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June 7, 2013

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
Compliance Filing

Dear Mr. Nitschke:

Pursuant to the above-referenced order, I am enclosing Minnesota Public Utilities Commission ("MPUC") Order dated May 31, 2013, 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 a copy of Otter Tail's initial depreciation filing with the MPUC. Attachment 2 of this initial filing lists the remaining lives and net salvage or amortization period requested to be certified. The rates are effective January 1, 2013.

Also included is a worksheet, identified as Statement B. Page 2 shows the total estimated impact on North Dakota of any changes in depreciation rates to be an increase in annual expense of \$64,911.

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 218-739-8279 or stommerdahl@otpc.com.

Very truly yours,

/s/ STUART TOMMERDAHL
Stuart Tommerdahl
Manager Regulatory Administration

wao
Enclosures
By electronic filing and U.S. Mail

Minnesota Public Utilities
Commission Order
Dated May 31, 2013

Docket No. E017/D-12-933

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David Boyd
Nancy Lange
J. Dennis O'Brien
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
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: May 31, 2013

DOCKET NO. E-017/D-12-933

In the Matter of Otter Tail Power Company's (OTP) 2012 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 2012 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 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 include, in its next five-year depreciation study, a defense of the Company's Remaining Life Policy that addresses the issues identified above regarding default one-year life extensions, or a showing that the Company has amended its Remaining Life Policy to eliminate the default one-year life extensions.**

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

A handwritten signature in cursive script that reads "Burl W. Haar".

Burl W. Haar
Executive Secretary

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January 29, 2013

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-12-933

Dear Dr. Haar:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

 Otter Tail Power Company's (OTP) 2012 Annual Review of Depreciation Certification.

The petition was filed on August 31, 2012 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 is available to answer any questions the Commission may have.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/sm
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
 MINNESOTA DEPARTMENT OF COMMERCE
 DIVISION OF ENERGY RESOURCES

DOCKET No. E017/D-12-933

I. SUMMARY OF OTTER TAIL POWER COMPANY'S PROPOSAL

On August 31, 2012, Otter Tail Power Company (OTP or the Company) submitted its 2011 Annual Review of Depreciation Certification (2012 Depreciation Study) reflecting December 31, 2011 plant-in-service and depreciation reserve balances. The 2012 Depreciation Study is the fourth and final 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

Function	Accrual Rate			Annual Accrual		
	Current	Proposed	Difference	Current	Proposed	Difference
[A]	[B]	[C]	[D] = [C] - [B]	[E]	[F]	[G] = [F] - [E]
Production						
Steam	2.80%	2.82%	0.02%	\$9,857,871	\$9,944,814	\$86,943
Hydraulic	4.57%	5.30%	0.73%	206,866	239,705	32,839
Other	3.90%	3.91%	0.01%	11,953,897	11,970,468	16,571
Transmission	1.96%	1.96%	0.00%	4,474,873	4,475,959	1,086
Distribution	2.72%	2.72%	0.00%	10,593,645	10,600,554	6,909
General Plant	5.18%	5.21%	0.03%	2,556,500	2,570,393	13,893
Total Utility	2.98%	2.99%	0.01%	\$39,643,652	\$39,801,893	\$158,241

Source: 2012 Depreciation Study, Page 2

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, 2011 plant and reserve balances would result in total depreciation expense of \$39.802 million, or \$0.158 million higher than depreciation expense would be under currently effective depreciation parameters from OTP's 2011 Depreciation Study, certified by the Minnesota Public Utilities Commission (Commission) in Docket No. E017/D-11-886 (2011 Depreciation Docket). The proposed depreciation parameters yield a total utility composite depreciation rate of 2.99 percent, 0.01 percentage point higher than the composite depreciation rate of 2.98 percent yielded by the currently approved depreciation parameters.

II. DEPARTMENT ANALYSIS

The Department examined OTP's 2012 Depreciation Study for compliance with filing requirements and previous Commission Orders, and for the reasonableness of the proposed remaining lives, salvage rates, 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 January 27, 2012 Order in OTP's 2011 Depreciation Docket required OTP to file its next annual depreciation study by September 1, 2012. By filing its 2011 Depreciation Study on August 31, 2012, OTP met this requirement.

B. PROPOSED DEPRECIATION PARAMETERS

1. Remaining Lives

The Department recommends that the Commission approve all remaining lives proposed in the 2012 Depreciation Study, but does have some concerns surrounding OTP's Generating Assets Remaining Life Policy (Remaining Life Policy). Below, the Department addresses differences

between the remaining lives proposed in the 2012 Depreciation Study and the lives assumed in OTP's most recent resource plan, and concerns related to the Company's Remaining Life Policy.

a. 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 2012 Depreciation Study provides this comparison. The remaining lives included in OTP's 2012 Depreciation Study are generally consistent with those included in the 2010 Resource Plan, with the few exceptions described below.

i. Hydraulic Generating Units

The 2010 Resource Plan assumes perpetual operation (i.e. no retirement date) for OTP's hydraulic generating units. The 2012 Depreciation Study assumes a 9.38-year remaining life for OTP's hydraulic generating units, which is tied to the 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.¹

As described in greater detail in the Department's Comments in OTP's 2011 Depreciation Docket, the Department has some minor concerns with OTP's practice of using the expiration of an operating license as the basis for an asset's remaining life if the license is expected to be renewed and the asset is expected to remain operational. However, due to the small overall impact OTP's hydraulic units have on total depreciation expense, the Department recommends that the Commission approve the units' proposed remaining lives at this time, subject to further review in the future. If OTP makes investments in its hydraulic units in the future that significantly increase depreciation expense absent a remaining life extension, the Department may revisit this issue.

ii. Big Stone

OTP's 2010 Resource Plan assumes a retirement year of 2016 for the Big Stone Plant while OTP's 2012 Depreciation Study assumes a retirement year of 2027. OTP explained in Attachment 4 that the 2010 Resource Plan assumed that the Big Stone Plant would be upgraded in 2016 to comply with various environmental regulations and that its retirement date would be extended at that time. OTP filed a Petition for an advanced determination of prudence for these upgrades in Docket No. E017/M-10-1082, which the Commission granted in its January 23, 2012 Order. The Department concludes that OTP's explanation of the difference in retirement years is reasonable.

¹ 2011 Depreciation Study, Attachment 4.

iii. Fergus Control Center Diesel

The Department notes an inconsequential discrepancy between OTP's 2010 Resource Plan and Attachment 4 to OTP's 2012 Depreciation Study with respect to the assumed retirement date for the Fergus Control Center Diesel facility. As discussed in the Department's Comments in OTP's 2011 Depreciation Docket, the 2010 Resource Plan assumed that the facility would be retired 2013. Attachment 4 to the 2012 Depreciation Study, however, indicates that the 2010 Resource Plan assumed that the facility would be retired after the Resource Plan's study period, i.e. after 2025. The discrepancy relates to environmental upgrades necessary for the facility to qualify as a capacity resource under MISO. If the upgrades are made, the correct retirement date for resource planning purposes would be outside the study period. If the upgrades are not made, the correct retirement date would be 2013. However, it is the Department's understanding that regardless of whether the upgrades are made, the Company will keep the unit for its strategic black-start and back-up functionalities. For this reason, the Department concludes that the later retirement date assumed for depreciation purposes (2030) is reasonable.

b. OTP's Generating Assets Remaining Life Policy

In 2008, OTP implemented its 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. The Department raised concerns with this policy in its October 31, 2011 comments in the 2011 Depreciation Docket, and renews those concerns in this docket.

According to OTP, the Remaining Life Policy mandates that each generating unit 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.² The practical effect of the policy is that one-year life extensions have become the default treatment for many of the Company's generating assets, as they are made unless there is a specific reason not to. The Department asserts that this is the exact opposite of how remaining lives should be determined; remaining lives should automatically decrease over time unless there are specific reasons to extend them.

² This policy was discussed in greater detail in Docket No. E017/D-09-1019. See the November 10, 2009 Comments of Department and the November 23, 2009 Reply Comments of OTP.

Table 2
Remaining Lives of Selected Plants

Plant	Actual					Proposed
	2008	2009	2010	2011	2012	2013
<u>Baseload Resources</u>						
Hoot Lake Units 2 & 3	10.36	11.33	10.36	10.36	10.36	10.36
Big Stone Plant	13.26	16.15	15.19	15.19	15.18	15.19
Coyote Station	18.05	20.89	19.94	19.94	19.94	19.94
<u>Peaking Facilities</u>						
Jamestown Combustion	12.29	11.33	10.35	10.35	10.35	10.35
Lake Preston Combustion	12.29	11.32	10.35	10.35	10.35	10.35

Source: OTP Depreciation Studies

Table 2 provides a summary of the remaining lives certified for 2008 through 2012, as well as those proposed for 2013 for selected OTP generating plants. As shown in the table, none of these plants has aged for depreciation purposes for four years. From a 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.

From a reliability perspective, the Department is concerned that OTP's Remaining Life Policy raises the risk of catastrophic equipment failures resulting in costly forced outages that are harmful to ratepayers.³ In essence, OTP is assuming that the operation of the units listed in Table 2 over the last four years has had no impact on those units' expected remaining lives. Certainly, several years of operation must have added to the general wear and tear of these units and reduced their expected remaining lives. OTP has not adequately demonstrated that it has worked to combat this wear and tear with investments, increased maintenance, etc. which would preserve the units' remaining lives over time. The Department is not convinced, for example that the Big Stone Plant is as likely to remain operational for 15.19 more years from today as it was in the beginning of 2010.

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

³ The loss of generation resources forces the Company to purchase expensive replacement energy to meet its load, and the cost of that energy gets passed directly to ratepayers via the fuel clause adjustment.

extensions proposed in the instant proceeding are reasonable, but requests that OTP include in its next five-year depreciation study a defense of the Remaining Life Policy that addresses the Department’s concerns, or a showing that the Company has amended its Remaining Life Policy to eliminate the default one-year life extensions.

2. *Salvage Rates*

OTP is proposing no significant changes to its currently approved salvage rates. The Department concludes that the proposed salvage rates are reasonable.

C. *PLANT BALANCES, ADDITIONS, AND RETIREMENTS*

Table 3
Changes in Primary Plant Balance Accounts
(\$)

Primary Plant Assets	Balance 12/31/2010	Additions	Retirements	Transfers	Balance 12/31/2011
Steam Production	342,958,844	14,435,956	4,843,811	4,950	352,555,939
Hydraulic Production	4,099,628	431,142	4,238	-	4,526,532
Other Production	306,897,399	(273,525)	433,901	-	306,189,973
Transmission Plant	217,786,562	11,333,042	484,219	194,780	228,830,165
Distribution Plant	372,159,396	20,585,421	3,243,586	(194,780)	389,306,451
General Plant	48,726,898	4,299,655	3,639,758	(4,950)	49,381,845
Totals	1,292,628,727	50,811,691	12,649,513	-	1,330,790,905

Source: 2012 Depreciation Study, Statement G.

Table 3 shows the changes to OTP’s plant balances during 2011. The net effect of additions and retirements during the year is an increase in total plant of approximately \$38 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. states 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 stated that it is “unaware of any major future additions or retirements that would materially affect the current certification results.” The Company noted that it expects to place \$20 million of transmission investments into service in 2012 that will be reflected in the next depreciation study. 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.
- Unspecified wind projects.

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. EFFECTIVE DATE FOR PROPOSED DEPRECIATION RATES

OTP requested that the depreciation parameters and rates proposed in its 2012 Depreciation Study, upon certification by the Commission, become effective January 1, 2013. 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 2012 Depreciation Study, the Department recommends that the Commission:

- Certify the proposed service lives, proposed salvage values, and proposed depreciation rates from OTP’s 2012 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 a five-year depreciation study by September 1, 2013;
- 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.

Docket No. E017/D-12-933

Analyst assigned: Craig Addonizio

Page 8

The Department requests that OTP include, in its next five-year depreciation study, a defense of the Company's Remaining Life Policy that addresses the issues identified above regarding default one-year life extensions, or a showing that the Company has amended its Remaining Life Policy to eliminate the default one-year life extensions.

/sm

Otter Tail Power Company's
2012 Minnesota Annual Review of
Depreciation Certification Filing

Minnesota Docket No. E017/D-12-933

215 South Cascade Street
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August 31, 2012

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
2012 Annual Review of Depreciation Certification
Docket No. E017/D-12-_____**

Dear Dr. Haar:

Otter Tail Power Company hereby submits its 2012 Annual Review of Depreciation Certification. Also enclosed is a Certificate of Service.

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

Sincerely,

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

dm
Enclosures
By electronic filing
c: Service List

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of Otter Tail Power
Company's Request for Approval of its
2012 Annual Review of Depreciation
Certification

Docket No. E-017/D-12-_____

SUMMARY OF FILING

Please take notice that on August 31, 2012, Otter Tail Power Company filed its 2012 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
2012 Annual Review of Depreciation
Certification

Docket No. E-017/D-12-_____

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 its 2012 Annual Petition for Depreciation Certification. Otter Tail requests that the study be certified effective as of January 1, 2013.

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

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

The filing date is August 31, 2012, and Otter Tail requests approval as of January 1, 2013.

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@otpc.com

III. DESCRIPTION OF FILING.

This filing constitutes Otter Tail's 2012 Annual Petition for Depreciation Certification. Otter Tail's last five-year comprehensive depreciation study was filed in 2008 and approved by the Public Utilities Commission ("Commission") on June 1, 2009 in Docket E-017/D-08-1042. Otter Tail's 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 years between the five-year comprehensive depreciation studies.

The filing consists of four parts:

1. 2012 Technical Update prepared by Foster Associates, Inc., included as Attachment No. 1;
2. Proposed Remaining Lives and Salvage Percentages for Use in 2013, 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 2013 depreciation expense. Attachment No. 3, “Supplemental Comments,” addresses additional information not included in Attachment No. 1 - primarily comments related to long-term depreciation planning. Attachment No. 4 provides a schedule and narrative explaining any differences between the remaining lives used in this 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@otpc.com

and

Bruce Gerhardson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
bgerhardson@otpc.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 this annual petition for depreciation certification, to be effective as of January 1, 2013.

Dated: August 31, 2012

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
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2012 Technical Update



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EXECUTIVE SUMMARY

INTRODUCTION

This report presents the findings and recommendations developed in a 2012 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, 2011 were used in the 2012 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 2012 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. E-017/D-11-886 (Order Dated January 27, 2012). Depreciation accruals and reserve activity recorded in 2011 were posted to De-

cember 31, 2010 reserves to obtain appropriate reserve ratios for the 2012 Technical Update.

Notwithstanding that Otter Tail responsibly rebalanced depreciation reserves (with Commission approval) in each full study and each technical update for nearly twenty (20) years, the Department claimed in Docket No. E-017/D-11-886 that: "... the only clear effect of OTP's practice of redistributing reserves is to create a layer of confusion on OTP's depreciation calculations." The Commission accepted the Department's comment and ordered that: "OTP shall discontinue redistributing its depreciation reserves effective with this filing." The stability in accrual rates and control of amortization accounts that Otter Tail achieved by rebalancing depreciation reserves has been eliminated by Commission order and thus removed in the 2012 update.

PROPOSED DEPRECIATION RATES

Table 1 provides a summary of the changes in annual rates and accruals resulting from the 2012 Technical Update. Rates proposed for each primary account (with the exception of amortization accounts) have been developed including authorized allowances for net salvage.

Function	Accrual Rate			2012 Annualized Accrual		
	Current	Proposed	Difference	Current	Proposed	Difference
A	B	C	D=C-B	E	F	G=F-E
Production						
Steam	2.80%	2.82%	0.02%	\$9,857,871	\$9,944,814	\$86,943
Hydraulic	4.57%	5.30%	0.73%	206,866	239,705	32,839
Other	3.90%	3.91%	0.01%	11,953,897	11,970,468	16,571
Transmission	1.96%	1.96%	0.00%	4,474,873	4,475,959	1,086
Distribution	2.72%	2.72%	0.00%	10,593,645	10,600,554	6,909
General Plant	5.18%	5.21%	0.03%	2,556,500	2,570,393	13,893
Total Utility	2.98%	2.99%	0.01%	\$39,643,652	\$39,801,893	\$158,241

Table 1. Current and Proposed Rates and Accruals

Adjustments developed in the technical update produce a composite depreciation rate of 2.99 percent. Depreciation expense is currently accrued at an equivalent rate of 2.98 percent. The recommended change in the composite depreciation rate is, therefore, an increase of 0.01 percentage points.

A continued application of rates derived from currently approved parameters would produce annual depreciation expense of \$39,643,652 compared with an annual expense of \$39,801,893 using the rates developed in the update. The increase of \$158,241 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 increase allocated to the Minnesota jurisdiction is \$77,189.

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 2012 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 2012 based upon the rates developed in Statement A.
- Statement C provides a comparison of recorded and computed reserves for each rate category.
- 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 2011:

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 A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
STEAM PRODUCTION							
311.00 Structures and Improvements	16.94	-7.1%	2.03%	16.95	-7.1%	74.39%	1.93%
312.00 Boiler Plant Equipment	15.55	-7.5%	2.97%	15.51	-7.5%	60.18%	3.08%
314.00 Turbogenerator Units	15.84	-8.0%	3.14%	15.85	-7.9%	60.94%	2.95%
315.00 Accessory Electric Equipment	17.22	-7.2%	2.28%	17.03	-7.2%	66.72%	2.36%
316.00 Miscellaneous Power Plant Equipment	15.26	-7.9%	3.34%	15.00	-7.8%	55.61%	3.49%
Total Steam Production Plant			2.80%	15.83	-7.5%	63.10%	2.82%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	10.36		5.29%	9.39		47.55%	5.59%
332.00 Reservoirs, Dams and Waterways	10.36		3.87%	9.38		51.08%	5.22%
333.00 Water Wheels, Turbines & Generators	10.36		5.86%	9.38		45.97%	5.76%
334.00 Accessory Electric Equipment	10.36		4.88%	9.38		52.64%	5.05%
335.00 Miscellaneous Power Plant Equipment	10.36		3.56%	9.38		66.13%	3.61%
Total Hydraulic Production Plant			4.57%	9.38		50.31%	5.30%
OTHER PRODUCTION							
341.00 Structures and Improvements	23.27		3.62%	22.33		19.02%	3.62%
342.00 Fuel Holders and Accessories	21.37		2.61%	19.62		40.96%	2.99%
343.00 Prime Movers	21.42		2.76%	20.88		42.33%	2.68%
344.00 Generators	22.48		4.07%	21.50		12.15%	4.09%
345.00 Accessory Electric Equipment	22.41		3.96%	21.45		14.91%	3.96%
346.00 Miscellaneous Power Plant Equipment	20.70		3.28%	20.29		34.31%	3.19%
Total Other Production Plant			3.90%	21.47	0.0%	15.90%	3.91%
TRANSMISSION PLANT							
353.00 Station Equipment	49.54	-5.0%	1.63%	49.09	-5.0%	25.49%	1.62%
354.00 Towers and Fixtures	39.89	-10.0%	1.53%	38.90	-10.0%	50.19%	1.54%
355.00 Poles and Fixtures	46.81	-50.0%	2.17%	47.58	-50.0%	46.55%	2.17%
356.00 Overhead Conductors and Devices	42.18	-30.0%	2.03%	42.29	-30.0%	43.82%	2.04%
358.00 Underground Conductors and Devices	6.92	-5.0%	2.50%	8.34	-5.0%	84.34%	2.48%
Total Transmission Plant			1.96%	46.11	-29.7%	39.65%	1.96%
DISTRIBUTION PLANT							
362.00 Station Equipment	28.38	5.0%	2.34%	28.76	5.0%	26.97%	2.37%
364.00 Poles, Towers and Fixtures	46.33	-75.0%	2.64%	46.01	-75.0%	53.64%	2.64%
365.00 Overhead Conductors and Devices	39.22	-100.0%	3.21%	38.74	-100.0%	75.19%	3.22%
367.00 Underground Conductors and Devices	20.59	-5.0%	2.89%	20.53	-5.0%	46.06%	2.87%
368.00 Line Transformers	24.16	50.0%	1.47%	24.23	50.0%	14.73%	1.46%
369.00 Overhead Services	29.73	-150.0%	4.83%	29.33	-150.0%	108.11%	4.84%
369.10 Underground Services	31.46	-20.0%	2.61%	31.19	-20.0%	38.84%	2.60%
370.00 Meters	21.97		2.93%	22.00		36.28%	2.90%
370.10 Load Management Switches	9.44		6.44%	8.58		44.85%	6.43%
370.20 Interruption Monitors	← 5 Year Amortization →			← 5 Year Amortization →			
371.20 Other Private Lighting	16.25	10.0%	3.93%	16.22	10.0%	25.36%	3.99%
373.00 Street Lighting and Signal Systems	9.96	-5.0%	5.33%	10.28	-5.0%	50.11%	5.34%
Total Distribution Plant			2.72%	26.32	-20.7%	42.33%	2.72%

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 A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
GENERAL PLANT							
Depreciable							
390.00 Structures and Improvements	36.49	10.0%	1.86%	36.38	10.0%	22.73%	1.85%
390.10 General Office Buildings	19.00	-5.0%	3.33%	18.05	-5.0%	38.26%	3.70%
390.20 Fleet Service Center Building	14.22	-5.0%	3.67%	13.26	-5.0%	56.54%	3.65%
390.30 Central Stores Building	23.69	-5.0%	2.47%	22.75	-5.0%	48.78%	2.47%
396.00 Power Operated Equipment	16.73	5.0%	3.86%	16.33	5.0%	34.95%	3.68%
397.40 Communication Towers	14.53	5.0%	3.72%	15.98	5.0%	38.60%	3.53%
Total Depreciable			2.37%	28.02	4.8%	30.57%	2.42%
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			10.15%	4.77		44.20%	10.15%
Total General Plant			5.18%	10.92	3.1%	35.48%	5.21%
TOTAL UTILITY			2.98%	22.69	-13.0%	41.06%	2.99%
STEAM PRODUCTION							
Big Stone							
311.00 Structures and Improvements	15.18	-9.1%	2.14%	15.18	-8.8%	78.81%	1.98%
312.00 Boiler Plant Equipment	15.18	-9.1%	2.99%	15.19	-8.8%	55.87%	3.48%
314.00 Turbogenerator Units	15.19	-9.1%	3.59%	15.19	-8.8%	57.15%	3.40%
315.00 Accessory Electric Equipment	15.18	-9.1%	2.28%	15.18	-8.8%	69.12%	2.61%
316.00 Miscellaneous Power Plant Equipment	15.19	-8.9%	3.00%	15.19	-8.6%	60.74%	3.15%
Total Big Stone			2.92%	15.19	-8.8%	60.75%	3.16%
Hoot Lake Units 2 and 3							
311.00 Structures and Improvements	10.35	-11.2%	2.34%	10.35	-11.2%	87.84%	2.26%
312.00 Boiler Plant Equipment	10.36	-11.2%	4.93%	10.36	-11.2%	62.89%	4.66%
314.00 Turbogenerator Units	10.35	-11.2%	2.80%	10.35	-11.2%	84.84%	2.55%
315.00 Accessory Electric Equipment	10.35	-11.2%	1.68%	10.35	-11.2%	95.05%	1.56%
316.00 Miscellaneous Power Plant Equipment	10.36	-11.1%	5.06%	10.36	-11.1%	55.10%	5.41%
Total Hoot Lake Units 2 and 3			4.09%	10.36	-11.2%	71.14%	3.87%
Coyote							
311.00 Structures and Improvements	19.94	-4.9%	1.89%	19.93	-5.0%	68.62%	1.83%
312.00 Boiler Plant Equipment	19.94	-4.9%	2.19%	19.94	-5.0%	62.99%	2.11%
314.00 Turbogenerator Units	19.95	-4.9%	2.72%	19.95	-5.0%	53.55%	2.58%
315.00 Accessory Electric Equipment	19.95	-4.9%	2.41%	19.95	-5.0%	58.79%	2.32%
316.00 Miscellaneous Power Plant Equipment	19.95	-4.6%	2.77%	19.95	-4.7%	48.80%	2.80%
Total Coyote			2.22%	19.94	-5.0%	62.40%	2.14%

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 A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
HYDRAULIC PRODUCTION							
Hoot Lake							
331.00 Structures and Improvements	10.34		0.27%	9.37		97.53%	0.26%
332.00 Reservoirs, Dams and Waterways	10.34		0.21%	9.37		98.16%	0.20%
333.00 Water Wheels, Turbines & Generators	10.35		1.57%	9.38		85.01%	1.60%
334.00 Accessory Electric Equipment	10.35		2.15%	9.38		79.37%	2.20%
335.00 Miscellaneous Power Plant Equipment							
Total Hoot Lake			0.68%	9.37		93.63%	0.68%
Wright							
331.00 Structures and Improvements	10.35		3.31%	9.38		68.87%	3.32%
332.00 Reservoirs, Dams and Waterways	10.36		4.90%	9.38		50.14%	5.32%
333.00 Water Wheels, Turbines & Generators	10.36		5.37%	9.38		49.20%	5.42%
334.00 Accessory Electric Equipment	10.36		5.68%	9.39		46.49%	5.70%
335.00 Miscellaneous Power Plant Equipment	10.35		3.15%	9.38		70.32%	3.16%
Total Wright			5.06%	9.38		50.72%	5.26%
Pisgah							
331.00 Structures and Improvements	10.35		2.66%	9.38		75.17%	2.65%
332.00 Reservoirs, Dams and Waterways	10.35		1.99%	9.39		27.94%	7.67%
333.00 Water Wheels, Turbines & Generators	10.36		7.30%	9.39		30.82%	7.37%
334.00 Accessory Electric Equipment	10.36		5.59%	9.38		47.11%	5.64%
335.00 Miscellaneous Power Plant Equipment	10.36		3.46%	9.38		67.51%	3.46%
Total Pisgah			4.05%	9.39		34.37%	6.99%
Dayton Hollow							
331.00 Structures and Improvements	10.35		2.57%	9.38		74.71%	2.70%
332.00 Reservoirs, Dams and Waterways	10.36		4.73%	9.39		38.62%	6.54%
333.00 Water Wheels, Turbines & Generators	10.36		7.43%	9.39		30.50%	7.40%
334.00 Accessory Electric Equipment	10.36		4.58%	9.38		54.99%	4.80%
335.00 Miscellaneous Power Plant Equipment	10.36		3.84%	9.38		63.36%	3.91%
Total Dayton Hollow			5.30%	9.39		39.91%	6.40%
Taplin Gorge							
331.00 Structures and Improvements	10.34		0.99%	9.36		90.54%	1.01%
332.00 Reservoirs, Dams and Waterways	10.35		2.13%	9.38		79.67%	2.17%
333.00 Water Wheels, Turbines & Generators	10.33		0.86%	9.36		91.81%	0.88%
334.00 Accessory Electric Equipment	10.36		3.51%	9.38		58.48%	4.43%
335.00 Miscellaneous Power Plant Equipment	10.36		3.83%	9.38		63.51%	3.89%
Total Taplin Gorge			2.37%	9.38		76.52%	2.51%
Bemidji							
331.00 Structures and Improvements	10.36		8.13%	9.39		18.97%	8.63%
332.00 Reservoirs, Dams and Waterways	10.36		6.64%	9.38		36.03%	6.82%
333.00 Water Wheels, Turbines & Generators	10.36		5.98%	9.38		47.68%	5.58%
334.00 Accessory Electric Equipment	10.34		3.50%	9.37		72.98%	2.88%
335.00 Miscellaneous Power Plant Equipment	10.36		9.11%	9.39		-0.56%	10.71%
Total Bemidji			6.71%	9.38		36.63%	6.75%

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 A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
OTHER PRODUCTION							
Jamestown							
341.00 Structures and Improvements	10.35	-0.6%	2.56%	10.35	-0.6%	76.77%	2.31%
342.00 Fuel Holders and Accessories	10.35	-0.6%	2.36%	10.35	-0.6%	76.36%	2.34%
343.00 Prime Movers	10.35	-0.6%	2.57%	10.35	-0.6%	76.57%	2.32%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-0.6%	2.58%	10.36	-0.6%	76.64%	2.31%
346.00 Miscellaneous Power Plant Equipment	10.36	-0.6%	4.38%	10.36	-0.6%	58.40%	4.07%
Total Jamestown			2.59%	10.35	-0.6%	76.31%	2.34%
Jamestown Unit 1							
341.00 Structures and Improvements	10.35	-0.6%	2.47%	10.35	-0.6%	77.56%	2.23%
342.00 Fuel Holders and Accessories	10.35	-0.6%	2.21%	10.35	-0.6%	77.11%	2.27%
343.00 Prime Movers	10.35	-0.6%	3.00%	10.35	-0.6%	72.62%	2.70%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-0.6%	1.78%	10.35	-0.6%	83.62%	1.64%
346.00 Miscellaneous Power Plant Equipment	10.36	-0.6%	5.14%	10.36	-0.6%	50.85%	4.80%
Total Jamestown Unit 1			2.95%	10.35	-0.6%	72.83%	2.68%
Jamestown Unit 2							
341.00 Structures and Improvements	10.36	-0.6%	3.97%	10.36	-0.6%	64.15%	3.52%
342.00 Fuel Holders and Accessories	10.35	-0.6%	3.22%	10.35	-0.6%	72.02%	2.76%
343.00 Prime Movers	10.35	-0.6%	2.25%	10.35	-0.6%	79.56%	2.03%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-0.6%	3.03%	10.36	-0.6%	72.73%	2.69%
346.00 Miscellaneous Power Plant Equipment	10.35	-0.6%	2.28%	10.35	-0.6%	79.35%	2.05%
Total Jamestown Unit 2			2.27%	10.35	-0.6%	79.36%	2.05%
Lake Preston							
341.00 Structures and Improvements	10.35	-0.9%	1.77%	10.35	-0.9%	84.19%	1.61%
342.00 Fuel Holders and Accessories	10.35	-0.9%	1.78%	10.36	-0.9%	62.90%	3.67%
343.00 Prime Movers	10.35	-0.9%	2.07%	10.35	-0.9%	81.45%	1.88%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-0.9%	1.86%	10.35	-0.9%	84.28%	1.61%
346.00 Miscellaneous Power Plant Equipment	10.35	-0.9%	1.77%	10.35	-0.9%	84.12%	1.62%
Total Lake Preston			2.01%	10.35	-0.9%	80.36%	1.99%
Ashtabula Wind Generation							
341.00 Structures and Improvements	22.50		4.08%	21.50		12.09%	4.09%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	22.50		4.08%	21.51		12.24%	4.08%
345.00 Accessory Electric Equipment	22.50		4.08%	21.50		12.09%	4.09%
346.00 Miscellaneous Power Plant Equipment							
Total Ashtabula Wind Generation			4.08%	21.51		12.23%	4.08%
Langdon Wind Generation							
341.00 Structures and Improvements	21.50		4.10%	20.50		15.68%	4.11%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	21.50		4.10%	20.54		15.04%	4.14%
345.00 Accessory Electric Equipment	21.50		4.10%	20.57		15.40%	4.11%
346.00 Miscellaneous Power Plant Equipment							
Total Langdon Wind Generation			4.10%	20.54		15.09%	4.14%

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 A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
Luverne Wind Generation							
341.00 Structures and Improvements	23.50		4.04%	22.50		8.99%	4.04%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	23.50		4.04%	22.51		8.94%	4.05%
345.00 Accessory Electric Equipment	23.50		4.04%	22.50		8.99%	4.04%
346.00 Miscellaneous Power Plant Equipment							
Total Luverne Wind Generation			4.04%	22.51		8.95%	4.05%
Solway Combustion Turbine							
341.00 Structures and Improvements	26.54	-0.1%	2.92%	25.60	-0.1%	25.35%	2.92%
342.00 Fuel Holders and Accessories	26.54	-0.1%	2.94%	25.60	-0.1%	24.99%	2.93%
343.00 Prime Movers	26.54	-0.1%	2.91%	25.60	-0.1%	25.56%	2.91%
344.00 Generators							
345.00 Accessory Electric Equipment	26.54	-0.1%	2.91%	25.60	-0.1%	25.70%	2.91%
346.00 Miscellaneous Power Plant Equipment	26.54	-0.1%	3.02%	25.61	-0.1%	22.96%	3.01%
Total Solway Combustion Turbine			2.91%	25.60	-0.1%	25.48%	2.91%
Fergus Falls Control Center							
341.00 Structures and Improvements							
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	19.01		3.04%	18.05		45.16%	3.04%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center			3.04%	18.05		45.16%	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	12/31/11 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	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	\$ 60,445,815	0.49185170	\$ 1,226,654	\$ 603,331	\$ 1,166,481	\$ 573,735	\$ (60,173)	\$ (29,596)
312.00 Boiler Plant Equipment	204,979,430	0.49185170	6,085,155	2,992,994	6,312,729	3,104,926	227,574	111,932
314.00 Turbogenerator Units	58,463,517	0.49185170	1,833,026	901,577	1,725,944	848,908	(107,082)	(52,669)
315.00 Accessory Electric Equipment	23,116,645	0.49185170	527,567	259,484	545,834	268,469	18,267	8,985
316.00 Miscellaneous Power Plant Equipment	5,550,533	0.49185170	185,469	91,224	193,826	95,333	8,357	4,109
Total Steam Production Plant	\$ 352,555,940		\$ 9,857,871	\$ 4,848,610	\$ 9,944,814	\$ 4,891,371	\$ 86,943	\$ 42,761
HYDRAULIC PRODUCTION								
331.00 Structures and Improvements	\$ 335,800	0.49185170	\$ 17,757	\$ 8,733	\$ 18,758	\$ 9,227	\$ 1,001	\$ 494
332.00 Reservoirs, Dams and Waterways	2,376,628	0.49185170	92,056	45,277	123,918	60,949	31,862	15,672
333.00 Water Wheels, Turbines & Generators	1,067,510	0.49185170	62,584	30,782	61,473	30,235	(1,111)	(547)
334.00 Accessory Electric Equipment	597,919	0.49185170	29,170	14,348	30,190	14,849	1,020	501
335.00 Miscellaneous Power Plant Equipment	148,674	0.49185170	5,299	2,606	5,366	2,639	67	33
Total Hydraulic Production Plant	\$ 4,526,531		\$ 206,866	\$ 101,746	\$ 239,705	\$ 117,899	\$ 32,839	\$ 16,153
OTHER PRODUCTION								
341.00 Structures and Improvements	\$ 12,672,500	0.49185170	\$ 459,299	\$ 225,757	\$ 458,946	\$ 225,584	\$ (353)	\$ (173)
342.00 Fuel Holders and Accessories	1,581,378	0.49185170	41,233	20,281	47,302	23,265	6,069	2,984
343.00 Prime Movers	31,557,860	0.49185170	869,984	427,902	846,970	416,583	(23,014)	(11,319)
344.00 Generators	240,198,548	0.49185170	9,787,842	4,809,687	9,821,861	4,826,404	34,019	16,717
345.00 Accessory Electric Equipment	19,744,182	0.49185170	781,264	383,930	781,496	384,043	232	113
346.00 Miscellaneous Power Plant Equipment	435,505	0.49185170	14,275	7,021	13,893	6,833	(382)	(188)
Total Other Production Plant	\$ 306,189,973		\$ 11,953,897	\$ 5,874,578	\$ 11,970,468	\$ 5,882,712	\$ 16,571	\$ 8,134
TRANSMISSION PLANT								
353.00 Station Equipment	\$ 66,485,998	0.48100342	\$ 1,083,722	\$ 521,274	\$ 1,077,073	\$ 518,076	\$ (6,649)	\$ (3,198)
354.00 Towers and Fixtures	4,692,263	0.48100342	71,792	34,532	72,261	34,758	469	226
355.00 Poles and Fixtures	84,757,686	0.48100342	1,839,242	884,682	1,839,242	884,682		
356.00 Overhead Conductors and Devices	72,816,757	0.48100342	1,478,180	711,010	1,485,462	714,512	7,282	3,502
358.00 Underground Conductors and Devices	77,461	0.48100342	1,937	932	1,921	924	(16)	(8)
Total Transmission Plant	\$ 228,830,165		\$ 4,474,873	\$ 2,152,430	\$ 4,475,959	\$ 2,152,952	\$ 1,086	\$ 522
DISTRIBUTION PLANT								
362.00 Station Equipment	\$ 64,204,881	0.44319865	\$ 1,502,394	\$ 665,859	\$ 1,521,656	\$ 674,396	\$ 19,262	\$ 8,537
364.00 Poles, Towers and Fixtures	62,643,868	0.44319865	1,653,798	732,961	1,653,798	732,961		
365.00 Overhead Conductors and Devices	44,956,508	0.44319865	1,443,104	639,582	1,447,600	641,574	4,496	1,992
367.00 Underground Conductors and Devices	61,084,291	0.44319865	1,765,336	782,395	1,753,119	776,980	(12,217)	(5,415)
368.00 Line Transformers	71,186,693	0.44319865	1,046,444	463,783	1,039,326	460,628	(7,118)	(3,155)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/11 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
369.00 Overhead Services	11,876,396	0.44319865	573,630	254,232	574,818	254,759	1,188	527
369.10 Underground Services	33,521,023	0.44319865	874,899	387,754	871,547	386,268	(3,352)	(1,486)
370.00 Meters	21,697,298	0.44319865	635,731	281,755	629,222	278,870	(6,509)	(2,885)
370.10 Load Management Switches	8,895,304	0.44319865	572,858	253,890	571,968	253,495	(890)	(395)
370.20 Interruption Monitors	607,810	0.44319865	121,562	53,876	130,740	57,944	9,178	4,068
371.20 Other Private Lighting	4,015,486	0.44319865	157,809	69,941	160,218	71,008	2,409	1,067
373.00 Street Lighting and Signal Systems	4,616,893	0.44319865	246,080	109,062	246,542	109,267	462	205
Total Distribution Plant	\$ 389,306,451		\$ 10,593,645	\$ 4,695,090	\$ 10,600,554	\$ 4,698,150	\$ 6,909	\$ 3,060
GENERAL PLANT								
Depreciable								
390.00 Structures and Improvements	\$ 19,124,449	0.47225921	\$ 355,715	\$ 167,990	\$ 353,802	\$ 167,086	\$ (1,913)	\$ (904)
390.10 General Office Buildings	5,470,319	0.47225921	182,162	86,028	202,402	95,586	20,240	9,558
390.20 Fleet Service Center Building	789,745	0.47225921	28,984	13,688	28,826	13,613	(158)	(75)
390.30 Central Stores Building	3,904,166	0.47225921	96,433	45,541	96,433	45,541		
396.00 Power Operated Equipment	591,251	0.47225921	22,822	10,778	21,758	10,275	(1,064)	(503)
397.40 Communication Towers	1,690,677	0.47225921	62,893	29,702	59,681	28,185	(3,212)	(1,517)
Total Depreciable	\$ 31,570,607		\$ 749,009	\$ 353,727	\$ 762,902	\$ 360,286	\$ 13,893	\$ 6,559
Amortizable								
391.00 Office Furniture	\$ 1,883,645	0.47225921	\$ 112,283	\$ 53,027	\$ 112,283	\$ 53,027	\$ -	\$ -
391.10 Office Equipment	935,065	0.47225921	91,617	43,267	91,617	43,267		
391.20 Duplicating Equipment	700,892	0.47225921	69,137	32,651	69,137	32,651		
391.50 Computer Systems	3,274,994	0.47225921	596,521	281,713	596,521	281,713		
391.60 Computer Related Equipment	1,762,330	0.47225921	277,006	130,819	277,006	130,819		
394.00 Tools, Shop and Garage Equipment	3,164,974	0.47225921	205,310	96,960	205,310	96,960		
394.20 Automated Meter Reading Equipment	591,354	0.47225921	39,360	18,588	39,360	18,588		
395.00 Laboratory Equipment	18,181	0.47225921	606	286	606	286		
397.00 Communication Equipment	665,003	0.47225921	44,164	20,857	44,164	20,857		
397.10 Radio Telecommunication Equipment	1,416,496	0.47225921	141,385	66,770	141,385	66,770		
397.20 Microwave Equipment	3,239,765	0.47225921	214,291	101,201	214,291	101,201		
397.30 Radio Load Control Equipment	158,538	0.47225921	15,811	7,467	15,811	7,467		
Total Amortizable	\$ 17,811,237		\$ 1,807,491	\$ 853,606	\$ 1,807,491	\$ 853,606	\$ -	\$ -
Total General Plant	\$ 49,381,844		\$ 2,556,500	\$ 1,207,333	\$ 2,570,393	\$ 1,213,892	\$ 13,893	\$ 6,559
TOTAL UTILITY	\$ 1,330,790,904		\$ 39,643,652	\$ 18,879,787	\$ 39,801,893	\$ 18,956,976	\$ 158,241	\$ 77,189

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/11 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	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	\$ 22,682,754	0.49185170	\$ 485,411	\$ 238,750	\$ 449,119	\$ 220,900	\$ (36,292)	\$ (17,850)
312.00 Boiler Plant Equipment	80,296,923	0.49185170	2,400,878	1,180,876	2,794,333	1,374,397	393,455	193,521
314.00 Turbogenerator Units	26,926,293	0.49185170	966,654	475,450	915,494	450,287	(51,160)	(25,163)
315.00 Accessory Electric Equipment	9,471,253	0.49185170	215,945	106,213	247,200	121,586	31,255	15,373
316.00 Miscellaneous Power Plant Equipment	2,570,283	0.49185170	77,108	37,926	80,964	39,822	3,856	1,896
Total Big Stone	\$ 141,947,506		\$ 4,145,996	\$ 2,039,215	\$ 4,487,110	\$ 2,206,992	\$ 341,114	\$ 167,777
Hoot Lake Units 2 and 3								
311.00 Structures and Improvements	\$ 6,115,779	0.49185170	\$ 143,109	\$ 70,388	\$ 138,217	\$ 67,982	\$ (4,892)	\$ (2,406)
312.00 Boiler Plant Equipment	34,807,671	0.49185170	1,716,018	844,026	1,622,037	797,802	(93,981)	(46,224)
314.00 Turbogenerator Units	10,699,571	0.49185170	299,588	147,353	272,839	134,196	(26,749)	(13,157)
315.00 Accessory Electric Equipment	2,360,442	0.49185170	39,655	19,504	36,823	18,111	(2,832)	(1,393)
316.00 Miscellaneous Power Plant Equipment	1,126,980	0.49185170	57,025	28,048	60,970	29,988	3,945	1,940
Total Hoot Lake Units 2 and 3	\$ 55,110,443		\$ 2,255,395	\$ 1,109,319	\$ 2,130,886	\$ 1,048,079	\$ (124,509)	\$ (61,240)
Coyote								
311.00 Structures and Improvements	\$ 31,647,282	0.49185170	\$ 598,134	\$ 294,193	\$ 579,145	\$ 284,853	\$ (18,989)	\$ (9,340)
312.00 Boiler Plant Equipment	89,874,836	0.49185170	1,968,259	968,092	1,896,359	932,727	(71,900)	(35,365)
314.00 Turbogenerator Units	20,837,653	0.49185170	566,784	278,774	537,611	264,425	(29,173)	(14,349)
315.00 Accessory Electric Equipment	11,284,950	0.49185170	271,967	133,767	261,811	128,772	(10,156)	(4,995)
316.00 Miscellaneous Power Plant Equipment	1,853,270	0.49185170	51,336	25,250	51,892	25,523	556	273
Total Coyote	\$ 155,497,991		\$ 3,456,480	\$ 1,700,076	\$ 3,326,818	\$ 1,636,300	\$ (129,662)	\$ (63,776)
HYDRAULIC PRODUCTION								
Hoot Lake								
331.00 Structures and Improvements	\$ 69,354	0.49185170	\$ 187	\$ 92	\$ 180	\$ 89	\$ (7)	\$ (3)
332.00 Reservoirs, Dams and Waterways	247,941	0.49185170	521	256	496	244	(25)	(12)
333.00 Water Wheels, Turbines & Generators	104,195	0.49185170	1,636	805	1,667	820	31	15
334.00 Accessory Electric Equipment	34,651	0.49185170	745	366	762	375	17	9
335.00 Miscellaneous Power Plant Equipment								
Total Hoot Lake	\$ 456,141		\$ 3,089	\$ 1,519	\$ 3,105	\$ 1,528	\$ 16	\$ 9
Wright								
331.00 Structures and Improvements	\$ 19,026	0.49185170	\$ 630	\$ 310	\$ 632	\$ 311	\$ 2	\$ 1
332.00 Reservoirs, Dams and Waterways	382,677	0.49185170	18,751	9,223	20,358	10,013	1,607	790
333.00 Water Wheels, Turbines & Generators	228,711	0.49185170	12,282	6,041	12,396	6,097	114	56
334.00 Accessory Electric Equipment	200,524	0.49185170	11,390	5,602	11,430	5,622	40	20
335.00 Miscellaneous Power Plant Equipment	54,715	0.49185170	1,724	848	1,729	850	5	2
Total Wright	\$ 885,653		\$ 44,777	\$ 22,024	\$ 46,545	\$ 22,893	\$ 1,768	\$ 869

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/11 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Pisgah								
331.00 Structures and Improvements	\$ 12,118	0.49185170	\$ 322	\$ 158	\$ 321	\$ 158	\$ (1)	\$ -
332.00 Reservoirs, Dams and Waterways	321,136	0.49185170	6,391	3,143	24,631	12,115	18,240	8,972
333.00 Water Wheels, Turbines & Generators	159,732	0.49185170	11,660	5,735	11,772	5,790	112	55
334.00 Accessory Electric Equipment	111,257	0.49185170	6,219	3,059	6,275	3,086	56	27
335.00 Miscellaneous Power Plant Equipment	21,819	0.49185170	755	371	755	371		
Total Pisgah	\$ 626,062		\$ 25,347	\$ 12,466	\$ 43,754	\$ 21,520	\$ 18,407	\$ 9,054
Dayton Hollow								
331.00 Structures and Improvements	\$ 66	0.49185170	\$ 2	\$ 1	\$ 2	\$ 1	\$ -	\$ -
332.00 Reservoirs, Dams and Waterways	612,764	0.49185170	28,984	14,256	40,075	19,711	11,091	5,455
333.00 Water Wheels, Turbines & Generators	234,635	0.49185170	17,433	8,574	17,363	8,540	(70)	(34)
334.00 Accessory Electric Equipment	185,978	0.49185170	8,518	4,190	8,927	4,391	409	201
335.00 Miscellaneous Power Plant Equipment	8,354	0.49185170	321	158	327	161	6	3
Total Dayton Hollow	\$ 1,041,797		\$ 55,258	\$ 27,179	\$ 66,694	\$ 32,804	\$ 11,436	\$ 5,625
Taplin Gorge								
331.00 Structures and Improvements	\$ 35,140	0.49185170	\$ 348	\$ 171	\$ 355	\$ 175	\$ 7	\$ 4
332.00 Reservoirs, Dams and Waterways	366,191	0.49185170	7,800	3,836	7,946	3,908	146	72
333.00 Water Wheels, Turbines & Generators	15,110	0.49185170	130	64	133	65	3	1
334.00 Accessory Electric Equipment	58,670	0.49185170	2,059	1,013	2,599	1,278	540	265
335.00 Miscellaneous Power Plant Equipment	62,716	0.49185170	2,402	1,181	2,440	1,200	38	19
Total Taplin Gorge	\$ 537,827		\$ 12,739	\$ 6,265	\$ 13,473	\$ 6,626	\$ 734	\$ 361
Bemidji								
331.00 Structures and Improvements	\$ 200,096	0.49185170	\$ 16,268	\$ 8,001	\$ 17,268	\$ 8,493	\$ 1,000	\$ 492
332.00 Reservoirs, Dams and Waterways	445,919	0.49185170	29,609	14,563	30,412	14,958	803	395
333.00 Water Wheels, Turbines & Generators	325,127	0.49185170	19,443	9,563	18,142	8,923	(1,301)	(640)
334.00 Accessory Electric Equipment	6,839	0.49185170	239	118	197	97	(42)	(21)
335.00 Miscellaneous Power Plant Equipment	1,070	0.49185170	97	48	115	57	18	9
Total Bemidji	\$ 979,051		\$ 65,656	\$ 32,293	\$ 66,134	\$ 32,528	\$ 478	\$ 235
OTHER PRODUCTION								
Jamestown								
341.00 Structures and Improvements	\$ 244,250	0.49185170	\$ 6,248	\$ 3,073	\$ 5,633	\$ 2,770	\$ (615)	\$ (303)
342.00 Fuel Holders and Accessories	249,077	0.49185170	5,876	2,890	5,834	2,869	(42)	(21)
343.00 Prime Movers	6,674,855	0.49185170	171,764	84,482	154,777	76,127	(16,987)	(8,355)
344.00 Generators								
345.00 Accessory Electric Equipment	61,438	0.49185170	1,586	780	1,421	699	(165)	(81)
346.00 Miscellaneous Power Plant Equipment	102,176	0.49185170	4,479	2,203	4,160	2,046	(319)	(157)
Total Jamestown	\$ 7,331,796		\$ 189,953	\$ 93,428	\$ 171,825	\$ 84,511	\$ (18,128)	\$ (8,917)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/11 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	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	\$ 229,858	0.49185170	\$ 5,677	\$ 2,792	\$ 5,126	\$ 2,521	\$ (551)	\$ (271)
342.00 Fuel Holders and Accessories	212,308	0.49185170	4,692	2,308	4,819	2,370	127	62
343.00 Prime Movers	2,877,313	0.49185170	86,319	42,456	77,687	38,210	(8,632)	(4,246)
344.00 Generators								
345.00 Accessory Electric Equipment	22,080	0.49185170	393	193	362	178	(31)	(15)
346.00 Miscellaneous Power Plant Equipment	75,134	0.49185170	3,862	1,900	3,606	1,774	(256)	(126)
Total Jamestown Unit 1	\$ 3,416,693		\$ 100,943	\$ 49,649	\$ 91,600	\$ 45,053	\$ (9,343)	\$ (4,596)
Jamestown Unit 2								
341.00 Structures and Improvements	\$ 14,392	0.49185170	\$ 571	\$ 281	\$ 507	\$ 249	\$ (64)	\$ (32)
342.00 Fuel Holders and Accessories	36,769	0.49185170	1,184	582	1,015	499	(169)	(83)
343.00 Prime Movers	3,797,542	0.49185170	85,445	42,026	77,090	37,917	(8,355)	(4,109)
344.00 Generators								
345.00 Accessory Electric Equipment	39,358	0.49185170	1,193	587	1,059	521	(134)	(66)
346.00 Miscellaneous Power Plant Equipment	27,042	0.49185170	617	303	554	272	(63)	(31)
Total Jamestown Unit 2	\$ 3,915,103		\$ 89,010	\$ 43,779	\$ 80,225	\$ 39,458	\$ (8,785)	\$ (4,321)
Lake Preston								
341.00 Structures and Improvements	\$ 194,155	0.49185170	\$ 3,437	\$ 1,690	\$ 3,126	\$ 1,538	\$ (311)	\$ (152)
342.00 Fuel Holders and Accessories	328,705	0.49185170	5,851	2,878	12,063	5,933	6,212	3,055
343.00 Prime Movers	3,172,066	0.49185170	65,662	32,296	59,635	29,332	(6,027)	(2,964)
344.00 Generators								
345.00 Accessory Electric Equipment	369,280	0.49185170	6,869	3,379	5,945	2,924	(924)	(455)
346.00 Miscellaneous Power Plant Equipment	21,607	0.49185170	382	188	350	172	(32)	(16)
Total Lake Preston	\$ 4,085,813		\$ 82,201	\$ 40,431	\$ 81,119	\$ 39,899	\$ (1,082)	\$ (532)
Ashtabula Wind Generation								
341.00 Structures and Improvements	\$ 3,248,290	0.49139399	\$ 132,530	\$ 65,124	\$ 132,855	\$ 65,284	\$ 325	\$ 160
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	106,369,936	0.49139399	4,339,893	2,132,597	4,339,893	2,132,597		
345.00 Accessory Electric Equipment	6,219,783	0.49139399	253,767	124,700	254,389	125,005	622	305
346.00 Miscellaneous Power Plant Equipment								
Total Ashtabula Wind Generation	\$ 115,838,009		\$ 4,726,190	\$ 2,322,421	\$ 4,727,137	\$ 2,322,886	\$ 947	\$ 465

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/11 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	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	0.49139399	\$ 101,847	\$ 50,047	\$ 102,095	\$ 50,169	\$ 248	\$ 122
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	68,788,120	0.49139399	2,820,313	1,385,885	2,847,828	1,399,406	27,515	13,521
345.00 Accessory Electric Equipment	6,990,877	0.49139399	286,626	140,846	287,325	141,190	699	344
346.00 Miscellaneous Power Plant Equipment								
Total Langdon Wind Generation	\$ 78,263,066		\$ 3,208,786	\$ 1,576,778	\$ 3,237,248	\$ 1,590,765	\$ 28,462	\$ 13,987
Luverne Wind Generation								
341.00 Structures and Improvements	\$ 2,266,581	0.49139399	\$ 91,570	\$ 44,997	\$ 91,570	\$ 44,997	\$ -	\$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	65,040,492	0.49139399	2,627,636	1,291,205	2,634,140	1,294,401	6,504	3,196
345.00 Accessory Electric Equipment	4,851,757	0.49139399	196,011	96,319	196,011	96,319		
346.00 Miscellaneous Power Plant Equipment								
Total Luverne Wind Generation	\$ 72,158,830		\$ 2,915,217	\$ 1,432,521	\$ 2,921,721	\$ 1,435,717	\$ 6,504	\$ 3,196
Solway Combustion Turbine								
341.00 Structures and Improvements	\$ 4,235,155	0.49185170	\$ 123,667	\$ 60,826	\$ 123,667	\$ 60,826	\$ -	\$ -
342.00 Fuel Holders and Accessories	1,003,596	0.49185170	29,506	14,513	29,405	14,463	(101)	(50)
343.00 Prime Movers	21,119,301	0.49185170	614,572	302,278	614,572	302,278		
344.00 Generators								
345.00 Accessory Electric Equipment	1,251,047	0.49185170	36,405	17,906	36,405	17,906		
346.00 Miscellaneous Power Plant Equipment	311,722	0.49185170	9,414	4,630	9,383	4,615	(31)	(15)
Total Solway Combustion Turbine	\$ 27,920,821		\$ 813,564	\$ 400,153	\$ 813,432	\$ 400,088	\$ (132)	\$ (65)
Fergus Falls Control Center								
341.00 Structures and Improvements	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers	591,638	0.49185170	17,986	8,846	17,986	8,846		
344.00 Generators								
345.00 Accessory Electric Equipment								
346.00 Miscellaneous Power Plant Equipment								
Total Fergus Falls Control Center	\$ 591,638		\$ 17,986	\$ 8,846	\$ 17,986	\$ 8,846	\$ -	\$ -

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STEAM PRODUCTION							
311.00 Structures and Improvements	\$ 60,445,815	\$ 44,965,598	74.39%	\$ 39,700,503	65.68%	\$ 5,265,095	11.71%
312.00 Boiler Plant Equipment	204,979,430	123,363,108	60.18%	108,726,195	53.04%	14,636,913	11.86%
314.00 Turbogenerator Units	58,463,517	35,625,431	60.94%	31,156,963	53.29%	4,468,468	12.54%
315.00 Accessory Electric Equipment	23,116,645	15,424,580	66.72%	13,621,454	58.92%	1,803,127	11.69%
316.00 Miscellaneous Power Plant Equipment	5,550,533	3,086,580	55.61%	2,822,350	50.85%	264,230	8.56%
Total Steam Production Plant	\$ 352,555,940	\$222,465,298	63.10%	\$196,027,465	55.60%	\$ 26,437,833	11.88%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	\$ 335,800	\$ 159,684	47.55%	\$ 168,480	50.17%	\$ (8,795)	-5.51%
332.00 Reservoirs, Dams and Waterways	2,376,628	1,213,998	51.08%	1,256,178	52.86%	(42,180)	-3.47%
333.00 Water Wheels, Turbines & Generators	1,067,510	490,787	45.97%	479,175	44.89%	11,612	2.37%
334.00 Accessory Electric Equipment	597,919	314,720	52.64%	318,955	53.34%	(4,235)	-1.35%
335.00 Miscellaneous Power Plant Equipment	148,674	98,320	66.13%	98,095	65.98%	225	0.23%
Total Hydraulic Production Plant	\$ 4,526,531	\$ 2,277,509	50.31%	\$ 2,320,882	51.27%	\$ (43,373)	-1.90%
OTHER PRODUCTION							
341.00 Structures and Improvements	\$ 12,672,500	\$ 2,410,709	19.02%	\$ 2,441,282	19.26%	\$ (30,573)	-1.27%
342.00 Fuel Holders and Accessories	1,581,378	647,759	40.96%	609,579	38.55%	38,180	5.89%
343.00 Prime Movers	31,557,860	13,359,086	42.33%	12,239,558	38.78%	1,119,528	8.38%
344.00 Generators	240,198,548	29,185,307	12.15%	33,599,077	13.99%	(4,413,770)	-15.12%
345.00 Accessory Electric Equipment	19,744,182	2,944,828	14.91%	3,212,495	16.27%	(267,667)	-9.09%
346.00 Miscellaneous Power Plant Equipment	435,505	149,409	34.31%	137,948	31.68%	11,461	7.67%
Total Other Production Plant	\$ 306,189,973	\$ 48,697,098	15.90%	\$ 52,239,939	17.06%	\$ (3,542,841)	-7.28%
TRANSMISSION PLANT							
353.00 Station Equipment	\$ 66,485,998	\$ 16,944,140	25.49%	\$ 15,925,069	23.95%	\$ 1,019,071	6.01%
354.00 Towers and Fixtures	4,692,263	2,355,179	50.19%	2,293,176	48.87%	62,003	2.63%
355.00 Poles and Fixtures	84,757,686	39,458,203	46.55%	37,753,246	44.54%	1,704,957	4.32%
356.00 Overhead Conductors and Devices	72,816,757	31,907,873	43.82%	30,843,834	42.36%	1,064,039	3.33%
358.00 Underground Conductors and Devices	77,461	65,328	84.34%	62,715	80.96%	2,613	4.00%
Total Transmission Plant	\$ 228,830,165	\$ 90,730,723	39.65%	\$ 86,878,039	37.97%	\$ 3,852,683	4.25%

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DISTRIBUTION PLANT							
362.00 Station Equipment	\$ 64,204,881	\$ 17,317,349	26.97%	\$ 16,358,480	25.48%	\$ 958,869	5.54%
364.00 Poles, Towers and Fixtures	62,643,868	33,603,347	53.64%	31,684,012	50.58%	1,919,335	5.71%
365.00 Overhead Conductors and Devices	44,956,508	33,801,848	75.19%	32,100,909	71.40%	1,700,940	5.03%
367.00 Underground Conductors and Devices	61,084,291	28,135,291	46.06%	26,616,844	43.57%	1,518,448	5.40%
368.00 Line Transformers	71,186,693	10,485,393	14.73%	9,242,844	12.98%	1,242,549	11.85%
369.00 Overhead Services	11,876,396	12,839,796	108.11%	12,135,917	102.19%	703,878	5.48%
369.10 Underground Services	33,521,023	13,020,332	38.84%	12,383,313	36.94%	637,020	4.89%
370.00 Meters	21,697,298	7,871,978	36.28%	7,316,622	33.72%	555,356	7.05%
370.10 Load Management Switches	8,895,304	3,989,354	44.85%	3,830,824	43.07%	158,529	3.97%
370.20 Interruption Monitors	607,810	385,603	63.44%	401,585	66.07%	(15,982)	-4.14%
371.20 Other Private Lighting	4,015,486	1,018,475	25.36%	988,900	24.63%	29,575	2.90%
373.00 Street Lighting and Signal Systems	4,616,893	2,313,504	50.11%	2,176,412	47.14%	137,092	5.93%
Total Distribution Plant	\$ 389,306,451	\$164,782,271	42.33%	\$155,236,663	39.88%	\$ 9,545,608	5.79%
GENERAL PLANT							
Depreciable							
390.00 Structures and Improvements	\$ 19,124,449	\$ 4,346,262	22.73%	\$ 5,319,593	27.82%	\$ (973,331)	-22.39%
390.10 General Office Buildings	5,470,319	2,093,061	38.26%	2,809,758	51.36%	(716,698)	-34.24%
390.20 Fleet Service Center Building	789,745	446,518	56.54%	531,078	67.25%	(84,560)	-18.94%
390.30 Central Stores Building	3,904,166	1,904,625	48.78%	2,288,134	58.61%	(383,509)	-20.14%
396.00 Power Operated Equipment	591,251	206,625	34.95%	230,145	38.93%	(23,520)	-11.38%
397.40 Communication Towers	1,690,677	652,544	38.60%	767,409	45.39%	(114,865)	-17.60%
Total Depreciable	\$ 31,570,607	\$ 9,649,634	30.57%	\$ 11,946,117	37.84%	\$ (2,296,483)	-23.80%
Amortizable							
391.00 Office Furniture	\$ 1,883,645	\$ 1,218,139	64.67%	\$ 1,226,335	65.10%	\$ (8,196)	-0.67%
391.10 Office Equipment	935,065	456,835	48.86%	465,582	49.79%	(8,747)	-1.91%
391.20 Duplicating Equipment	700,892	418,435	59.70%	420,614	60.01%	(2,179)	-0.52%
391.50 Computer Systems	3,274,994	1,082,919	33.07%	1,477,231	45.11%	(394,312)	-36.41%
391.60 Computer Related Equipment	1,762,330	1,018,509	57.79%	1,104,691	62.68%	(86,182)	-8.46%
394.00 Tools, Shop and Garage Equipment	3,164,974	1,198,115	37.86%	1,210,212	38.24%	(12,097)	-1.01%
394.20 Automated Meter Reading Equipment	591,354	183,611	31.05%	178,679	30.22%	4,932	2.69%
395.00 Laboratory Equipment	18,181	18,181	100.00%	16,969	93.33%	1,212	6.67%

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397.00 Communication Equipment	665,003	230,546	34.67%	228,048	34.29%	2,498	1.08%
397.10 Radio Telecommunication Equipment	1,416,496	453,777	32.04%	487,160	34.39%	(33,383)	-7.36%
397.20 Microwave Equipment	3,239,765	1,489,862	45.99%	1,512,185	46.68%	(22,323)	-1.50%
397.30 Radio Load Control Equipment	158,538	103,325	65.17%	104,858	66.14%	(1,533)	-1.48%
Total Amortizable	\$ 17,811,237	\$ 7,872,256	44.20%	\$ 8,432,564	47.34%	\$ (560,308)	-7.12%
Total General Plant	\$ 49,381,844	\$ 17,521,891	35.48%	\$ 20,378,681	41.27%	\$ (2,856,790)	-16.30%
TOTAL UTILITY	\$ 1,330,790,904	\$ 546,474,790	41.06%	\$ 513,081,670	38.55%	\$ 33,393,120	6.11%
STEAM PRODUCTION							
Big Stone							
311.00 Structures and Improvements	\$ 22,682,754	\$ 17,875,860	78.81%	\$ 15,712,232	69.27%	\$ 2,163,628	12.10%
312.00 Boiler Plant Equipment	80,296,923	44,862,831	55.87%	40,561,691	50.51%	4,301,140	9.59%
314.00 Turbogenerator Units	26,926,293	15,388,148	57.15%	13,705,187	50.90%	1,682,961	10.94%
315.00 Accessory Electric Equipment	9,471,253	6,546,441	69.12%	5,802,219	61.26%	744,222	11.37%
316.00 Miscellaneous Power Plant Equipment	2,570,283	1,561,123	60.74%	1,449,278	56.39%	111,846	7.16%
Total Big Stone	\$ 141,947,506	\$ 86,234,404	60.75%	\$ 77,230,607	54.41%	\$ 9,003,797	10.44%
Hoot Lake Units 2 and 3							
311.00 Structures and Improvements	\$ 6,115,779	\$ 5,371,843	87.84%	\$ 4,900,320	80.13%	\$ 471,523	8.78%
312.00 Boiler Plant Equipment	34,807,671	21,890,773	62.89%	18,802,131	54.02%	3,088,641	14.11%
314.00 Turbogenerator Units	10,699,571	9,077,813	84.84%	8,153,287	76.20%	924,526	10.18%
315.00 Accessory Electric Equipment	2,360,442	2,243,668	95.05%	2,027,138	85.88%	216,530	9.65%
316.00 Miscellaneous Power Plant Equipment	1,126,980	620,996	55.10%	562,514	49.91%	58,482	9.42%
Total Hoot Lake Units 2 and 3	\$ 55,110,443	\$ 39,205,093	71.14%	\$ 34,445,390	62.50%	\$ 4,759,703	12.14%
Coyote							
311.00 Structures and Improvements	\$ 31,647,282	\$ 21,717,895	68.62%	\$ 19,087,952	60.31%	\$ 2,629,943	12.11%
312.00 Boiler Plant Equipment	89,874,836	56,609,505	62.99%	49,362,373	54.92%	7,247,132	12.80%
314.00 Turbogenerator Units	20,837,653	11,159,470	53.55%	9,298,489	44.62%	1,860,981	16.68%
315.00 Accessory Electric Equipment	11,284,950	6,634,471	58.79%	5,792,097	51.33%	842,375	12.70%
316.00 Miscellaneous Power Plant Equipment	1,853,270	904,460	48.80%	810,558	43.74%	93,902	10.38%
Total Coyote	\$ 155,497,991	\$ 97,025,801	62.40%	\$ 84,351,468	54.25%	\$ 12,674,333	13.06%

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HYDRAULIC PRODUCTION							
Hoot Lake							
331.00 Structures and Improvements	\$ 69,354	\$ 67,641	97.53%	\$ 58,332	84.11%	\$ 9,309	13.76%
332.00 Reservoirs, Dams and Waterways	247,941	243,385	98.16%	209,837	84.63%	33,548	13.78%
333.00 Water Wheels, Turbines & Generators	104,195	88,575	85.01%	76,887	73.79%	11,688	13.20%
334.00 Accessory Electric Equipment	34,651	27,503	79.37%	23,977	69.20%	3,527	12.82%
335.00 Miscellaneous Power Plant Equipment							
Total Hoot Lake	\$ 456,141	\$ 427,105	93.63%	\$ 369,033	80.90%	\$ 58,072	13.60%
Wright							
331.00 Structures and Improvements	\$ 19,026	\$ 13,103	68.87%	\$ 13,169	69.22%	\$ (66)	-0.50%
332.00 Reservoirs, Dams and Waterways	382,677	191,868	50.14%	194,796	50.90%	(2,928)	-1.53%
333.00 Water Wheels, Turbines & Generators	228,711	112,522	49.20%	113,927	49.81%	(1,405)	-1.25%
334.00 Accessory Electric Equipment	200,524	93,230	46.49%	94,024	46.89%	(794)	-0.85%
335.00 Miscellaneous Power Plant Equipment	54,715	38,473	70.32%	38,657	70.65%	(183)	-0.48%
Total Wright	\$ 885,653	\$ 449,196	50.72%	\$ 454,573	51.33%	\$ (5,376)	-1.20%
Pisgah							
331.00 Structures and Improvements	\$ 12,118	\$ 9,110	75.17%	\$ 9,149	75.50%	\$ (40)	-0.44%
332.00 Reservoirs, Dams and Waterways	321,136	89,711	27.94%	100,384	31.26%	(10,673)	-11.90%
333.00 Water Wheels, Turbines & Generators	159,732	49,234	30.82%	50,494	31.61%	(1,260)	-2.56%
334.00 Accessory Electric Equipment	111,257	52,408	47.11%	53,183	47.80%	(775)	-1.48%
335.00 Miscellaneous Power Plant Equipment	21,819	14,731	67.51%	14,829	67.96%	(99)	-0.67%
Total Pisgah	\$ 626,062	\$ 215,194	34.37%	\$ 228,040	36.42%	\$ (12,846)	-5.97%
Dayton Hollow							
331.00 Structures and Improvements	\$ 66	\$ 49	74.71%	\$ 53	80.44%	\$ (4)	-7.66%
332.00 Reservoirs, Dams and Waterways	612,764	236,626	38.62%	261,159	42.62%	(24,533)	-10.37%
333.00 Water Wheels, Turbines & Generators	234,635	71,560	30.50%	61,805	26.34%	9,755	13.63%
334.00 Accessory Electric Equipment	185,978	102,278	54.99%	108,247	58.20%	(5,969)	-5.84%
335.00 Miscellaneous Power Plant Equipment	8,354	5,293	63.36%	5,652	67.66%	(359)	-6.78%
Total Dayton Hollow	\$ 1,041,797	\$ 415,807	39.91%	\$ 436,916	41.94%	\$ (21,110)	-5.08%

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Taplin Gorge							
331.00 Structures and Improvements	\$ 35,140	\$ 31,815	90.54%	\$ 30,671	87.28%	\$ 1,144	3.60%
332.00 Reservoirs, Dams and Waterways	366,191	291,745	79.67%	282,085	77.03%	9,659	3.31%
333.00 Water Wheels, Turbines & Generators	15,110	13,872	91.81%	13,367	88.46%	505	3.64%
334.00 Accessory Electric Equipment	58,670	34,308	58.48%	33,603	57.27%	705	2.06%
335.00 Miscellaneous Power Plant Equipment	62,716	39,829	63.51%	38,783	61.84%	1,046	2.63%
Total Taplin Gorge	\$ 537,827	\$ 411,569	76.52%	\$ 398,509	74.10%	\$ 13,060	3.17%
Bemidji							
331.00 Structures and Improvements	\$ 200,096	\$ 37,966	18.97%	\$ 57,105	28.54%	\$ (19,139)	-50.41%
332.00 Reservoirs, Dams and Waterways	445,919	160,664	36.03%	207,916	46.63%	(47,253)	-29.41%
333.00 Water Wheels, Turbines & Generators	325,127	155,024	47.68%	162,694	50.04%	(7,670)	-4.95%
334.00 Accessory Electric Equipment	6,839	4,991	72.98%	5,921	86.57%	(930)	-18.63%
335.00 Miscellaneous Power Plant Equipment	1,070	(6)	-0.56%	174	16.26%	(180)	3004.53%
Total Bemidji	\$ 979,051	\$ 358,639	36.63%	\$ 433,811	44.31%	\$ (75,171)	-20.96%
OTHER PRODUCTION							
Jamestown							
341.00 Structures and Improvements	\$ 244,250	\$ 187,520	76.77%	\$ 172,151	70.48%	\$ 15,369	8.20%
342.00 Fuel Holders and Accessories	249,077	190,195	76.36%	175,066	70.29%	15,129	7.95%
343.00 Prime Movers	6,674,855	5,110,755	76.57%	4,654,497	69.73%	456,258	8.93%
344.00 Generators							
345.00 Accessory Electric Equipment	61,438	47,088	76.64%	42,701	69.50%	4,387	9.32%
346.00 Miscellaneous Power Plant Equipment	102,176	59,667	58.40%	55,281	54.10%	4,386	7.35%
Total Jamestown	\$ 7,331,796	\$ 5,595,227	76.31%	\$ 5,099,697	69.56%	\$ 495,530	8.86%
Jamestown Unit 1							
341.00 Structures and Improvements	\$ 229,858	\$ 178,288	77.56%	\$ 163,980	71.34%	\$ 14,307	8.02%
342.00 Fuel Holders and Accessories	212,308	163,715	77.11%	152,194	71.69%	11,520	7.04%
343.00 Prime Movers	2,877,313	2,089,617	72.62%	1,918,286	66.67%	171,331	8.20%
344.00 Generators							
345.00 Accessory Electric Equipment	22,080	18,463	83.62%	17,136	77.61%	1,327	7.19%
346.00 Miscellaneous Power Plant Equipment	75,134	38,209	50.85%	35,896	47.78%	2,313	6.05%
Total Jamestown Unit 1	\$ 3,416,693	\$ 2,488,291	72.83%	\$ 2,287,492	66.95%	\$ 200,799	8.07%

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Jamestown Unit 2							
341.00 Structures and Improvements	\$ 14,392	\$ 9,233	64.15%	\$ 8,171	56.77%	\$ 1,062	11.50%
342.00 Fuel Holders and Accessories	36,769	26,481	72.02%	22,872	62.21%	3,609	13.63%
343.00 Prime Movers	3,797,542	3,021,138	79.56%	2,736,211	72.05%	284,927	9.43%
344.00 Generators							
345.00 Accessory Electric Equipment	39,358	28,625	72.73%	25,565	64.96%	3,060	10.69%
346.00 Miscellaneous Power Plant Equipment	27,042	21,459	79.35%	19,385	71.69%	2,073	9.66%
Total Jamestown Unit 2	\$ 3,915,103	\$ 3,106,935	79.36%	\$ 2,812,205	71.83%	\$ 294,731	9.49%
Lake Preston							
341.00 Structures and Improvements	\$ 194,155	\$ 163,458	84.19%	\$ 147,626	76.04%	\$ 15,832	9.69%
342.00 Fuel Holders and Accessories	328,705	206,757	62.90%	202,914	61.73%	3,843	1.86%
343.00 Prime Movers	3,172,066	2,583,619	81.45%	2,326,855	73.35%	256,765	9.94%
344.00 Generators							
345.00 Accessory Electric Equipment	369,280	311,213	84.28%	278,036	75.29%	33,176	10.66%
346.00 Miscellaneous Power Plant Equipment	21,607	18,176	84.12%	16,440	76.09%	1,736	9.55%
Total Lake Preston	\$ 4,085,813	\$ 3,283,223	80.36%	\$ 2,971,872	72.74%	\$ 311,351	9.48%
Ashtabula Wind Generation							
341.00 Structures and Improvements	\$ 3,248,290	\$ 392,848	12.09%	\$ 454,761	14.00%	\$ (61,912)	-15.76%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	106,369,936	13,023,186	12.24%	14,849,243	13.96%	(1,826,057)	-14.02%
345.00 Accessory Electric Equipment	6,219,783	752,221	12.09%	870,770	14.00%	(118,549)	-15.76%
346.00 Miscellaneous Power Plant Equipment							
Total Ashtabula Wind Generation	\$ 115,838,009	\$ 14,168,256	12.23%	\$ 16,174,773	13.96%	\$ (2,006,518)	-14.16%
Langdon Wind Generation							
341.00 Structures and Improvements	\$ 2,484,069	\$ 389,428	15.68%	\$ 447,132	18.00%	\$ (57,704)	-14.82%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	68,788,120	10,345,383	15.04%	12,271,801	17.84%	(1,926,418)	-18.62%
345.00 Accessory Electric Equipment	6,990,877	1,076,489	15.40%	1,238,783	17.72%	(162,294)	-15.08%
346.00 Miscellaneous Power Plant Equipment							
Total Langdon Wind Generation	\$ 78,263,066	\$ 11,811,300	15.09%	\$ 13,957,716	17.83%	\$ (2,146,416)	-18.17%

OTTER TAIL POWER COMPANY

Depreciation Reserve Summary
 Vintage Group Procedure
 December 31, 2011

Statement C

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount	Ratio	Amount	Ratio	Amount	Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Luverne Wind Generation							
341.00 Structures and Improvements	\$ 2,266,581	\$ 203,805	8.99%	\$ 226,658	10.00%	\$ (22,853)	-11.21%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	65,040,492	5,816,738	8.94%	6,478,033	9.96%	(661,296)	-11.37%
345.00 Accessory Electric Equipment	4,851,757	436,257	8.99%	485,176	10.00%	(48,918)	-11.21%
346.00 Miscellaneous Power Plant Equipment							
Total Luverne Wind Generation	\$ 72,158,830	\$ 6,456,800	8.95%	\$ 7,189,867	9.96%	\$ (733,067)	-11.35%
Solway Combustion Turbine							
341.00 Structures and Improvements	\$ 4,235,155	\$ 1,073,649	25.35%	\$ 992,953	23.45%	\$ 80,696	7.52%
342.00 Fuel Holders and Accessories	1,003,596	250,807	24.99%	231,598	23.08%	19,209	7.66%
343.00 Prime Movers	21,119,301	5,397,528	25.56%	4,980,529	23.58%	416,999	7.73%
344.00 Generators							
345.00 Accessory Electric Equipment	1,251,047	321,559	25.70%	297,029	23.74%	24,530	7.63%
346.00 Miscellaneous Power Plant Equipment	311,722	71,566	22.96%	66,227	21.25%	5,339	7.46%
Total Solway Combustion Turbine	\$ 27,920,821	\$ 7,115,109	25.48%	\$ 6,568,336	23.52%	\$ 546,773	7.68%
Fergus Falls Control Center							
341.00 Structures and Improvements	\$ -	\$ -		\$ -		\$ -	
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	591,638	267,184	45.16%	277,678	46.93%	(10,494)	-3.93%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center	\$ 591,638	\$ 267,184	45.16%	\$ 277,678	46.93%	\$ (10,494)	-3.93%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average Rate J=I/B
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D	Total I=G+H	
STEAM PRODUCTION									
311.00 Structures and Improvements	\$ 61,640,387	\$ 1,194,572	\$ 60,445,815	-35.3%	-7.1%	\$ (422,075)	\$ (4,263,414)	\$ (4,685,489)	-7.6%
312.00 Boiler Plant Equipment	236,598,336	31,618,906	204,979,430	-17.7%	-7.5%	(5,611,231)	(15,458,330)	(21,069,561)	-8.9%
314.00 Turbogenerator Units	71,705,703	13,242,186	58,463,517	4.3%	-7.9%	566,630	(4,609,748)	(4,043,118)	-5.6%
315.00 Accessory Electric Equipment	24,000,229	883,584	23,116,645	-8.7%	-7.2%	(77,007)	(1,662,087)	(1,739,094)	-7.2%
316.00 Miscellaneous Power Plant Equipment	7,500,727	1,950,194	5,550,533	6.7%	-7.8%	130,841	(433,243)	(302,402)	-4.0%
Total Steam Production Plant	\$ 401,445,382	\$ 48,889,442	\$ 352,555,940	-11.1%	-7.5%	\$ (5,412,842)	\$ (26,426,822)	\$ (31,839,664)	-7.9%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	\$ 346,921	\$ 11,121	\$ 335,800			\$ -	\$ -	\$ -	
332.00 Reservoirs, Dams and Waterways	2,393,962	17,334	2,376,628			(20,428)		(20,428)	-0.9%
333.00 Water Wheels, Turbines & Generators	1,082,064	14,554	1,067,510			(63,431)		(63,431)	-5.9%
334.00 Accessory Electric Equipment	602,158	4,239	597,919			36		36	
335.00 Miscellaneous Power Plant Equipment	155,021	6,347	148,674			(132)		(132)	-0.1%
Total Hydraulic Production Plant	\$ 4,580,126	\$ 53,595	\$ 4,526,531	-156.6%		\$ (83,954)	\$ -	\$ (83,954)	-1.8%
OTHER PRODUCTION									
341.00 Structures and Improvements	\$ 12,681,722	\$ 9,222	\$ 12,672,500	-2.5%	-0.1%	\$ (226)	\$ (7,448)	\$ (7,674)	-0.1%
342.00 Fuel Holders and Accessories	1,776,027	194,649	1,581,378	-5.3%	-0.3%	(10,287)	(5,456)	(15,743)	-0.9%
343.00 Prime Movers	31,976,984	419,124	31,557,860	-23.2%	-0.3%	(97,123)	(89,717)	(186,840)	-0.6%
344.00 Generators	240,579,641	381,093	240,198,548	-1.6%		(6,097)		(6,097)	
345.00 Accessory Electric Equipment	19,755,518	11,336	19,744,182	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	\$ 307,209,017	\$ 1,019,044	\$ 306,189,973	-10.9%	0.0%	\$ (110,634)	\$ (108,684)	\$ (219,318)	-0.1%
TRANSMISSION PLANT									
353.00 Station Equipment	\$ 73,457,094	\$ 6,971,096	\$ 66,485,998	47.0%	-5.0%	\$ 3,276,415	\$ (3,324,300)	\$ (47,885)	-0.1%
354.00 Towers and Fixtures	4,692,263		4,692,263		-10.0%		(469,226)	(469,226)	-10.0%
355.00 Poles and Fixtures	89,260,687	4,503,001	84,757,686	61.0%	-50.0%	2,746,831	(42,378,843)	(39,632,012)	-44.4%
356.00 Overhead Conductors and Devices	77,531,792	4,715,035	72,816,757	54.9%	-30.0%	2,588,554	(21,845,027)	(19,256,473)	-24.8%
358.00 Underground Conductors and Devices	77,956	495	77,461	-368.9%	-5.0%	(1,826)	(3,873)	(5,699)	-7.3%
Total Transmission Plant	\$ 245,019,792	\$ 16,189,627	\$ 228,830,165	53.2%	-29.7%	\$ 8,609,974	\$ (68,021,269)	\$ (59,411,295)	-24.2%
DISTRIBUTION PLANT									
362.00 Station Equipment	\$ 79,907,450	\$ 15,702,569	\$ 64,204,881	16.2%	5.0%	\$ 2,543,816	\$ 3,210,244	\$ 5,754,060	7.2%
364.00 Poles, Towers and Fixtures	65,341,599	2,697,731	62,643,868	-102.6%	-75.0%	(2,767,872)	(46,982,901)	(49,750,773)	-76.1%
365.00 Overhead Conductors and Devices	47,978,998	3,022,490	44,956,508	-89.4%	-100.0%	(2,702,106)	(44,956,508)	(47,658,614)	-99.3%
367.00 Underground Conductors and Devices	64,847,862	3,763,571	61,084,291	-3.0%	-5.0%	(112,907)	(3,054,215)	(3,167,122)	-4.9%
368.00 Line Transformers	80,988,569	9,801,876	71,186,693	39.4%	50.0%	3,861,939	35,593,347	39,455,286	48.7%
369.00 Overhead Services	12,547,665	671,269	11,876,396	-221.5%	-150.0%	(1,486,861)	(17,814,594)	(19,301,455)	-153.8%
369.10 Underground Services	33,885,715	364,692	33,521,023	-30.4%	-20.0%	(110,866)	(6,704,205)	(6,815,071)	-20.1%
370.00 Meters	25,265,341	3,568,043	21,697,298	0.8%		28,544		28,544	0.1%
370.10 Load Management Switches	10,889,776	1,994,472	8,895,304						
370.20 Interruption Monitors	1,238,980	631,170	607,810						
371.20 Other Private Lighting	6,377,125	2,361,639	4,015,486	9.5%	10.0%	224,356	401,549	625,904	9.8%
373.00 Street Lighting and Signal Systems	7,838,027	3,221,134	4,616,893	-2.4%	-5.0%	(77,307)	(230,845)	(308,152)	-3.9%
Total Distribution Plant	\$ 437,107,107	\$ 47,800,656	\$ 389,306,451	-1.3%	-20.7%	\$ (599,264)	\$ (80,538,128)	\$ (81,137,392)	-18.6%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average Rate J=I/B
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D	Total I=G+H	
GENERAL PLANT									
Depreciable									
390.00 Structures and Improvements	\$ 22,644,315	\$ 3,519,866	\$ 19,124,449	34.5%	10.0%	\$ 1,214,354	\$ 1,912,445	\$ 3,126,799	13.8%
390.10 General Office Buildings	6,667,166	1,196,847	5,470,319	-13.5%	-5.0%	(161,574)	(273,516)	(435,090)	-6.5%
390.20 Fleet Service Center Building	867,187	77,442	789,745	-59.5%	-5.0%	(46,078)	(39,487)	(85,565)	-9.9%
390.30 Central Stores Building	3,941,360	37,194	3,904,166	-5.1%	-5.0%	(1,897)	(195,208)	(197,105)	-5.0%
396.00 Power Operated Equipment	1,042,311	451,060	591,251	27.1%	5.0%	122,237	29,563	151,800	14.6%
397.40 Communication Towers	1,798,110	107,433	1,690,677	13.5%	5.0%	14,503	84,534	99,037	5.5%
Total Depreciable	\$ 36,960,449	\$ 5,389,842	\$ 31,570,607	21.2%	4.8%	\$ 1,141,545	\$ 1,518,330	\$ 2,659,875	7.2%
Amortizable									
391.00 Office Furniture	\$ 5,897,784	\$ 4,014,139	\$ 1,883,645			\$ -	\$ -	\$ -	
391.10 Office Equipment	2,815,204	1,880,139	935,065						
391.20 Duplicating Equipment	2,099,442	1,398,550	700,892						
391.50 Computer Systems	11,361,913	8,086,919	3,274,994						
391.60 Computer Related Equipment	9,819,317	8,056,987	1,762,330						
394.00 Tools, Shop and Garage Equipment	6,039,426	2,874,452	3,164,974						
394.20 Automated Meter Reading Equipment	2,069,298	1,477,944	591,354						
395.00 Laboratory Equipment	2,357,718	2,339,537	18,181						
397.00 Communication Equipment	1,849,994	1,184,991	665,003						
397.10 Radio Telecommunication Equipment	6,354,689	4,938,193	1,416,496						
397.20 Microwave Equipment	5,850,570	2,610,805	3,239,765						
397.30 Radio Load Control Equipment	1,484,295	1,325,757	158,538						
Total Amortizable	\$ 57,999,650	\$ 40,188,413	\$ 17,811,237			\$ -	\$ -	\$ -	
Total General Plant	\$ 94,960,099	\$ 45,578,255	\$ 49,381,844	2.5%	3.1%	\$ 1,141,545	\$ 1,518,330	\$ 2,659,875	2.8%
TOTAL UTILITY	\$ 1,490,321,523	\$ 159,530,619	\$ 1,330,790,904	5.7%	-13.0%	\$ 9,041,489	\$ (173,576,573)	\$ (170,031,749)	-11.4%
STEAM PRODUCTION									
Big Stone									
311.00 Structures and Improvements	\$ 23,071,640	\$ 388,886	\$ 22,682,754	-6.1%	-8.8%	\$ (23,722)	\$ (1,996,082)	\$ (2,019,804)	-8.8%
312.00 Boiler Plant Equipment	96,177,462	15,880,539	80,296,923	-20.5%	-8.8%	(3,255,510)	(7,066,129)	(10,321,640)	-10.7%
314.00 Turbogenerator Units	32,195,572	5,269,279	26,926,293	20.1%	-8.8%	1,059,125	(2,369,514)	(1,310,389)	-4.1%
315.00 Accessory Electric Equipment	9,645,183	173,930	9,471,253	-4.5%	-8.8%	(7,827)	(833,470)	(841,297)	-8.7%
316.00 Miscellaneous Power Plant Equipment	3,447,573	877,290	2,570,283	2.7%	-8.6%	23,687	(221,044)	(197,358)	-5.7%
Total Big Stone	\$ 164,537,430	\$ 22,589,924	\$ 141,947,506	-9.8%	-8.8%	\$ (2,204,247)	\$ (12,486,240)	\$ (14,690,487)	-8.9%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	\$ 6,348,405	\$ 232,626	\$ 6,115,779	-137.0%	-11.2%	\$ (318,698)	\$ (684,967)	\$ (1,003,665)	-15.8%
312.00 Boiler Plant Equipment	40,487,027	5,679,356	34,807,671	-32.8%	-11.2%	(1,862,829)	(3,898,459)	(5,761,288)	-14.2%
314.00 Turbogenerator Units	12,013,528	1,313,957	10,699,571	-1.5%	-11.2%	(19,709)	(1,198,352)	(1,218,061)	-10.1%
315.00 Accessory Electric Equipment	2,385,752	25,310	2,360,442	-181.4%	-11.2%	(45,912)	(264,370)	(310,282)	-13.0%
316.00 Miscellaneous Power Plant Equipment	1,228,088	101,108	1,126,980	56.0%	-11.1%	56,620	(125,095)	(68,474)	-5.6%
Total Hoot Lake Units 2 and 3	\$ 62,462,800	\$ 7,352,357	\$ 55,110,443	-29.8%	-11.2%	\$ (2,190,528)	\$ (6,171,243)	\$ (8,361,770)	-13.4%

OTTER TAIL POWER COMPANY

Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average Rate J=I/B
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D	Total I=G+H	
Coyote									
311.00 Structures and Improvements	\$ 32,220,342	\$ 573,060	\$ 31,647,282	-13.9%	-5.0%	\$ (79,655)	\$ (1,582,364)	\$ (1,662,019)	-5.2%
312.00 Boiler Plant Equipment	99,933,847	10,059,011	89,874,836	-4.9%	-5.0%	(492,892)	(4,493,742)	(4,986,633)	-5.0%
314.00 Turbogenerator Units	27,496,603	6,658,950	20,837,653	-7.1%	-5.0%	(472,785)	(1,041,883)	(1,514,668)	-5.5%
315.00 Accessory Electric Equipment	11,969,294	684,344	11,284,950	-3.4%	-5.0%	(23,268)	(564,248)	(587,515)	-4.9%
316.00 Miscellaneous Power Plant Equipment	2,825,066	971,796	1,853,270	5.2%	-4.7%	50,533	(87,104)	(36,570)	-1.3%
Total Coyote	\$ 174,445,152	\$ 18,947,161	\$ 155,497,991	-5.4%	-5.0%	\$ (1,018,067)	\$ (7,769,340)	\$ (8,787,406)	-5.0%
HYDRAULIC PRODUCTION									
Hoot Lake									
331.00 Structures and Improvements	\$ 69,354	\$ -	\$ 69,354			\$ -	\$ -	\$ -	
332.00 Reservoirs, Dams and Waterways	247,941		247,941						
333.00 Water Wheels, Turbines & Generators	104,195		104,195						
334.00 Accessory Electric Equipment	34,651		34,651						
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	390,255	7,578	382,677	-85.8%		(6,502)		(6,502)	-1.7%
333.00 Water Wheels, Turbines & Generators	228,711		228,711						
334.00 Accessory Electric Equipment	200,524		200,524						
335.00 Miscellaneous Power Plant Equipment	54,715		54,715						
Total Wright	\$ 893,231	\$ 7,578	\$ 885,653	-85.8%		\$ (6,502)	\$ -	\$ (6,502)	-0.7%
Pisgah									
331.00 Structures and Improvements	\$ 12,118	\$ -	\$ 12,118			\$ -	\$ -	\$ -	
332.00 Reservoirs, Dams and Waterways	321,136		321,136						
333.00 Water Wheels, Turbines & Generators	161,200	1,468	159,732	-1645.1%		(24,150)		(24,150)	-15.0%
334.00 Accessory Electric Equipment	111,257		111,257						
335.00 Miscellaneous Power Plant Equipment	21,819		21,819						
Total Pisgah	\$ 627,530	\$ 1,468	\$ 626,062	-1645.1%		\$ (24,150)	\$ -	\$ (24,150)	-3.8%
Dayton Hollow									
331.00 Structures and Improvements	\$ 66	\$ -	\$ 66			\$ -	\$ -	\$ -	
332.00 Reservoirs, Dams and Waterways	617,404	4,640	612,764	-205.3%		(9,526)		(9,526)	-1.5%
333.00 Water Wheels, Turbines & Generators	247,179	12,544	234,635	-195.3%		(24,498)		(24,498)	-9.9%
334.00 Accessory Electric Equipment	186,485	507	185,978	41.7%		211		211	0.1%
335.00 Miscellaneous Power Plant Equipment	8,354		8,354						
Total Dayton Hollow	\$ 1,059,488	\$ 17,691	\$ 1,041,797	-191.1%		\$ (33,813)	\$ -	\$ (33,813)	-3.2%
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	62,402	3,732	58,670	-4.7%		(175)		(175)	-0.3%
335.00 Miscellaneous Power Plant Equipment	67,758	5,042	62,716						
Total Taplin Gorge	\$ 546,601	\$ 8,774	\$ 537,827	-2.0%		\$ (175)	\$ -	\$ (175)	

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage		Average Rate J=I/B	
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D		Total I=G+H
Bemidji									
331.00 Structures and Improvements	\$ 211,217	\$ 11,121	\$ 200,096			\$ -	\$ -	\$ -	
332.00 Reservoirs, Dams and Waterways	451,035	5,116	445,919	-86.0%		(4,400)		(4,400)	-1.0%
333.00 Water Wheels, Turbines & Generators	325,669	542	325,127	-2727.4%		(14,783)		(14,783)	-4.5%
334.00 Accessory Electric Equipment	6,839		6,839						
335.00 Miscellaneous Power Plant Equipment	2,375	1,305	1,070	-10.1%		(132)		(132)	-5.5%
Total Bemidji	\$ 997,135	\$ 18,084	\$ 979,051	-106.8%		\$ (19,314)	\$ -	\$ (19,314)	-1.9%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	\$ 245,473	\$ 1,223	\$ 244,250	-18.5%	-0.6%	\$ (226)	\$ (1,466)	\$ (1,692)	-0.7%
342.00 Fuel Holders and Accessories	398,918	149,841	249,077	-5.4%	-0.6%	(8,091)	(1,494)	(9,586)	-2.4%
343.00 Prime Movers	6,923,561	248,706	6,674,855	-42.7%	-0.6%	(106,193)	(40,049)	(146,243)	-2.1%
344.00 Generators									
345.00 Accessory Electric Equipment	68,263	6,825	61,438	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	\$ 7,738,391	\$ 406,595	\$ 7,331,796	-28.0%	-0.6%	\$ (114,011)	\$ (43,991)	\$ (158,002)	-2.0%
Jamestown Unit 1									
341.00 Structures and Improvements	\$ 231,081	\$ 1,223	\$ 229,858	-18.5%	-0.6%	\$ (226)	\$ (1,379)	\$ (1,605)	-0.7%
342.00 Fuel Holders and Accessories	212,308		212,308		-0.6%		(1,274)	(1,274)	-0.6%
343.00 Prime Movers	3,004,562	127,249	2,877,313	-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	\$ 3,547,378	\$ 130,685	\$ 3,416,693	-61.7%	-0.6%	\$ (80,656)	\$ (20,500)	\$ (101,157)	-2.9%
Jamestown Unit 2									
341.00 Structures and Improvements	\$ 14,392	\$ -	\$ 14,392		-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	3,918,999	121,457	3,797,542	-20.8%	-0.6%	(25,263)	(22,785)	(48,048)	-1.2%
344.00 Generators									
345.00 Accessory Electric Equipment	43,970	4,612	39,358		-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	\$ 4,191,013	\$ 275,910	\$ 3,915,103	-12.1%	-0.6%	\$ (33,354)	\$ (23,491)	\$ (56,845)	-1.4%
Lake Preston									
341.00 Structures and Improvements	\$ 194,154	\$ (1)	\$ 194,155		-0.9%	\$ -	\$ (1,747)	\$ (1,747)	-0.9%
342.00 Fuel Holders and Accessories	373,513	44,808	328,705	-4.9%	-0.9%	(2,196)	(2,958)	(5,154)	-1.4%
343.00 Prime Movers	3,248,402	76,336	3,172,066	-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	\$ 4,215,087	\$ 129,274	\$ 4,085,813	-3.2%	-0.9%	\$ (4,177)	\$ (36,772)	\$ (40,949)	-1.0%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D	Total I=G+H	Rate 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	106,369,936		106,369,936						
345.00 Accessory Electric Equipment	6,219,783		6,219,783						
346.00 Miscellaneous Power Plant Equipment									
Total Ashtabula Wind Generation	\$ 115,838,009	\$ -	\$ 115,838,009			\$ -	\$ -	\$ -	
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	69,169,213	381,093	68,788,120	-1.6%		(6,097)		(6,097)	
345.00 Accessory Electric Equipment	6,990,877		6,990,877						
346.00 Miscellaneous Power Plant Equipment									
Total Langdon Wind Generation	\$ 78,644,159	\$ 381,093	\$ 78,263,066	-1.6%		\$ (6,097)	\$ -	\$ (6,097)	
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	65,040,492		65,040,492						
345.00 Accessory Electric Equipment	4,851,757		4,851,757						
346.00 Miscellaneous Power Plant Equipment									
Total Luverne Wind Generation	\$ 72,158,830	\$ -	\$ 72,158,830			\$ -	\$ -	\$ -	
Solway Combustion Turbine									
341.00 Structures and Improvements	\$ 4,243,155	\$ 8,000	\$ 4,235,155		-0.1%	\$ -	\$ (4,235)	\$ (4,235)	-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	21,154,047	34,746	21,119,301	28.7%	-0.1%	9,972	(21,119)	(11,147)	-0.1%
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	\$ 27,963,567	\$ 42,746	\$ 27,920,821	23.3%	-0.1%	\$ 9,972	\$ (27,921)	\$ (17,949)	-0.1%
Fergus Falls Control Center									
341.00 Structures and Improvements	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers	650,974	59,336	591,638	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	\$ 650,974	\$ 59,336	\$ 591,638	6.2%		\$ 3,679	\$ -	\$ 3,679	0.6%

OTTER TAIL POWER COMPANY

Future Net Salvage
Steam and Other Production

Statement E

Account Description	12/31/11	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate
	Plant Investment	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	\$ 22,682,754	\$ 920,994	\$ 21,761,760	-5.0%	-9.0%	\$ (46,050)	\$ (1,948,287)	\$ (1,994,337)	-8.8%
312.00 Boiler Plant Equipment	80,296,923	3,190,203	77,106,720	-5.0%	-9.0%	(159,510)	(6,903,212)	(7,062,722)	-8.8%
314.00 Turbogenerator Units	26,926,293	1,057,139	25,869,154	-5.0%	-9.0%	(52,857)	(2,316,014)	(2,368,871)	-8.8%
315.00 Accessory Electric Equipment	9,471,253	381,750	9,089,503	-5.0%	-9.0%	(19,088)	(813,765)	(832,853)	-8.8%
316.00 Miscellaneous Power Plant Equipment	2,570,283	102,216	2,468,067	-5.0%	-9.0%	(220,961)	(220,961)	(220,961)	-8.6%
Total Big Stone	\$ 141,947,506	\$ 5,652,303	\$ 136,295,203	-4.9%	-9.0%	\$ (277,504)	\$ (12,202,240)	\$ (12,479,744)	-8.8%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	\$ 6,115,779	\$ 171,108	\$ 5,944,671	-5.0%	-11.4%	\$ (8,555)	\$ (675,393)	\$ (683,948)	-11.2%
312.00 Boiler Plant Equipment	34,807,671	917,879	33,889,792	-5.0%	-11.4%	(45,894)	(3,850,327)	(3,896,221)	-11.2%
314.00 Turbogenerator Units	10,699,571	293,217	10,406,354	-5.0%	-11.4%	(14,661)	(1,182,299)	(1,196,960)	-11.2%
315.00 Accessory Electric Equipment	2,360,442	66,712	2,293,730	-5.0%	-11.4%	(3,336)	(260,598)	(263,934)	-11.2%
316.00 Miscellaneous Power Plant Equipment	1,126,980	29,077	1,097,903	-5.0%	-11.4%	(124,736)	(124,736)	(124,736)	-11.1%
Total Hoot Lake Units 2 and 3	\$ 55,110,443	\$ 1,477,992	\$ 53,632,451	-4.9%	-11.4%	\$ (72,446)	\$ (6,093,353)	\$ (6,165,799)	-11.2%
Coyote									
311.00 Structures and Improvements	\$ 31,647,282	\$ 1,707,356	\$ 29,939,926	-5.0%	-5.0%	\$ (85,368)	\$ (1,492,552)	\$ (1,577,919)	-5.0%
312.00 Boiler Plant Equipment	89,874,836	4,810,978	85,063,858	-5.0%	-5.0%	(240,549)	(4,240,565)	(4,481,114)	-5.0%
314.00 Turbogenerator Units	20,837,653	1,100,136	19,737,517	-5.0%	-5.0%	(55,007)	(983,946)	(1,038,953)	-5.0%
315.00 Accessory Electric Equipment	11,284,950	601,360	10,683,590	-5.0%	-5.0%	(30,068)	(532,593)	(562,662)	-5.0%
316.00 Miscellaneous Power Plant Equipment	1,853,270	97,336	1,755,934	-5.0%	-5.0%	(87,536)	(87,536)	(87,536)	-4.7%
Total Coyote	\$ 155,497,991	\$ 8,317,166	\$ 147,180,825	-4.9%	-5.0%	\$ (410,992)	\$ (7,337,192)	\$ (7,748,184)	-5.0%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	\$ 244,250	\$ 6,571	\$ 237,679		-0.6%	\$ -	\$ (1,486)	\$ (1,486)	-0.6%
342.00 Fuel Holders and Accessories	249,077	6,764	242,313		-0.6%		(1,515)	(1,515)	-0.6%
343.00 Prime Movers	6,674,855	180,240	6,494,615		-0.6%		(40,602)	(40,602)	-0.6%
344.00 Generators									
345.00 Accessory Electric Equipment	61,438	1,648	59,790		-0.6%		(374)	(374)	-0.6%
346.00 Miscellaneous Power Plant Equipment	102,176	2,680	99,496		-0.6%		(622)	(622)	-0.6%
Total Jamestown	\$ 7,331,796	\$ 197,903	\$ 7,133,893		-0.6%	\$ -	\$ (44,598)	\$ (44,598)	-0.6%

OTTER TAIL POWER COMPANY

Future Net Salvage
Steam and Other Production

Statement E

Account Description	12/31/11	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate
	Plant Investment	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	\$ 194,155	\$ 5,288	\$ 188,867		-1.0%	\$ -	\$ (1,821)	\$ (1,821)	-0.9%
342.00 Fuel Holders and Accessories	328,705	8,792	319,913		-1.0%		(3,085)	(3,085)	-0.9%
343.00 Prime Movers	3,172,066	85,921	3,086,145		-1.0%		(29,758)	(29,758)	-0.9%
344.00 Generators									
345.00 Accessory Electric Equipment	369,280	10,042	359,238		-1.0%		(3,464)	(3,464)	-0.9%
346.00 Miscellaneous Power Plant Equipment	21,607	583	21,024		-1.0%		(203)	(203)	-0.9%
Total Lake Preston	\$ 4,085,813	\$ 110,627	\$ 3,975,186		-1.0%	\$ -	\$ (38,331)	\$ (38,331)	-0.9%
Solway Combustion Turbine									
341.00 Structures and Improvements	\$ 4,235,155	\$ 281,186	\$ 3,953,969		-0.1%	\$ -	\$ (3,668)	\$ (3,668)	-0.1%
342.00 Fuel Holders and Accessories	1,003,596	66,601	936,995		-0.1%		(869)	(869)	-0.1%
343.00 Prime Movers	21,119,301	1,402,335	19,716,966		-0.1%		(18,291)	(18,291)	-0.1%
344.00 Generators									
345.00 Accessory Electric Equipment	1,251,047	83,084	1,167,963		-0.1%		(1,083)	(1,083)	-0.1%
346.00 Miscellaneous Power Plant Equipment	311,722	20,645	291,077		-0.1%		(270)	(270)	-0.1%
Total Solway Combustion Turbine	\$ 27,920,821	\$ 1,853,849	\$ 26,066,972		-0.1%	\$ -	\$ (24,182)	\$ (24,182)	-0.1%

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters						Proposed Parameters						
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	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		42.89	16.94	-7.5	-7.1			43.93	16.95	-7.6	-7.1	
312.00	Boiler Plant Equipment		32.09	15.55	-7.9	-7.5			30.99	15.51	-8.9	-7.5	
314.00	Turbogenerator Units		29.53	15.84	-4.5	-8.0			30.57	15.85	-5.6	-7.9	
315.00	Accessory Electric Equipment		39.15	17.22	-7.1	-7.2			37.69	17.03	-7.2	-7.2	
316.00	Miscellaneous Power Plant Equipment		28.26	15.26	-4.0	-7.9			27.41	15.00	-4.0	-7.8	
	Total Steam Production Plant								32.89	15.83	-7.9	-7.5	
HYDRAULIC PRODUCTION													
331.00	Structures and Improvements		18.82	10.36					18.84	9.39			
332.00	Reservoirs, Dams and Waterways		25.75	10.36	-0.8				20.10	9.38	-0.9		
333.00	Water Wheels, Turbines & Generators		18.15	10.36	-0.6				18.16	9.38	-5.9		
334.00	Accessory Electric Equipment		20.64	10.36					20.11	9.38			
335.00	Miscellaneous Power Plant Equipment		27.55	10.36	-0.1				27.60	9.38	-0.1		
	Total Hydraulic Production Plant								19.68	9.38	-1.8		
OTHER PRODUCTION													
341.00	Structures and Improvements		27.63	23.27	-0.1				27.65	22.33	-0.1		
342.00	Fuel Holders and Accessories		34.90	21.37	-0.8				31.87	19.62	-0.9		
343.00	Prime Movers		33.72	21.42	-0.6				34.06	20.88	-0.6		
344.00	Generators		25.00	22.48					25.00	21.50			
345.00	Accessory Electric Equipment		25.61	22.41					25.62	21.45			
346.00	Miscellaneous Power Plant Equipment		29.02	20.70	0.3				29.59	20.29	0.3		
	Total Other Production Plant								25.89	21.47	-0.1	0.0	
TRANSMISSION PLANT													
353.00	Station Equipment	60.00	R0.5	60.60	49.54		-5.0	60.00	R0.5	60.63	49.09	-0.1	-5.0
354.00	Towers and Fixtures	70.00	R5	70.00	39.89	-10.0	-10.0	70.00	R5	70.00	38.90	-10.0	-10.0
355.00	Poles and Fixtures	65.00	S1.5	65.17	46.81	-43.8	-50.0	65.00	S1.5	65.15	47.58	-44.4	-50.0
356.00	Overhead Conductors and Devices	60.00	S1.5	60.22	42.18	-24.5	-30.0	60.00	S1.5	60.22	42.29	-24.8	-30.0
358.00	Underground Conductors and Devices	35.00	S4	36.96	6.92	-7.5	-5.0	35.00	S4	37.23	8.34	-7.3	-5.0
	Total Transmission Plant								62.25	46.11	-24.2	-29.7	

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	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	38.42	28.38	8.4	5.0	38.00	S-.5	38.39	28.76	7.2	5.0
364.00 Poles, Towers and Fixtures	65.00	R3	65.12	46.33	-75.3	-75.0	65.00	R3	65.12	46.01	-76.1	-75.0
365.00 Overhead Conductors and Devices	60.00	R3	60.04	39.22	-98.1	-100.0	60.00	R3	60.04	38.74	-99.3	-100.0
367.00 Underground Conductors and Devices	35.00	R4	35.02	20.59	-4.8	-5.0	35.00	R4	35.06	20.53	-4.9	-5.0
368.00 Line Transformers	32.00	R0.5	33.62	24.16	49.7	50.0	32.00	R0.5	33.58	24.23	48.7	50.0
369.00 Overhead Services	50.00	S5	50.34	29.73	-152.0	-150.0	50.00	S5	50.36	29.33	-153.8	-150.0
369.10 Underground Services	45.00	R4	45.09	31.46	-20.1	-20.0	45.00	R4	45.10	31.19	-20.1	-20.0
370.00 Meters	32.00	S0.5	33.20	21.97	0.1		32.00	S0.5	33.16	22.00	0.1	
370.10 Load Management Switches	15.00	L3	15.06	9.44			15.00	L3	15.07	8.58		
370.20 Interruption Monitors	5.00	SQ	5.00	2.50			5.00	SQ	5.00	1.70		
371.20 Other Private Lighting	22.00	L0	22.39	16.25	10.3	10.0	22.00	L0	22.38	16.22	9.8	10.0
373.00 Street Lighting and Signal Systems	18.00	L2	18.49	9.96	-3.1	-5.0	18.00	L2	18.46	10.28	-3.9	-5.0
Total Distribution Plant									38.85	26.32	-18.6	-20.7
GENERAL PLANT												
Depreciable												
390.00 Structures and Improvements	50.00	L1	50.44	36.49	13.1	10.0	50.00	L1	50.43	36.38	13.8	10.0
390.10 General Office Buildings	2030	200-SC	37.10	19.00	-5.5	-5.0	2030	200-SC	35.84	18.05	-6.5	-5.0
390.20 Fleet Service Center Building	2025	200-SC	38.58	14.22	-9.9	-5.0	2025	200-SC	38.60	13.26	-9.9	-5.0
390.30 Central Stores Building	2035	200-SC	51.57	23.69	-5.0	-5.0	2035	200-SC	51.49	22.75	-5.0	-5.0
396.00 Power Operated Equipment	23.00	L0	24.70	16.73	14.6	5.0	23.00	L0	24.87	16.33	14.6	5.0
397.40 Communication Towers	30.00	R4	30.42	14.53	5.6	5.0	30.00	R4	30.44	15.98	5.5	5.0
Total Depreciable									44.63	28.02	7.2	4.8
Amortizable												
391.00 Office Furniture	15.00	SQ	15.00	5.21			15.00	SQ	15.00	5.23		
391.10 Office Equipment	10.00	SQ	10.00	5.05			10.00	SQ	10.00	5.02		
391.20 Duplicating Equipment	10.00	SQ	10.00	3.12			10.00	SQ	10.00	4.00		
391.50 Computer Systems	5.00	SQ	5.00	2.70			5.00	SQ	5.00	2.74		
391.60 Computer Related Equipment	5.00	SQ	5.00	2.51			5.00	SQ	5.00	1.87		
394.00 Tools, Shop and Garage Equipment	15.00	SQ	15.00	8.59			15.00	SQ	15.00	9.26		
394.20 Automated Meter Reading Equipment	15.00	SQ	15.00	6.43			15.00	SQ	15.00	10.47		
395.00 Laboratory Equipment	15.00	SQ	15.00	1.00			15.00	SQ	15.00	1.00		
397.00 Communication Equipment	15.00	SQ	15.00	8.63			15.00	SQ	15.00	9.86		
397.10 Radio Telecommunication Equipment	10.00	SQ	10.00	3.72			10.00	SQ	10.00	6.56		

OTTER TAIL POWER COMPANY

Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	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	8.16			15.00	SQ	15.00	8.00		
397.30 Radio Load Control Equipment	10.00	SQ	10.00	4.39			10.00	SQ	10.00	3.39		
Total Amortizable									9.06	4.77		
Total General Plant									18.47	10.92	2.8	3.1
TOTAL UTILITY									33.99	22.69	-11.4	-13.0
STEAM PRODUCTION												
Big Stone												
311.00 Structures and Improvements	2026	200-SC	40.58	15.18	-9.0	-9.1	2027	200-SC	41.78	15.18	-8.8	-8.8
312.00 Boiler Plant Equipment	2026	200-SC	32.30	15.18	-11.3	-9.1	2027	200-SC	28.85	15.19	-10.7	-8.8
314.00 Turbogenerator Units	2026	200-SC	26.30	15.19	-4.6	-9.1	2027	200-SC	27.31	15.19	-4.1	-8.8
315.00 Accessory Electric Equipment	2026	200-SC	38.83	15.18	-9.0	-9.1	2027	200-SC	34.71	15.18	-8.7	-8.8
316.00 Miscellaneous Power Plant Equipment	2026	200-SC	30.83	15.19	-6.4	-8.9	2027	200-SC	30.75	15.19	-5.7	-8.6
Total Big Stone									30.40	15.19	-8.9	-8.8
Hoot Lake Units 2 and 3												
311.00 Structures and Improvements	2021	200-SC	37.24	10.35	-14.3	-11.2	2022	200-SC	38.57	10.35	-15.8	-11.2
312.00 Boiler Plant Equipment	2021	200-SC	20.15	10.36	-9.4	-11.2	2022	200-SC	20.69	10.36	-14.2	-11.2
314.00 Turbogenerator Units	2021	200-SC	31.59	10.35	-10.1	-11.2	2022	200-SC	32.56	10.35	-10.1	-11.2
315.00 Accessory Electric Equipment	2021	200-SC	45.87	10.35	-12.9	-11.2	2022	200-SC	46.19	10.35	-13.0	-11.2
316.00 Miscellaneous Power Plant Equipment	2021	200-SC	18.88	10.36	-4.8	-11.1	2022	200-SC	17.88	10.36	-5.6	-11.1
Total Hoot Lake Units 2 and 3									24.13	10.36	-13.4	-11.2
Coyote												
311.00 Structures and Improvements	2031	200-SC	46.11	19.94	-5.0	-4.9	2032	200-SC	46.92	19.93	-5.2	-5.0
312.00 Boiler Plant Equipment	2031	200-SC	41.14	19.94	-4.5	-4.9	2032	200-SC	41.81	19.94	-5.0	-5.0
314.00 Turbogenerator Units	2031	200-SC	33.92	19.95	-2.1	-4.9	2032	200-SC	34.86	19.95	-5.5	-5.0
315.00 Accessory Electric Equipment	2031	200-SC	38.21	19.95	-4.7	-4.9	2032	200-SC	38.99	19.95	-4.9	-5.0
316.00 Miscellaneous Power Plant Equipment	2031	200-SC	32.98	19.95	-0.8	-4.6	2032	200-SC	33.15	19.95	-1.3	-4.7
Total Coyote									41.28	19.94	-5.0	-5.0

OTTER TAIL POWER COMPANY

Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	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	58.84	10.34			2021	200-SC	58.96	9.37		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	60.84	10.34			2021	200-SC	60.97	9.37		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	35.73	10.35			2021	200-SC	35.79	9.38		
334.00 Accessory Electric Equipment	2021	200-SC	30.40	10.35			2021	200-SC	30.45	9.38		
335.00 Miscellaneous Power Plant Equipment												
Total Hoot Lake									49.09	9.37		
Wright												
331.00 Structures and Improvements	2021	200-SC	30.42	10.35			2021	200-SC	30.47	9.38		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	20.83	10.36	-1.8		2021	200-SC	19.43	9.38	-1.7	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	18.67	10.36			2021	200-SC	18.69	9.38		
334.00 Accessory Electric Equipment	2021	200-SC	17.66	10.36			2021	200-SC	17.68	9.39		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	31.91	10.35			2021	200-SC	31.96	9.38		
Total Wright									19.42	9.38	-0.7	
Pisgah												
331.00 Structures and Improvements	2021	200-SC	38.22	10.35			2021	200-SC	38.29	9.38		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	51.26	10.35			2021	200-SC	13.66	9.39		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	15.78	10.36	-15.0		2021	200-SC	15.79	9.39	-15.0	
334.00 Accessory Electric Equipment	2021	200-SC	17.95	10.36			2021	200-SC	17.97	9.38		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	29.23	10.36			2021	200-SC	29.28	9.38		
Total Pisgah									15.32	9.39	-3.8	
Dayton Hollow												
331.00 Structures and Improvements	2021	200-SC	47.85	10.35			2021	200-SC	47.95	9.38		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	23.25	10.36	-2.2		2021	200-SC	16.61	9.39	-1.5	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	14.00	10.36	-1.9		2021	200-SC	14.01	9.39	-9.9	
334.00 Accessory Electric Equipment	2021	200-SC	23.57	10.36			2021	200-SC	22.42	9.38	0.1	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	28.95	10.36			2021	200-SC	29.00	9.38		
Total Dayton Hollow									16.74	9.39	-3.2	

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description A	Current Parameters						Proposed Parameters					
	P-Life/ AYFR B	Curve Shape C	VG ASL D	Rem. Life E	Avg. Sal. F	Fut. Sal. G	P-Life/ AYFR H	Curve Shape I	VG ASL J	Rem. Life K	Avg. Sal. L	Fut. Sal. M
Taplin Gorge												
331.00 Structures and Improvements	2021	200-SC	73.44	10.34			2021	200-SC	73.60	9.36		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	40.77	10.35			2021	200-SC	40.84	9.38		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	80.96	10.33			2021	200-SC	81.14	9.36		
334.00 Accessory Electric Equipment	2021	200-SC	26.50	10.36			2021	200-SC	22.02	9.38	-0.3	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	24.54	10.36			2021	200-SC	24.58	9.38		
Total Taplin Gorge									36.23	9.38		
Bemidji												
331.00 Structures and Improvements	2021	200-SC	13.13	10.36			2021	200-SC	13.14	9.39		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	17.73	10.36	0.1		2021	200-SC	17.75	9.38	-1.0	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	19.60	10.36	6.8		2021	200-SC	19.62	9.38	-4.5	
334.00 Accessory Electric Equipment	2021	200-SC	69.64	10.34			2021	200-SC	69.79	9.37		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	11.82	10.36	-5.5		2021	200-SC	11.83	9.39	-5.5	
Total Bemidji									17.14	9.38	-1.9	
OTHER PRODUCTION												
Jamestown												
341.00 Structures and Improvements			33.53	10.35	-0.7	-0.6			34.60	10.35	-0.7	-0.6
342.00 Fuel Holders and Accessories			35.77	10.35	-2.4	-0.6			34.59	10.35	-2.4	-0.6
343.00 Prime Movers			33.08	10.35	-2.1	-0.6			34.26	10.35	-2.1	-0.6
344.00 Generators												
345.00 Accessory Electric Equipment			32.29	10.36	0.2	-0.6			33.29	10.36	0.2	-0.6
346.00 Miscellaneous Power Plant Equipment			21.18	10.36	-0.6	-0.6			22.41	10.36	-0.6	-0.6
Total Jamestown									34.03	10.35	-2.0	-0.6
Jamestown Unit 1												
341.00 Structures and Improvements	2021	200-SC	34.56	10.35	-0.7	-0.6	2022	200-SC	35.62	10.35	-0.7	-0.6
342.00 Fuel Holders and Accessories	2021	200-SC	37.64	10.35	-0.6	-0.6	2022	200-SC	36.01	10.35	-0.6	-0.6
343.00 Prime Movers	2021	200-SC	30.27	10.35	-3.3	-0.6	2022	200-SC	31.51	10.35	-3.3	-0.6
344.00 Generators												
345.00 Accessory Electric Equipment	2021	200-SC	43.37	10.35	1.5	-0.6	2022	200-SC	44.34	10.35	1.5	-0.6
346.00 Miscellaneous Power Plant Equipment	2021	200-SC	18.54	10.36	-0.6	-0.6	2022	200-SC	19.73	10.36	-0.6	-0.6
Total Jamestown Unit 1									31.65	10.35	-2.9	-0.6

OTTER TAIL POWER COMPANY

Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	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	2021	200-SC	22.74	10.36	-0.6	-0.6	2022	200-SC	23.78	10.36	-0.6	-0.6
342.00 Fuel Holders and Accessories	2021	200-SC	27.99	10.35	-4.5	-0.6	2022	200-SC	28.17	10.35	-4.5	-0.6
343.00 Prime Movers	2021	200-SC	35.59	10.35	-1.2	-0.6	2022	200-SC	36.69	10.35	-1.2	-0.6
344.00 Generators												
345.00 Accessory Electric Equipment	2021	200-SC	28.24	10.36	-0.5	-0.6	2022	200-SC	29.21	10.36	-0.5	-0.6
346.00 Miscellaneous Power Plant Equipment	2021	200-SC	35.02	10.35	-0.6	-0.6	2022	200-SC	36.01	10.35	-0.6	-0.6
Total Jamestown Unit 2									36.42	10.35	-1.4	-0.6
Lake Preston												
341.00 Structures and Improvements	2021	200-SC	41.01	10.35	-0.9	-0.9	2022	200-SC	42.00	10.35	-0.9	-0.9
342.00 Fuel Holders and Accessories	2021	200-SC	40.84	10.35	-0.9	-0.9	2022	200-SC	26.82	10.36	-1.4	-0.9
343.00 Prime Movers	2021	200-SC	36.91	10.35	-1.0	-0.9	2022	200-SC	37.95	10.35	-1.0	-0.9
344.00 Generators												
345.00 Accessory Electric Equipment	2021	200-SC	39.78	10.35	-0.9	-0.9	2022	200-SC	40.78	10.35	-0.9	-0.9
346.00 Miscellaneous Power Plant Equipment	2021	200-SC	36.74	10.35	9.5	-0.9	2022	200-SC	37.75	10.35	9.5	-0.9
Total Lake Preston									37.11	10.35	-1.0	-0.9
Ashtabula 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	21.51		
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 Ashtabula Wind Generation									25.00	21.51		
Langdon Wind Generation												
341.00 Structures and Improvements	25.00	S5	25.00	21.50			25.00	S5	25.00	20.50		
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	25.00	S5	25.00	21.50			25.00	S5	25.00	20.54		
345.00 Accessory Electric Equipment	25.00	S5	25.00	21.50			25.00	S5	25.00	20.57		
346.00 Miscellaneous Power Plant Equipment												
Total Langdon Wind Generation									25.00	20.54		

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	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			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	22.51		
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 Luverne Wind Generation									25.00	22.51		
Solway Combustion Turbine												
341.00 Structures and Improvements	2038	200-SC	33.48	26.54	-0.1	-0.1	2038	200-SC	33.43	25.60	-0.1	-0.1
342.00 Fuel Holders and Accessories	2038	200-SC	33.25	26.54	-0.1	-0.1	2038	200-SC	33.27	25.60	-0.1	-0.1
343.00 Prime Movers	2038	200-SC	33.48	26.54		-0.1	2038	200-SC	33.49	25.60	-0.1	-0.1
344.00 Generators												
345.00 Accessory Electric Equipment	2038	200-SC	33.54	26.54	-0.1	-0.1	2038	200-SC	33.56	25.60	-0.1	-0.1
346.00 Miscellaneous Power Plant Equipment	2038	200-SC	32.49	26.54	-0.1	-0.1	2038	200-SC	32.51	25.61	-0.1	-0.1
Total Solway Combustion Turbine									33.46	25.60	-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	33.77	19.01	0.6		2030	200-SC	33.81	18.05	0.6	
344.00 Generators												
345.00 Accessory Electric Equipment												
346.00 Miscellaneous Power Plant Equipment												
Total Fergus Falls Control Center									33.81	18.05	0.6	

OTTER TAIL POWER COMPANY

Plant Activity for 2011

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	\$ 60,471,081	\$ 71,473	\$ 101,689		\$4,950	\$ 60,445,815
312.00 Boiler Plant Equipment	195,848,588	12,897,557	3,773,841		7,127	204,979,431
314.00 Turbo Generator Units	59,108,050	106,522	743,928		(7,127)	58,463,517
315.00 Accessory Electric Equipment	22,070,637	1,060,722	14,714			23,116,645
316.00 Misc. Power Plant Equipment	5,460,488	299,682	209,639			5,550,532
Total Steam Production	\$ 342,958,844	\$ 14,435,956	\$ 4,843,811		\$4,950	\$ 352,555,939
HYDRAULIC PRODUCTION						
331.00 Structures and Improvements	\$ 335,801					\$ 335,801
332.00 Reservoirs, Dams and Waterways	1,959,147	417,481				2,376,628
333.00 Water Wheels, Turbines and Gen.	1,067,510					1,067,510
334.00 Accessory Electric Equipment	588,496	13,661	4,238			597,919
335.00 Misc. Power Plant Equipment	148,675					148,675
Total Hydraulic Production	\$ 4,099,628	\$ 431,142	\$ 4,238			\$ 4,526,532
OTHER PRODUCTION						
341.00 Structures and Improvements	\$ 12,638,916	\$ 33,583				\$ 12,672,499
342.00 Fuel Holders and Accessories	1,547,235	78,951	44,808			1,581,378
343.00 Prime Movers	31,536,008	29,852	8,000			31,557,860
344.00 Generators	241,119,769	(540,128)	381,093			240,198,548
345.00 Accessory Electric Equipment	19,619,965	124,218				19,744,183
346.00 Misc. Power Plant Equipment	435,505					435,505
Total Other Production	\$ 306,897,399	\$ (273,525)	\$ 433,901			\$ 306,189,973
TRANSMISSION PLANT						
353.00 Station Equipment	\$ 65,703,299	\$ 812,960	\$ 227,721		\$ 197,460	\$ 66,485,998
354.00 Towers and Fixtures	4,692,263					4,692,263
355.00 Poles and Fixtures	78,379,397	6,535,902	157,613			84,757,686
356.00 Overhead Conductors and Devices	68,938,930	3,979,359	98,851		(2,680)	72,816,757
358.00 Underground Conductors and Devices	72,672	4,821	33			77,461
Total Transmission Plant	\$ 217,786,562	\$ 11,333,042	\$ 484,219		\$ 194,780	\$ 228,830,165

OTTER TAIL POWER COMPANY

Plant Activity for 2011

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	\$ 58,892,510	\$ 6,621,431	\$ 1,034,547		\$ (274,513)	\$ 64,204,881
364.00 Poles, Towers and Fixtures	61,123,989	1,655,608	135,121		(609)	62,643,868
365.00 Overhead Conductors and Devices	44,422,346	727,674	193,438		(74)	44,956,508
366.00 Underground Conduit						
367.00 Underground Conductors and Devices	58,084,552	3,230,644	217,717		(13,188)	61,084,291
368.00 Line Transformers	67,027,058	4,566,114	500,083		93,604	71,186,693
369.00 Overhead Services	11,605,847	287,412	16,863			11,876,396
369.10 Underground Services	32,001,463	1,557,399	37,839			33,521,023
370.00 Meters	21,034,293	1,233,505	570,500			21,697,298
370.10 Load Management Switches	8,919,167		23,863			8,895,304
370.20 Interruption Monitors	608,007	39,804	40,000			607,810
371.20 Other Private Lighting	3,913,151	288,112	185,777			4,015,486
373.00 Street Lighting and Signal Systems	4,527,015	377,717	287,838			4,616,893
Total Distribution Plant	\$ 372,159,396	\$ 20,585,421	\$ 3,243,586		\$ (194,780)	\$ 389,306,451
GENERAL PLANT						
390.00 Structures and Improvements	\$ 19,277,601	\$ 589,006	\$ 641,149		(\$101,009)	\$ 19,124,449
390.10 General Office Buildings	5,691,180	133,193	450,112		96,059	5,470,319
390.20 Fleet Service Center Buildings	789,745					789,745
390.30 Central Stores Building	3,894,888	9,278				3,904,166
391.00 Office Furniture	2,091,613	67,319	275,287			1,883,645
391.10 Office Equipment	943,080	92,063	100,078			935,065
391.20 Duplicating Equipment	1,030,492	46,178	375,778			700,892
391.50 Computer Systems	2,422,266	1,299,847	447,120			3,274,994
391.60 Computer Related Equipment	1,461,822	306,245	5,737			1,762,330

OTTER TAIL POWER COMPANY

Plant Activity for 2011

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	3,009,657	445,152	285,629		(4,207)	3,164,974
394.20 Automated Meter Reading Equipment	1,093,497		502,143			591,354
395.00 Laboratory Equipment	80,100		61,919			18,181
396.00 Power Operated Equipment	591,251		4,207		4,207	591,251
397.00 Communication Equipment	847,314		182,311			665,003
397.10 Radio Telecommunications Equipment	959,570	719,780	262,854			1,416,496
397.20 Microwave Equipment	2,897,529	369,580	27,344			3,239,765
397.30 Radio Load Control Equipment	158,538					158,538
397.40 Communication Equipment - Towers	1,486,754	222,014	18,091			1,690,677
Total General Plant	\$ 48,726,898	\$ 4,299,655	\$ 3,639,758		\$ (4,950)	\$ 49,381,844
TOTAL DEPRECIABLE PLANT	\$ 1,292,628,727	\$ 50,811,692	\$ 12,649,514		\$ (0)	\$ 1,330,790,905

OTTER TAIL POWER COMPANY
 Analysis of Depreciation Reserve for 2011

Statement H

Account Description	Beginning Balance	Credits		Debits		Other Credits (Debits)	Ending Balance
		Accruals	Gross Salvage	Retirements	Cost of Removal		
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	\$ 43,859,536	\$1,230,465		\$101,689	\$24,240	\$1,526	\$ 44,965,598
312.00 Boiler Plant Equipment	121,413,576	5,766,161	290	3,773,841	48,634	5,556	123,363,108
314.00 Turbo Generator Units	34,544,719	1,838,675		743,928	8,479	(5,556)	35,625,431
315.00 Accessory Electric Equipment	14,937,650	500,785	2,650	14,714	1,791		15,424,580
316.00 Misc. Power Plant Equipment	3,111,435	183,239	2,769	209,639	1,225		3,086,580
Total Steam Production	\$ 217,866,917	\$ 9,519,325	\$ 5,709	\$ 4,843,811	\$ 84,368	\$1,526	\$ 222,465,298
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	\$ 142,634	\$17,051					\$ 159,684
332.00 Reservoirs, Dams and Waterways	1,141,855	72,144					1,213,999
333.00 Water Wheels, Turbines and Gen.	434,956	55,832					490,787
334.00 Accessory Electric Equipment	292,827	26,096	389	4,238	354		314,720
335.00 Misc. Power Plant Equipment	93,444	4,875					98,319
Total Hydraulic Production	\$ 2,105,716	\$ 175,998	\$ 389	\$ 4,238	\$ 354		\$ 2,277,510
OTHER PRODUCTION							
341.00 Structures and Improvements	\$ 1,970,498	\$440,212					\$ 2,410,709
342.00 Fuel Holders and Accessories	655,124	39,643		44,808	2,200		647,759
343.00 Prime Movers	12,518,879	848,246		8,000	39		13,359,086
344.00 Generators	20,219,787	9,352,612		381,093	6,000		29,185,307
345.00 Accessory Electric Equipment	2,201,322	743,506					2,944,828
346.00 Misc. Power Plant Equipment	135,329	14,080					149,409
Total Other Production	\$ 37,700,940	\$ 11,438,298	\$ -	\$ 433,901	\$ 8,239		\$ 48,697,098
TRANSMISSION PLANT							
353.00 Station Equipment	\$ 16,093,256	\$1,036,679	\$22,453	\$227,721	\$52,225	\$71,699	\$ 16,944,140
354.00 Towers and Fixtures	2,284,828	70,351					2,355,179
355.00 Poles and Fixtures	37,626,276	1,706,776	464,654	157,613	181,890		39,458,203
356.00 Overhead Conductors and Devices	30,366,333	1,395,996	351,048	98,851	107,017	364	31,907,873
358.00 Underground Conductors and Devices	63,611	1,750	1	33			65,328
Total Transmission Plant	\$ 86,434,304	\$ 4,211,551	\$ 838,156	\$ 484,219	\$ 341,132	\$ 72,063	\$ 90,730,723
DISTRIBUTION PLANT							
362.00 Station Equipment	\$ 16,805,750	\$1,449,906	\$308,556	\$1,034,547	\$136,057	(\$76,259)	\$ 17,317,349
364.00 Poles, Towers and Fixtures	32,083,999	1,603,976	321,239	135,121	270,739	(7)	33,603,347
365.00 Overhead Conductors and Devices	32,549,015	1,421,640	180,036	193,438	155,403	(1)	33,801,848

OTTER TAIL POWER COMPANY

Analysis of Depreciation Reserve for 2011

Statement H

Account Description	Beginning Balance	Credits		Debits		Other Credits (Debits)	Ending Balance
		Accruals	Gross Salvage	Retirements	Cost of Removal		
A	B	C	D	E	F	G	H
366.00 Underground Conduit							
367.00 Underground Conductors and Devices	26,660,090	1,666,032	55,162	217,717	28,093	(182)	28,135,291
368.00 Line Transformers	9,732,519	1,005,768	518,716	500,083	275,914	4,387	10,485,393
369.00 Overhead Services	12,375,052	555,999	(19)	16,863	74,373		12,839,796
369.10 Underground Services	12,251,142	830,934	45	37,839	23,950		13,020,332
370.00 Meters	7,829,965	611,657	859	570,500	3		7,871,978
370.10 Load Management Switches	3,488,709	524,503	5	23,863			3,989,354
370.20 Interruption Monitors	304,002	121,601		40,000			385,603
371.20 Other Private Lighting	1,044,502	152,755	14,918	185,777	7,923		1,018,475
373.00 Street Lighting and Signal Systems	2,411,028	232,977	6,724	287,838	49,386		2,313,504
Total Distribution Plant	\$ 157,535,773	\$ 10,177,747	\$ 1,406,240	\$ 3,243,586	\$ 1,021,840	\$ (72,063)	\$ 164,782,271
GENERAL PLANT							
390.00 Structures and Improvements	\$ 4,388,582	\$349,189	\$255,034	\$641,149		(\$5,394)	\$ 4,346,262
390.10 General Office Buildings	2,400,188	182,000		450,112	42,882	3,867	2,093,061
390.20 Fleet Service Center Buildings	419,528	26,990					446,518
390.30 Central Stores Building	1,812,118	92,508					1,904,625
391.00 Office Furniture	1,356,108	137,318		275,287			1,218,139
391.10 Office Equipment	466,981	89,932		100,078			456,835
391.20 Duplicating Equipment	712,108	82,105		375,778			418,435
391.50 Computer Systems	1,009,315	520,724		447,120			1,082,919
391.60 Computer Related Equipment	708,918	315,329		5,737			1,018,509
393.00 Stores Equipment	(0)						(0)
394.00 Tools, Shop and Garage Equipment	1,276,548	210,622		285,629		(3,426)	1,198,115
394.20 Automated Meter Reading Equipment	624,661	61,094		502,143			183,611
395.00 Laboratory Equipment	76,147	3,953		61,919			18,181
396.00 Power Operated Equipment	184,049	22,957	400	4,207		3,426	206,625
397.00 Communication Equipment	359,214	53,643		182,311			230,546
397.10 Radio Telecommunications Equipment	600,577	116,053		262,854			453,777
397.20 Microwave Equipment	1,316,690	200,516		27,344			1,489,862
397.30 Radio Load Control Equipment	87,472	15,854					103,325
397.40 Communication Equipment - Towers	618,761	51,873		18,091			652,544
Total General Plant	\$ 18,417,965	\$ 2,532,658	\$ 255,434	\$ 3,639,758	\$ 42,882	\$ (1,526)	\$ 17,521,891
TOTAL DEPRECIABLE PLANT	\$ 520,061,614	\$ 38,055,577	\$ 2,505,928	\$ 12,649,514	\$ 1,498,815	\$ -	\$ 546,474,790

OTTER TAIL POWER COMPANY

Summary of Annual Depreciation Accruals for 2011

Statement I

Account Description	Beginning	Est. Future Net Salvage		Beginning	Net	Projection	Remaining	Annual	Accrual
	Plant	Percent	Amount	Depreciation	Balance	Life (Yrs.)	Life (Yrs.)	Accrual	Rate
A	B	C	D=B*C	E	F=B-D-E	G	H	I=F/H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	\$ 60,471,081	-7.0%	\$ (4,232,976)	\$ 43,859,536	\$ 20,844,520		16.94	\$ 1,230,491	2.03%
312.00 Boiler Plant Equipment	195,848,588	-7.4%	(14,492,796)	121,413,576	88,927,807		15.46	5,752,122	2.94%
314.00 Turbo Generator Units	59,108,050	-7.8%	(4,610,428)	34,544,719	29,173,759		15.82	1,844,106	3.12%
315.00 Accessory Electric Equipment	22,070,637	-7.1%	(1,567,015)	14,937,650	8,700,002		17.20	505,814	2.29%
316.00 Misc. Power Plant Equipment	5,460,488	-7.7%	(420,458)	3,111,435	2,769,510		15.31	180,896	3.31%
Total Steam Production	\$ 342,958,844	-7.4%	\$ (25,323,672)	\$ 217,866,917	\$ 150,415,599		15.81	\$ 9,513,429	2.77%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	\$ 335,801		\$ -	\$ 142,634	\$ 193,167		11.32	\$ 17,064	5.08%
332.00 Reservoirs, Dams and Waterways	1,959,147			1,141,855	817,292		11.33	72,135	3.68%
333.00 Water Wheels, Turbines and Gen.	1,067,510			434,956	632,554		11.33	55,830	5.23%
334.00 Accessory Electric Equipment	588,496			292,827	295,669		11.33	26,096	4.43%
335.00 Misc. Power Plant Equipment	148,675			93,444	55,230		11.33	4,875	3.28%
Total Hydraulic Production	\$ 4,099,628		\$ -	\$ 2,105,716	\$ 1,993,913		11.33	\$ 176,000	4.29%
OTHER PRODUCTION									
341.00 Structures and Improvements	\$ 12,638,916		\$ -	\$ 1,970,498	\$ 10,668,419		24.14	\$ 441,939	3.50%
342.00 Fuel Holders and Accessories	1,547,235			655,124	892,111		21.91	40,717	2.63%
343.00 Prime Movers	31,536,008			12,518,879	19,017,129		21.93	867,174	2.75%
344.00 Generators	241,119,769			20,219,787	220,899,982		23.52	9,392,006	3.90%
345.00 Accessory Electric Equipment	19,619,965			2,201,322	17,418,643		23.02	756,674	3.86%
346.00 Misc. Power Plant Equipment	435,505			135,329	300,176		21.89	13,713	3.15%
Total Other Production	\$ 306,897,399		\$ -	\$ 37,700,940	\$ 269,196,459		23.38	\$ 11,512,224	3.75%
TRANSMISSION PLANT									
353.00 Station Equipment	\$ 65,703,299	-5.0%	\$ (3,285,165)	\$ 16,093,256	\$ 52,895,209	60.00	49.85	\$ 1,061,087	1.61%
354.00 Towers and Fixtures	4,692,263	-10.0%	(469,226)	2,284,828	2,876,661	70.00	40.89	70,351	1.50%
355.00 Poles and Fixtures	78,379,397	-50.0%	(39,189,698)	37,626,276	79,942,819	65.00	47.32	1,689,409	2.16%
356.00 Overhead Conductors and Devices	68,938,930	-30.0%	(20,681,679)	30,366,333	59,254,276	60.00	42.66	1,388,989	2.01%
358.00 Underground Conductors and Devices	72,672	-5.0%	(3,634)	63,611	12,695	35.00	7.37	1,723	2.37%
Total Transmission Plant	\$ 217,786,562	-29.2%	\$ (63,629,402)	\$ 86,434,304	\$ 194,981,660		46.30	\$ 4,211,559	1.93%
DISTRIBUTION PLANT									
362.00 Station Equipment	\$ 58,892,510	5.0%	\$ 2,944,625	\$ 16,805,750	\$ 39,142,134	38.00	28.28	\$ 1,384,092	2.35%
364.00 Poles, Towers and Fixtures	61,123,989	-75.0%	(45,842,992)	32,083,999	74,882,982	65.00	46.65	1,605,209	2.63%
365.00 Overhead Conductors and Devices	44,422,346	-100.0%	(44,422,346)	32,549,015	56,295,677	60.00	39.67	1,419,100	3.19%
366.00 Underground Conduit									
367.00 Underground Conductors and Devices	58,084,552	-5.0%	(2,904,228)	26,660,090	34,328,690	35.00	20.98	1,636,258	2.82%
368.00 Line Transformers	67,027,058	50.0%	33,513,529	9,732,519	23,781,010	32.00	23.97	992,116	1.48%
369.00 Overhead Services	11,605,847	-150.0%	(17,408,771)	12,375,052	16,639,566	50.00	30.39	547,534	4.72%
369.10 Underground Services	32,001,463	-20.0%	(6,400,293)	12,251,142	26,150,613	45.00	31.93	818,998	2.56%

OTTER TAIL POWER COMPANY

Summary of Annual Depreciation Accruals for 2011

Statement I

Account Description	Beginning Plant	Est. Future Net Salvage		Beginning Depreciation	Net	Projection	Remaining	Annual	Accrual
	Balance	Percent	Amount	Reserve	Balance	Life (Yrs.)	Life (Yrs.)	Accrual	Rate
A	B	C	D=B*C	E	F=B-D-E	G	H	I=F/H	J=I/B
370.00 Meters	21,034,293			7,829,965	13,204,328	32.00	22.05	598,836	2.85%
370.10 Load Management Switches	8,919,167			3,488,709	5,430,458	15.00	10.34	525,189	5.89%
370.20 Interruption Monitors	608,007			304,002	304,005	5.00	3.50	86,859	14.29%
371.20 Other Private Lighting	3,913,151	10.0%	391,315	1,044,502	2,477,333	22.00	16.43	150,781	3.85%
373.00 Street Lighting and Signal Systems	4,527,015	-5.0%	(226,351)	2,411,028	2,342,337	18.00	10.11	231,685	5.12%
Total Distribution Plant	\$ 372,159,396	-21.6%	\$ (80,355,510)	\$ 157,535,773	\$ 294,979,134		29.51	\$ 9,996,656	2.69%
GENERAL PLANT									
390.00 Structures and Improvements	\$ 19,277,601	10.0%	\$ 1,927,760	\$ 4,388,582	\$ 12,961,260	50.00	37.09	\$ 349,454	1.81%
390.10 General Office Buildings	5,691,180	-5.0%	(284,559)	2,400,188	3,575,551		19.95	179,226	3.15%
390.20 Fleet Service Center Buildings	789,745	-5.0%	(39,487)	419,528	409,704		15.18	26,990	3.42%
390.30 Central Stores Building	3,894,888	-5.0%	(194,744)	1,812,118	2,277,515		24.62	92,507	2.38%
391.00 Office Furniture*	2,091,613			1,356,108	735,505	15.00			
391.10 Office Equipment*	943,080			466,981	476,099	10.00			
391.20 Duplicating Equipment*	1,030,492			712,108	318,384	10.00			
391.50 Computer Systems*	2,422,266			1,009,315	1,412,951	5.00			
391.60 Computer Related Equipment*	1,461,822			708,918	752,904	5.00			
393.00 Stores Equipment*				(0)	0	15.00			
394.00 Tools, Shop and Garage Equipment*	3,009,657			1,276,548	1,733,109	15.00			
394.20 Automated Meter Reading Equipment*	1,093,497			624,661	468,836	15.00			
395.00 Laboratory Equipment*	80,100			76,147	3,953	15.00			
396.00 Power Operated Equipment	591,251	5.0%	29,563	184,049	377,640	23.00	16.45	22,957	3.88%
397.00 Communication Equipment*	847,314			359,214	488,099	15.00			
397.10 Radio Telecommunications Equipment*	959,570			600,577	358,993	10.00			
397.20 Microwave Equipment*	2,897,529			1,316,690	1,580,839	15.00			
397.30 Radio Load Control Equipment*	158,538			87,472	71,066	10.00			
397.40 Communication Equipment - Towers	1,486,754	5.0%	74,338	618,761	793,655	30.00	15.30	51,873	3.49%
Total General Plant	\$ 48,726,898	3.1%	\$ 1,512,870	\$ 18,417,965	\$ 28,796,063		39.83	\$ 723,006	1.48%
TOTAL DEPRECIABLE PLANT	\$ 1,292,628,727	-13.0%	\$ (167,795,715)	\$ 520,061,614	\$ 940,362,828		26.03	\$ 36,132,875	2.80%

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

**OTTER TAIL POWER COMPANY
2012 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2013**

<u>Account</u>		<u>Remaining</u>	<u>Net Salvage</u>	<u>Amortization</u>
<u>Number</u>	<u>Class of Utility Plant</u>	<u>Life (Yrs)</u>	<u>(%)</u>	<u>Period (Yrs)</u>
STEAM PRODUCTION				
<u>Big Stone Plant</u>				
311-101	Structures & Improvements	15.18	-8.8%	
312-101	Boiler Plant Equipment	15.19	-8.8%	
314-101	Turbogenerator Units	15.19	-8.8%	
315-101	Accessory Electric Equipment	15.18	-8.8%	
316-101	Misc. Power Plant Equipment	15.19	-8.6%	
<u>Hoot Lake Plant - Units 2 & 3</u>				
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%	
<u>Coyote Station</u>				
311-103	Structures & Improvements	19.93	-5.0%	
312-103	Boiler Plant Equipment	19.94	-5.0%	
314-103	Turbogenerator Units	19.95	-5.0%	
315-103	Accessory Electric Equipment	19.95	-5.0%	
316-103	Misc. Power Plant Equipment	19.95	-4.7%	
HYDRAULIC PRODUCTION				
<u>Hoot Lake Hydro Unit</u>				
331-131	Structures & Improvements	9.37	0.0%	
332-131	Reservoirs, Dams & Waterways	9.37	0.0%	
333-131	Water Wheels, Turbines & Gen.	9.38	0.0%	
334-131	Accessory Electric Equipment	9.38	0.0%	
<u>Wright Hydro Unit</u>				
331-132	Structures & Improvements	9.38	0.0%	
332-132	Reservoirs, Dams & Waterways	9.38	0.0%	
333-132	Water Wheels, Turbines & Gen.	9.38	0.0%	
334-132	Accessory Electric Equipment	9.39	0.0%	
335-132	Misc. Power Plant Equipment	9.38	0.0%	
<u>Pisgah Hydro Unit</u>				
331-133	Structures & Improvements	9.38	0.0%	
332-133	Reservoirs, Dams & Waterways	9.39	0.0%	
333-133	Water Wheels, Turbines & Gen.	9.39	0.0%	
334-133	Accessory Electric Equipment	9.38	0.0%	
335-133	Misc. Power Plant Equipment	9.38	0.0%	
<u>Dayton Hollow Hydro Unit</u>				
331-134	Structures & Improvements	9.38	0.0%	
332-134	Reservoirs, Dams & Waterways	9.39	0.0%	
333-134	Water Wheels, Turbines & Gen.	9.39	0.0%	
334-134	Accessory Electric Equipment	9.38	0.0%	
335-134	Misc. Power Plant Equipment	9.38	0.0%	
<u>Taplin Gorge Hydro Unit</u>				
331-135	Structures & Improvements	9.36	0.0%	
332-135	Reservoirs, Dams & Waterways	9.38	0.0%	

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PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2013**

<u>Account</u>		<u>Remaining</u>	<u>Net Salvage</u>	<u>Amortization</u>
<u>Number</u>	<u>Class of Utility Plant</u>	<u>Life (Yrs)</u>	<u>(%)</u>	<u>Period (Yrs)</u>
333-135	Water Wheels, Turbines & Gen.	9.36	0.0%	
334-135	Accessory Electric Equipment	9.38	0.0%	
335-135	Misc. Power Plant Equipment	9.38	0.0%	
<u>Bemidji Hydro Unit</u>				
331-138	Structures & Improvements	9.39	0.0%	
332-138	Reservoirs, Dams & Waterways	9.38	0.0%	
333-138	Water Wheels, Turbines & Gen.	9.38	0.0%	
334-138	Accessory Electric Equipment	9.37	0.0%	
335-138	Misc. Power Plant Equipment	9.39	0.0%	
OTHER PRODUCTION				
<u>Jamestown Unit 1</u>				
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%	
<u>Jamestown Unit 2</u>				
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%	
<u>Lake Preston</u>				
341-141	Structures & Improvements	10.35	-0.9%	
342-141	Fuel Holders & Accessories	10.36	-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%	
<u>Fergus Falls Control Center</u>				
343-143	Prime Movers	18.05	0.0%	
<u>Solway Combustion Turbine Plant</u>				
341-144	Structures & Improvements	25.60	-0.1%	
342-144	Fuel Holders & Accessories	25.60	-0.1%	
343-144	Prime Movers	25.60	-0.1%	
345-144	Accessory Electric Equipment	25.60	-0.1%	
346-144	Misc. Power Plant Equipment	25.61	-0.1%	
<u>Langdon Wind Energy Center</u>				
341-160	Structures & Improvements	20.50	0.0%	
344-160	Generators	20.54	0.0%	
345-160	Accessory Electric Equipment	20.57	0.0%	
<u>Ashtabula Wind Energy Center</u>				
341-161	Structures & Improvements	21.50	0.0%	
344-161	Generators	21.51	0.0%	
345-161	Accessory Electric Equipment	21.50	0.0%	

**OTTER TAIL POWER COMPANY
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<u>Account Number</u>	<u>Class of Utility Plant</u>	<u>Remaining Life (Yrs)</u>	<u>Net Salvage (%)</u>	<u>Amortization Period (Yrs)</u>
	<u>Luverne Wind Energy Center</u>			
341-162	Structures & Improvements	22.50	0.0%	
344-162	Generators	22.51	0.0%	
345-162	Accessory Electric Equipment	22.50	0.0%	
TRANSMISSION				
353	Station Equipment	49.09	-5.0%	
354	Towers & Fixtures	38.90	-10.0%	
355	Poles & Fixtures	47.58	-50.0%	
356	Overhead Conductor & Devices	42.29	-30.0%	
358	Underground Conductor & Devices	8.34	-5.0%	
DISTRIBUTION				
362	Station Equipment	28.76	5.0%	
364	Poles, Towers & Fixtures	46.01	-75.0%	
365	Overhead Conductor & Devices	38.74	-100.0%	
367	Underground Conductor & Devices	20.53	-5.0%	
368	Line Transformers	24.23	50.0%	
369	Overhead Services	29.33	-150.0%	
369.1	Underground Services	31.19	-20.0%	
370	Meters	22.00	0.0%	
370.1	Load Management Switches	8.58	0.0%	
370.20	Interruption Monitors			5
371.20	Other Private Lighting	16.22	10.0%	
373	Street Lighting & Signal System	10.28	-5.0%	
GENERAL PLANT				
Depreciable				
390	Structures & Improvements	36.38	10.0%	
390.1	General Office Buildings	18.05	-5.0%	
390.2	Fleet Service Center Buildings	13.26	-5.0%	
390.3	Central Stores Building	22.75	-5.0%	
396	Power Operated Equipment	16.33	5.0%	
397.4	Communication Towers	15.98	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
2012 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

Future Additions and Retirements

As indicated at the bottom of Page 4 in the 2012 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. The Company is aware however that some sizable Transmission investments in the CapX 2020 projects will be placed in service in 2012. It expects to place into service around \$20 million for the Bemidji to Grand Rapids project during the later portions of 2012. The Plant in Service and any Accumulated Depreciation balances generated in the later portions of 2012 will be reflected in next year’s five-year depreciation study, which will be based on accounting records as of December 31, 2012.

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 2011 depreciation Technical Update provided some discussion of potential projects and we provided below additional updates on current projects being considered.

Otter Tail continues investing in three of the CapX2020 transmission projects -- the Fargo – Monticello 345 kV project, the Bemidji – Grand Rapids 230 kV project, and the Brookings – Twin Cities 345 kV project. Portions of the Fargo – Monticello 345 kV and the Bemidji – Grand Rapids 230 kV projects have been or are expected to be energized. The construction period for the remaining portions of these projects is expected to last through 2015, with other portions of these 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 these projects, which are part of MISO’s Multi-Value Project (MVP) portfolio. Two projects in the Big Stone area have been identified and are being developed; Big Stone – Brookings and Big Stone – Ellendale. These projects are eligible for regional cost sharing under MISO’s FERC-approved MVP cost allocation methodology. These projects are in the development and permitting stages.

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 (“SO₂”) and oxides of nitrogen (“NO_x”) emissions at Big Stone Plant. The SDDENR has

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adopted a Regional Haze State Implementation Plan, which includes Regional Haze Rules, that requires installation of both a 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, which was approved on April 26, 2012.

The EPA released the Cross-State Air Pollution Rule (“CSAPR”), which was designed to be a replacement for the Clean Air Interstate Rule, on July 8, 2011. The rule would have required Hoot Lake Plant to either reduce SO₂ emissions or purchase allowances to comply with CSAPR. CSAPR was challenged by several parties, and on December 30, 2011, the D.C. Circuit granted motions to stay CSAPR pending the Court's resolution of the petitions for review. The Court then issued an order on August 21, 2012 vacating CSAPR. The order requires EPA to continue administering the Clean Air Interstate Rule, which is currently stayed for Minnesota, pending the promulgation of a valid replacement rule. Neither North Dakota nor South Dakota sources were slated for regulation by the CSAPR.

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.

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.

On 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 Company received an Order in its resource plan on February 9, 2012. The Commission approved up to 290 MW of natural gas generation to be added by 2019. Because these efforts are still in the planning stage, they will not impact current depreciation results.

In its Order on the Company’s resource plan, the Commission also ordered Otter Tail to submit a Baseload Diversification Study with a specific focus on evaluating retirement and repower options for the Hoot Lake Plant. The Company expects to file that study during September 2012. The results of that study and the Commission’s Order in that matter could indicate a possible retirement date for Hoot Lake Plant. The study results will also address the addition of other generation options in the future.

OTTER TAIL POWER COMPANY
2012 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

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 dates. However the recovery period (remaining life) declines each year, such that the later life additions result in a larger remaining life depreciation expense increase. The Company continues to evaluate the condition of its existing steam and peaking plants and the related costs to continue operating 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 operating economically for the next 10-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 2012 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 9.38 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
2012 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Comparison of Resource Plan to Annual Review**

Generating Unit	Retirement Dates		Difference	Comments
	Resource Plan 2011 - 2025, Base Case, (prior to capacity expansion analysis)	2012 Depreciation Study (Attachment No. 1)		
BASE LOAD RESOURCES				
➤ Hoot Lake Plant Units 2 & 3	May-2020	Jun-2022	2 years, 1 month	The resource plan selected conversion alternatives of these resources in 2019 which would create new retirement dates for these resources. The Company is required to conduct a Baseload Diversification Study which will be filed with the Commission in the near future. The results of this continuing proceeding could impact the plants planned future retirement date. The Depreciation filing extends the plant life an additional year in the last two depreciation filings per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➤ Big Stone Plant	Jan-2016	Jun-2027	2 years	The resource plan selected a conversion alternative of this resource in 2016 which would create a new retirement date for this resource. The Company has secured approval in all three Jurisdictions to proceed with the installation of an Air Quality Control System (AQCS). The completion of this AQCS project will affect the retirement of this plant and be reflected in future IRP and Depreciation filings. The Depreciation filing extends the plant life an additional year in the last two depreciation filings per policy to maintain a 5 year minimum baseload replacement window.
➤ Coyote Station	Dec-2029	Jun-2031	1.5 years	The Depreciation filing extends the plant life an additional year in the last two depreciation filings 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	Jun-2033	None	
➤ Luverne Wind Energy Center	Dec-2033	Jun-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	Jun-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	Jun-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	Jun-2022	2 years, 1 month	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 in the last two depreciation filings per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➤ Lake Preston Combustion Turbine	May-2020	Jun-2022	2 years, 1 month	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 in the last two depreciation filings per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➤ Solway Combustion Turbine	May-2037	Jun-2037	1 month	Model assumption differences.
➤ Fergus Control Center Diesel	No retirement date discussed - beyond study period	Jun-2030	None	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.

Note:

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.

CERTIFICATE OF SERVICE

**RE: Otter Tail Power Company 2012 Annual Review of Depreciation Certification
Docket No. E-017/D-12-_____**

I, Diane Merz, 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
2012 Annual Review of Depreciation Certification**

Dated this **31st** day of **August 2012**.

/s/ DIANE MERZ _____

Diane Merz
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8608

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_2012 Annual Depreciation Filing
Michael	Bradley	bradley@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_2012 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_2012 Annual Depreciation Filing
Loyal	Demmer	ldemmer@otpc.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_2012 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_2012 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_2012 Annual Depreciation Filing
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_2012 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_2012 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_2012 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_2012 Annual Depreciation Filing
James D.	Larson		Avant Energy Services	200 S 6th St Ste 300 Minneapolis, MN 55402	Paper Service	No	GEN_SL_Otter Tail Power Company_2012 Annual Depreciation Filing

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_2012 Annual Depreciation Filing
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Paper Service	No	GEN_SL_Otter Tail Power Company_2012 Annual Depreciation Filing
Andrew	Moratzka	apm@mcmlaw.com	Mackall, Crouse and Moore	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 55402	Paper Service	No	GEN_SL_Otter Tail Power Company_2012 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_2012 Annual Depreciation Filing
Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company	215 S Cascade Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_2012 Annual Depreciation Filing

Estimated Impact on North Dakota

Statement B

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Statement B

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Account Description	12/31/11 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	\$ 60,445,815	0.40641229	\$ 1,226,654	\$ 498,527	\$ 1,166,481	\$ 474,072	\$ (60,173)	\$ (24,455)
312.00 Boiler Plant Equipment	204,979,430	0.40641229	6,085,155	2,473,082	6,312,729	2,565,571	227,574	92,489
314.00 Turbogenerator Units	58,463,517	0.40641229	1,833,026	744,964	1,725,944	701,445	(107,082)	(43,519)
315.00 Accessory Electric Equipment	23,116,645	0.40641229	527,567	214,410	545,834	221,833	18,267	7,423
316.00 Miscellaneous Power Plant Equipment	5,550,533	0.40641229	185,469	75,378	193,826	78,774	8,357	3,396
Total Steam Production Plant	\$ 352,555,940		\$ 9,857,871	\$ 4,006,361	\$ 9,944,814	\$ 4,041,695	\$ 86,943	\$ 35,334
HYDRAULIC PRODUCTION								
331.00 Structures and Improvements	\$ 335,800	0.40641229	\$ 17,757	\$ 7,217	\$ 18,758	\$ 7,623	\$ 1,001	\$ 406
332.00 Reservoirs, Dams and Waterways	2,376,628	0.40641229	92,056	37,412	123,918	50,362	31,862	12,950
333.00 Water Wheels, Turbines & Generators	1,067,510	0.40641229	62,584	25,436	61,473	24,983	(1,111)	(453)
334.00 Accessory Electric Equipment	597,919	0.40641229	29,170	11,855	30,190	12,269	1,020	414
335.00 Miscellaneous Power Plant Equipment	148,674	0.40641229	5,299	2,153	5,366	2,182	67	29
Total Hydraulic Production Plant	\$ 4,526,531		\$ 206,866	\$ 84,073	\$ 239,705	\$ 97,419	\$ 32,839	\$ 13,346
OTHER PRODUCTION								
341.00 Structures and Improvements	\$ 12,672,500	0.40641229	\$ 459,299	\$ 186,823	\$ 458,946	\$ 186,679	\$ (353)	\$ (144)
342.00 Fuel Holders and Accessories	1,581,378	0.40641229	41,233	16,758	47,302	19,226	6,069	2,468
343.00 Prime Movers	31,557,860	0.40641229	869,984	353,573	846,970	344,219	(23,014)	(9,354)
344.00 Generators	240,198,548	0.40641229	9,787,842	3,982,657	9,821,861	3,996,498	34,019	13,841
345.00 Accessory Electric Equipment	19,744,182	0.40641229	781,264	317,874	781,496	317,967	232	93
346.00 Miscellaneous Power Plant Equipment	435,505	0.40641229	14,275	5,802	13,893	5,646	(382)	(156)
Total Other Production Plant	\$ 306,189,973		\$ 11,953,897	\$ 4,863,487	\$ 11,970,468	\$ 4,870,235	\$ 16,571	\$ 6,748
TRANSMISSION PLANT								
353.00 Station Equipment	\$ 66,485,998	0.40977558	\$ 1,083,722	\$ 444,083	\$ 1,077,073	\$ 441,358	\$ (6,649)	\$ (2,725)
354.00 Towers and Fixtures	4,692,263	0.40977558	71,792	29,419	72,261	29,611	469	192
355.00 Poles and Fixtures	84,757,686	0.40977558	1,839,242	753,676	1,839,242	753,676		
356.00 Overhead Conductors and Devices	72,816,757	0.40977558	1,478,180	605,722	1,485,462	608,706	7,282	2,984
358.00 Underground Conductors and Devices	77,461	0.40977558	1,937	794	1,921	787	(16)	(7)
Total Transmission Plant	\$ 228,830,165		\$ 4,474,873	\$ 1,833,694	\$ 4,475,959	\$ 1,834,138	\$ 1,086	\$ 444
DISTRIBUTION PLANT								
362.00 Station Equipment	\$ 64,204,881	0.45320454	\$ 1,502,394	\$ 680,892	\$ 1,521,656	\$ 689,621	\$ 19,262	\$ 8,729
364.00 Poles, Towers and Fixtures	62,643,868	0.45320454	1,653,798	749,509	1,653,798	749,509		
365.00 Overhead Conductors and Devices	44,956,508	0.45320454	1,443,104	654,021	1,447,600	656,059	4,496	2,038
367.00 Underground Conductors and Devices	61,084,291	0.45320454	1,765,336	800,058	1,753,119	794,521	(12,217)	(5,537)
368.00 Line Transformers	71,186,693	0.45320454	1,046,444	474,253	1,039,326	471,027	(7,118)	(3,226)

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Statement B

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Account Description	12/31/11 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
369.00 Overhead Services	11,876,396	0.45320454	573,630	259,972	574,818	260,510	1,188	538
369.10 Underground Services	33,521,023	0.45320454	874,899	396,508	871,547	394,989	(3,352)	(1,519)
370.00 Meters	21,697,298	0.45320454	635,731	288,116	629,222	285,166	(6,509)	(2,950)
370.10 Load Management Switches	8,895,304	0.45320454	572,858	259,622	571,968	259,218	(890)	(404)
370.20 Interruption Monitors	607,810	0.45320454	121,562	55,092	130,740	59,252	9,178	4,160
371.20 Other Private Lighting	4,015,486	0.45320454	157,809	71,520	160,218	72,612	2,409	1,092
373.00 Street Lighting and Signal Systems	4,616,893	0.45320454	246,080	111,525	246,542	111,734	462	209
Total Distribution Plant	\$ 389,306,451		\$ 10,593,645	\$ 4,801,088	\$ 10,600,554	\$ 4,804,218	\$ 6,909	\$ 3,130
GENERAL PLANT								
Depreciable								
390.00 Structures and Improvements	\$ 19,124,449	0.42531110	\$ 355,715	\$ 151,290	\$ 353,802	\$ 150,476	\$ (1,913)	\$ (814)
390.10 General Office Buildings	5,470,319	0.42531110	182,162	77,476	202,402	86,084	20,240	8,608
390.20 Fleet Service Center Building	789,745	0.42531110	28,984	12,327	28,826	12,260	(158)	(67)
390.30 Central Stores Building	3,904,166	0.42531110	96,433	41,014	96,433	41,014		
396.00 Power Operated Equipment	591,251	0.42531110	22,822	9,706	21,758	9,254	(1,064)	(452)
397.40 Communication Towers	1,690,677	0.42531110	62,893	26,749	59,681	25,383	(3,212)	(1,366)
Total Depreciable	\$ 31,570,607		\$ 749,009	\$ 318,562	\$ 762,902	\$ 324,471	\$ 13,893	\$ 5,909
Amortizable								
391.00 Office Furniture	\$ 1,883,645	0.42531110	\$ 112,283	\$ 47,755	\$ 112,283	\$ 47,755	\$ -	\$ -
391.10 Office Equipment	935,065	0.42531110	91,617	38,966	91,617	38,966		
391.20 Duplicating Equipment	700,892	0.42531110	69,137	29,405	69,137	29,405		
391.50 Computer Systems	3,274,994	0.42531110	596,521	253,707	596,521	253,707		
391.60 Computer Related Equipment	1,762,330	0.42531110	277,006	117,814	277,006	117,814		
394.00 Tools, Shop and Garage Equipment	3,164,974	0.42531110	205,310	87,321	205,310	87,321		
394.20 Automated Meter Reading Equipment	591,354	0.42531110	39,360	16,740	39,360	16,740		
395.00 Laboratory Equipment	18,181	0.42531110	606	258	606	258		
397.00 Communication Equipment	665,003	0.42531110	44,164	18,783	44,164	18,783		
397.10 Radio Telecommunication Equipment	1,416,496	0.42531110	141,385	60,133	141,385	60,133		
397.20 Microwave Equipment	3,239,765	0.42531110	214,291	91,140	214,291	91,140		
397.30 Radio Load Control Equipment	158,538	0.42531110	15,811	6,725	15,811	6,725		
Total Amortizable	\$ 17,811,237		\$ 1,807,491	\$ 768,747	\$ 1,807,491	\$ 768,747	\$ -	\$ -
Total General Plant	\$ 49,381,844		\$ 2,556,500	\$ 1,087,309	\$ 2,570,393	\$ 1,093,218	\$ 13,893	\$ 5,909
TOTAL UTILITY	\$ 1,330,790,904		\$ 39,643,652	\$ 16,676,012	\$ 39,801,893	\$ 16,740,923	\$ 158,241	\$ 64,911

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

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Account Description	12/31/11 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								
Big Stone								
311.00 Structures and Improvements	\$ 22,682,754	0.40641229	\$ 485,411	\$ 197,277	\$ 449,119	\$ 182,527	\$ (36,292)	\$ (14,750)
312.00 Boiler Plant Equipment	80,296,923	0.40641229	2,400,878	975,746	2,794,333	1,135,651	393,455	159,905
314.00 Turbogenerator Units	26,926,293	0.40641229	966,654	392,860	915,494	372,068	(51,160)	(20,792)
315.00 Accessory Electric Equipment	9,471,253	0.40641229	215,945	87,763	247,200	100,465	31,255	12,702
316.00 Miscellaneous Power Plant Equipment	2,570,283	0.40641229	77,108	31,338	80,964	32,905	3,856	1,567
Total Big Stone	\$ 141,947,506		\$ 4,145,996	\$ 1,684,984	\$ 4,487,110	\$ 1,823,616	\$ 341,114	\$ 138,632
Hoot Lake Units 2 and 3								
311.00 Structures and Improvements	\$ 6,115,779	0.40641229	\$ 143,109	\$ 58,161	\$ 138,217	\$ 56,173	\$ (4,892)	\$ (1,988)
312.00 Boiler Plant Equipment	34,807,671	0.40641229	1,716,018	697,411	1,622,037	659,216	(93,981)	(38,195)
314.00 Turbogenerator Units	10,699,571	0.40641229	299,588	121,756	272,839	110,885	(26,749)	(10,871)
315.00 Accessory Electric Equipment	2,360,442	0.40641229	39,655	16,116	36,823	14,965	(2,832)	(1,151)
316.00 Miscellaneous Power Plant Equipment	1,126,980	0.40641229	57,025	23,176	60,970	24,779	3,945	1,603
Total Hoot Lake Units 2 and 3	\$ 55,110,443		\$ 2,255,395	\$ 916,620	\$ 2,130,886	\$ 866,018	\$ (124,509)	\$ (50,602)
Coyote								
311.00 Structures and Improvements	\$ 31,647,282	0.40641229	\$ 598,134	\$ 243,089	\$ 579,145	\$ 235,372	\$ (18,989)	\$ (7,717)
312.00 Boiler Plant Equipment	89,874,836	0.40641229	1,968,259	799,925	1,896,359	770,704	(71,900)	(29,221)
314.00 Turbogenerator Units	20,837,653	0.40641229	566,784	230,348	537,611	218,492	(29,173)	(11,856)
315.00 Accessory Electric Equipment	11,284,950	0.40641229	271,967	110,531	261,811	106,403	(10,156)	(4,128)
316.00 Miscellaneous Power Plant Equipment	1,853,270	0.40641229	51,336	20,864	51,892	21,090	556	226
Total Coyote	\$ 155,497,991		\$ 3,456,480	\$ 1,404,757	\$ 3,326,818	\$ 1,352,061	\$ (129,662)	\$ (52,696)
HYDRAULIC PRODUCTION								
Hoot Lake								
331.00 Structures and Improvements	\$ 69,354	0.40641229	\$ 187	\$ 76	\$ 180	\$ 73	\$ (7)	\$ (3)
332.00 Reservoirs, Dams and Waterways	247,941	0.40641229	521	212	496	202	(25)	(10)
333.00 Water Wheels, Turbines & Generators	104,195	0.40641229	1,636	665	1,667	677	31	12
334.00 Accessory Electric Equipment	34,651	0.40641229	745	303	762	310	17	7
335.00 Miscellaneous Power Plant Equipment								
Total Hoot Lake	\$ 456,141		\$ 3,089	\$ 1,256	\$ 3,105	\$ 1,262	\$ 16	\$ 6
Wright								
331.00 Structures and Improvements	\$ 19,026	0.40641229	\$ 630	\$ 256	\$ 632	\$ 257	\$ 2	\$ 1
332.00 Reservoirs, Dams and Waterways	382,677	0.40641229	18,751	7,621	20,358	8,274	1,607	653
333.00 Water Wheels, Turbines & Generators	228,711	0.40641229	12,282	4,992	12,396	5,038	114	46
334.00 Accessory Electric Equipment	200,524	0.40641229	11,390	4,629	11,430	4,645	40	16
335.00 Miscellaneous Power Plant Equipment	54,715	0.40641229	1,724	701	1,729	703	5	2
Total Wright	\$ 885,653		\$ 44,777	\$ 18,199	\$ 46,545	\$ 18,917	\$ 1,768	\$ 718

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

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Account Description	12/31/11 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
Pisgah									
331.00 Structures and Improvements	\$ 12,118	0.40641229	\$ 322	\$ 131	\$ 321	\$ 130	\$ (1)	\$ (1)	
332.00 Reservoirs, Dams and Waterways	321,136	0.40641229	6,391	2,597	24,631	10,010	18,240	7,413	
333.00 Water Wheels, Turbines & Generators	159,732	0.40641229	11,660	4,739	11,772	4,784	112	45	
334.00 Accessory Electric Equipment	111,257	0.40641229	6,219	2,527	6,275	2,550	56	23	
335.00 Miscellaneous Power Plant Equipment	21,819	0.40641229	755	307	755	307			
Total Pisgah	\$ 626,062		\$ 25,347	\$ 10,301	\$ 43,754	\$ 17,781	\$ 18,407	\$ 7,480	
Dayton Hollow									
331.00 Structures and Improvements	\$ 66	0.40641229	\$ 2	\$ 1	\$ 2	\$ 1	\$ -	\$ -	
332.00 Reservoirs, Dams and Waterways	612,764	0.40641229	28,984	11,779	40,075	16,287	11,091	4,508	
333.00 Water Wheels, Turbines & Generators	234,635	0.40641229	17,433	7,085	17,363	7,057	(70)	(28)	
334.00 Accessory Electric Equipment	185,978	0.40641229	8,518	3,462	8,927	3,628	409	166	
335.00 Miscellaneous Power Plant Equipment	8,354	0.40641229	321	130	327	133	6	3	
Total Dayton Hollow	\$ 1,041,797		\$ 55,258	\$ 22,457	\$ 66,694	\$ 27,106	\$ 11,436	\$ 4,649	
Taplin Gorge									
331.00 Structures and Improvements	\$ 35,140	0.40641229	\$ 348	\$ 141	\$ 355	\$ 144	\$ 7	\$ 3	
332.00 Reservoirs, Dams and Waterways	366,191	0.40641229	7,800	3,170	7,946	3,229	146	59	
333.00 Water Wheels, Turbines & Generators	15,110	0.40641229	130	53	133	54	3	1	
334.00 Accessory Electric Equipment	58,670	0.40641229	2,059	837	2,599	1,056	540	219	
335.00 Miscellaneous Power Plant Equipment	62,716	0.40641229	2,402	976	2,440	992	38	16	
Total Taplin Gorge	\$ 537,827		\$ 12,739	\$ 5,177	\$ 13,473	\$ 5,475	\$ 734	\$ 298	
Bemidji									
331.00 Structures and Improvements	\$ 200,096	0.40641229	\$ 16,268	\$ 6,612	\$ 17,268	\$ 7,018	\$ 1,000	\$ 406	
332.00 Reservoirs, Dams and Waterways	445,919	0.40641229	29,609	12,033	30,412	12,360	803	327	
333.00 Water Wheels, Turbines & Generators	325,127	0.40641229	19,443	7,902	18,142	7,373	(1,301)	(529)	
334.00 Accessory Electric Equipment	6,839	0.40641229	239	97	197	80	(42)	(17)	
335.00 Miscellaneous Power Plant Equipment	1,070	0.40641229	97	39	115	47	18	8	
Total Bemidji	\$ 979,051		\$ 65,656	\$ 26,683	\$ 66,134	\$ 26,878	\$ 478	\$ 195	
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	\$ 244,250	0.40641229	\$ 6,248	\$ 2,539	\$ 5,633	\$ 2,289	\$ (615)	\$ (250)	
342.00 Fuel Holders and Accessories	249,077	0.40641229	5,876	2,388	5,834	2,372	(42)	(16)	
343.00 Prime Movers	6,674,855	0.40641229	171,764	69,807	154,777	62,903	(16,987)	(6,904)	
344.00 Generators									
345.00 Accessory Electric Equipment	61,438	0.40641229	1,586	645	1,421	577	(165)	(68)	
346.00 Miscellaneous Power Plant Equipment	102,176	0.40641229	4,479	1,821	4,160	1,691	(319)	(130)	
Total Jamestown	\$ 7,331,796		\$ 189,953	\$ 77,200	\$ 171,825	\$ 69,832	\$ (18,128)	\$ (7,368)	

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

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Account Description	12/31/11 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	\$ 229,858	0.40641229	\$ 5,677	\$ 2,307	\$ 5,126	\$ 2,083	\$ (551)	\$ (224)
342.00 Fuel Holders and Accessories	212,308	0.40641229	4,692	1,907	4,819	1,959	127	52
343.00 Prime Movers	2,877,313	0.40641229	86,319	35,081	77,687	31,573	(8,632)	(3,508)
344.00 Generators								
345.00 Accessory Electric Equipment	22,080	0.40641229	393	160	362	147	(31)	(13)
346.00 Miscellaneous Power Plant Equipment	75,134	0.40641229	3,862	1,570	3,606	1,466	(256)	(104)
Total Jamestown Unit 1	\$ 3,416,693		\$ 100,943	\$ 41,025	\$ 91,600	\$ 37,228	\$ (9,343)	\$ (3,797)
Jamestown Unit 2								
341.00 Structures and Improvements	\$ 14,392	0.40641229	\$ 571	\$ 232	\$ 507	\$ 206	\$ (64)	\$ (26)
342.00 Fuel Holders and Accessories	36,769	0.40641229	1,184	481	1,015	413	(169)	(68)
343.00 Prime Movers	3,797,542	0.40641229	85,445	34,726	77,090	31,330	(8,355)	(3,396)
344.00 Generators								
345.00 Accessory Electric Equipment	39,358	0.40641229	1,193	485	1,059	430	(134)	(55)
346.00 Miscellaneous Power Plant Equipment	27,042	0.40641229	617	251	554	225	(63)	(26)
Total Jamestown Unit 2	\$ 3,915,103		\$ 89,010	\$ 36,175	\$ 80,225	\$ 32,604	\$ (8,785)	\$ (3,571)
Lake Preston								
341.00 Structures and Improvements	\$ 194,155	0.40641229	\$ 3,437	\$ 1,397	\$ 3,126	\$ 1,270	\$ (311)	\$ (127)
342.00 Fuel Holders and Accessories	328,705	0.40641229	5,851	2,378	12,063	4,903	6,212	2,525
343.00 Prime Movers	3,172,066	0.40641229	65,662	26,686	59,635	24,236	(6,027)	(2,450)
344.00 Generators								
345.00 Accessory Electric Equipment	369,280	0.40641229	6,869	2,792	5,945	2,416	(924)	(376)
346.00 Miscellaneous Power Plant Equipment	21,607	0.40641229	382	155	350	142	(32)	(13)
Total Lake Preston	\$ 4,085,813		\$ 82,201	\$ 33,408	\$ 81,119	\$ 32,967	\$ (1,082)	\$ (441)
Ashtabula Wind Generation								
341.00 Structures and Improvements	\$ 3,248,290	0.40689832	\$ 132,530	\$ 53,926	\$ 132,855	\$ 54,058	\$ 325	\$ 132
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	106,369,936	0.40689832	4,339,893	1,765,895	4,339,893	1,765,895		
345.00 Accessory Electric Equipment	6,219,783	0.40689832	253,767	103,257	254,389	103,510	622	253
346.00 Miscellaneous Power Plant Equipment								
Total Ashtabula Wind Generation	\$ 115,838,009		\$ 4,726,190	\$ 1,923,078	\$ 4,727,137	\$ 1,923,463	\$ 947	\$ 385

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

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Account Description	12/31/11 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	0.40689832	\$ 101,847	\$ 41,441	\$ 102,095	\$ 41,542	\$ 248	\$ 101
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	68,788,120	0.40689832	2,820,313	1,147,581	2,847,828	1,158,776	27,515	11,195
345.00 Accessory Electric Equipment	6,990,877	0.40689832	286,626	116,628	287,325	116,912	699	284
346.00 Miscellaneous Power Plant Equipment								
Total Langdon Wind Generation	\$ 78,263,066		\$ 3,208,786	\$ 1,305,650	\$ 3,237,248	\$ 1,317,230	\$ 28,462	\$ 11,580
Luverne Wind Generation								
341.00 Structures and Improvements	\$ 2,266,581	0.40689832	\$ 91,570	\$ 37,260	\$ 91,570	\$ 37,260	\$ -	\$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	65,040,492	0.40689832	2,627,636	1,069,181	2,634,140	1,071,827	6,504	2,646
345.00 Accessory Electric Equipment	4,851,757	0.40689832	196,011	79,757	196,011	79,757		
346.00 Miscellaneous Power Plant Equipment								
Total Luverne Wind Generation	\$ 72,158,830		\$ 2,915,217	\$ 1,186,198	\$ 2,921,721	\$ 1,188,844	\$ 6,504	\$ 2,646
Solway Combustion Turbine								
341.00 Structures and Improvements	\$ 4,235,155	0.40641229	\$ 123,667	\$ 50,260	\$ 123,667	\$ 50,260	\$ -	\$ -
342.00 Fuel Holders and Accessories	1,003,596	0.40641229	29,506	11,992	29,405	11,951	(101)	(41)
343.00 Prime Movers	21,119,301	0.40641229	614,572	249,770	614,572	249,770		
344.00 Generators								
345.00 Accessory Electric Equipment	1,251,047	0.40641229	36,405	14,795	36,405	14,795		
346.00 Miscellaneous Power Plant Equipment	311,722	0.40641229	9,414	3,826	9,383	3,813	(31)	(13)
Total Solway Combustion Turbine	\$ 27,920,821		\$ 813,564	\$ 330,643	\$ 813,432	\$ 330,589	\$ (132)	\$ (54)
Fergus Falls Control Center								
341.00 Structures and Improvements	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers	591,638	0.40641229	17,986	7,310	17,986	7,310		
344.00 Generators								
345.00 Accessory Electric Equipment								
346.00 Miscellaneous Power Plant Equipment								
Total Fergus Falls Control Center	\$ 591,638		\$ 17,986	\$ 7,310	\$ 17,986	\$ 7,310	\$ -	\$ -