Electric Equipment	39,359	0.39600725	1,295	513	1,193	472	(102)	(41)
346.00 Miscellaneous Power Plant Equipment	27,042	0.39600725	679	269	617	244	(62)	(25)
Total Jamestown Unit 2	$ 3,915,104		$ 98,391	$ 38,964	$ 89,010	$ 35,248	$ (9,381)	$ (3,716)
Lake Preston								
341.00 Structures and Improvements	$ 194,154	0.39600725	$ 3,825	$ 1,515	$ 3,437	$ 1,361	$ (388)	$ (154)
342.00 Fuel Holders and Accessories	301,705	0.39600725	5,974	2,366	5,370	2,127	(604)	(239)
343.00 Prime Movers	3,172,065	0.39600725	72,006	28,515	65,662	26,003	(6,344)	(2,512)
344.00 Generators								
345.00 Accessory Electric Equipment	369,280	0.39600725	7,607	3,012	6,869	2,720	(738)	(292)
346.00 Miscellaneous Power Plant Equipment	21,607	0.39600725	428	169	382	151	(46)	(18)
Total Lake Preston	$ 4,058,811		$ 89,840	$ 35,577	$ 81,720	$ 32,362	$ (8,120)	$ (3,215)
Ashtabula Wind Generation								
341.00 Structures and Improvements	$ 3,248,290	0.39394550	$ 132,205	$ 52,082	$ 132,530	$ 52,210	$ 325	$ 128
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	108,000,336	0.39394550	4,395,614	1,731,632	4,406,414	1,735,887	10,800	4,255
345.00 Accessory Electric Equipment	6,219,783	0.39394550	253,145	99,725	253,767	99,970	622	245
346.00 Miscellaneous Power Plant Equipment								
Total Ashtabula Wind Generation	$ 117,468,409		$ 4,780,964	$ 1,883,439	$ 4,792,711	$ 1,888,067	$ 11,747	$ 4,628

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/10 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	North Dakota	Total	North Dakota	Total	North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Langdon Wind Generation								
341.00 Structures and Improvements	$ 2,484,069	0.39394550	$ 101,847	$ 40,122	$ 101,847	$ 40,122	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	68,429,649	0.39394550	2,805,616	1,105,260	2,805,616	1,105,260		
345.00 Accessory Electric Equipment	6,866,659	0.39394550	281,533	110,909	281,533	110,909		
346.00 Miscellaneous Power Plant Equipment								
Total Langdon Wind Generation	$ 77,780,377		$ 3,188,996	$ 1,256,291	$ 3,188,996	$ 1,256,291	$ -	$ -
Luverne Wind Generation								
341.00 Structures and Improvements	$ 2,266,581	0.39394550	$ 91,570	$ 36,074	$ 91,570	$ 36,074	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	64,689,784	0.39394550	2,613,467	1,029,564	2,613,467	1,029,564		
345.00 Accessory Electric Equipment	4,851,757	0.39394550	196,011	77,218	196,011	77,218		
346.00 Miscellaneous Power Plant Equipment								
Total Luverne Wind Generation	$ 71,808,122		$ 2,901,048	$ 1,142,856	$ 2,901,048	$ 1,142,856	$ -	$ -
Solway Combustion Turbine								
341.00 Structures and Improvements	$ 4,201,572	0.39600725	$ 122,686	$ 48,585	$ 122,686	$ 48,585	$ -	$ -
342.00 Fuel Holders and Accessories	1,003,596	0.39600725	29,506	11,685	29,506	11,685		
343.00 Prime Movers	21,097,449	0.39600725	613,936	243,123	613,936	243,123		
344.00 Generators								
345.00 Accessory Electric Equipment	1,251,047	0.39600725	36,405	14,417	36,405	14,417		
346.00 Miscellaneous Power Plant Equipment	311,722	0.39600725	9,414	3,728	9,414	3,728		
Total Solway Combustion Turbine	$ 27,865,386		$ 811,947	$ 321,538	$ 811,947	$ 321,538	$ -	$ -
Fergus Falls Control Center								
341.00 Structures and Improvements	$ -		$ -	$ -	$ -	$ -	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers	591,637	0.39600725	17,986	7,123	17,986	7,123		
344.00 Generators								
345.00 Accessory Electric Equipment								
346.00 Miscellaneous Power Plant Equipment								
Total Fergus Falls Control Center	$ 591,637		$ 17,986	$ 7,123	$ 17,986	$ 7,123	$ -	$ -