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

April 16, 2014

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 April 7, 2014, certifying proposed service lives, net salvage values, and resulting depreciation rates. This Order certifies depreciation rates and methods based on Otter Tail's most recent Five-Year depreciation study. A summary of key decision items is provided on the first page of the Order. The rates are effective January 1, 2014. A copy of Otter Tail's initial Five-Year Review of Depreciation Certification filing ("Initial Filing") submitted to the MPUC on September 3, 2013 is also enclosed in this compliance filing. Attachment 2 of this Initial Filing lists the remaining lives and net salvage or amortization period that was requested to be certified.

Also included with this filing is a worksheet, identified as Statement B. Statement B shows the total estimated impact on North Dakota of changes in depreciation rates. Page 2 of Statement B shows this impact to be a decrease in annual expense of $338,459.

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@otpco.com.

Very truly yours,

/s/ STUART TOMMERDAHL
Stuart Tommerdahl
Manager Regulatory Administration

jce
Enclosures
By electronic filing and U.S. Mail

Minnesota Public Utilities Commission Order Dated April 7, 2014

Docket No. E017/D-13-795

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

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

SERVICE DATE: April 7, 2014

DOCKET NO. E-017/D-13-795

In the Matter of Otter Tail Power Company's Request for Approval of its Five Year Depreciation Study

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

The Company shall keep the current retirement date of the Big Stone plant at 14.2 years.

Approved the Company's proposed life extension of Coyote Station from 19.0 years to 27.4 years.

Allowed the Company to decrease the remaining life of Hoot Lake from 10.4 years to 7.4 years.

Approved the Company's proposed changes to include the terminal salvage value in the calculation of salvage rates for the following General Plant Accounts: 390.10 General Office Building, 390.20 Fleet Service Center Building & 390.30 Central Stores Building.

Approved the effective date of January 1, 2014.

The Company shall file its next annual depreciation study on or before September 1, 2014.

The Company shall file its next five year depreciation study on or before September 1, 2018.

The Company shall provide in its first depreciation filing that includes new peaking generators, a comparison of the last rate case's short term peaking capacity costs to the peaking plant capacity costs of the new generators.

The Company 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 and explain any differences.

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

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

This document can be made available in alternative formats e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.

MINNESOTA DEPARTMENT OF COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
mn.gov/commerce/
651.539.1500 FAX 651.539.1547
An equal opportunity employer

March 3, 2014

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E017/D-13-795

Dear Dr. Haar:

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

> Otter Tail Power Company's (OTP's) 2013 Five-Year Review of Depreciation Certification.

The Department recommends **approval, with modifications,** and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE DIVISION OF ENERGY RESOURCES

DOCKET NO. E017/D-13-795

I. SUMMARY OF FILING

On September 3, 2013, Otter Tail Power Company (Otter Tail or the Company) filed its 2013 Five-Year Review of Depreciation Certification Petition (2013 Depreciation Petition) in which it proposed numerous changes to the remaining lives and salvage rates of its production facilities, as well as changes to the depreciation parameters and rates of many of its transmission, distribution, and general plant accounts. If approved, the net effect of the changes proposed in the 2013 Depreciation Petition would be a reduction in annual depreciation expense of $3.0 million, or 7.46 percent.

On January 17, 2014, the Minnesota Department of Commerce, Division of Energy Resources (the Department) filed Comments in which it recommended approval of most of the proposed changes, but recommended that the Company delay a proposed life extension for its Big Stone plant, and requested additional information regarding the proposed salvage rates for three general plant accounts.

On February 18, 2014, Otter Tail filed Reply Comments in which it accepted the Department's recommendation regarding Big Stone's remaining life, and provided the information requested by the Department regarding the proposed salvage rates for the three general plant accounts.

II. DEPARTMENT ANALYSIS

A. REMAINING LIFE OF BIG STONE

In the 2013 Depreciation Petition, Otter Tail proposed to extend the remaining life of its Big Stone plant by 17.8 years, from 14.2 to 32.0, pursuant to the installation of an Air Quality Control System (AQCS), which is expected to be placed in service in late 2015. As stated in its Comments, the Department prefers that life extensions resulting from capital projects be delayed until the projects are placed in service, and recommended that the Minnesota Public Utilities Commission (Commission) require the Company to retain its current anticipated year of final retirement of 2027, which would result in a remaining life of approximately 14.2 years. The Department stated that Otter Tail can propose a life extension for Big Stone in its next depreciation study, at which time the Department and the Commission can reevaluate the progress of the AQCS project and its expected in-service date.

In its Reply Comments, Otter Tail stated that it accepts the Department's recommendation.

As explained in the Department's Comments, the change in Big Stone's remaining life also impacts its salvage rates. Attachment A to Otter Tail's Reply Comments contains Big Stone's salvage rates recalculated using the Department's recommended remaining life. The Department reviewed the new salvage rates and concludes that they are reasonable.

B. SALVAGE RATES OF ACCOUNTS 390.10, 390.20, AND 390.30

In the 2013 Depreciation Petition, Otter Tail proposed significant changes to the salvage rates of General Plant Accounts 390.10, 390.20, and 390.30, summarized in the table below.

Table 1
Proposed Salvage Rate Changes

Account		Salvage Rate		Depreciation Expense (Total Company)		
No.	Description	Current	Proposed	Current	Proposed	Difference
390.10	General Office Buildings	-5.00%	51.20%	$ 204,846	$ 24,360	$ (180,486)
390.20	Fleet Service Center Building	-5.00%	38.60%	29,753	1,875	(27,878)
390.30	Central Stores Building	-5.00%	95.50%	96,433	(83,549)	(179,982)
Total				$ 331,032	$ (57,314)	$ (388,346)

Source: 2013 Depreciation Petition

As described in the Department's Comments, the salvage rates for Accounts 390.10, 390.20, and 390.30, are developed using a method similar to the method used to develop the salvage rates for Company's production plants. In short, the property in each of these three accounts is comprised of a single facility, and Otter Tail derives an estimate of the costs it would incur if it retired each facility today. Otter Tail then inflates those cost estimates at a rate of two percent per year to the anticipated year of final retirement (AYFR). The resulting inflated cost estimate, with a small adjustment for interim retirements, is then divided by the account's plant balance, yielding the salvage rate.

As described in the Department's Comments, Otter Tail assumed in its 2013 Depreciation Petition that the most likely terminal scenario for these facilities is that they will be sold as working units, rather than retired and demolished. The Company therefore used each property's assessed property tax valuation as the cost it would incur if it retired and sold the facilities today (which in this case is a negative cost, or a benefit), and inflated those property tax valuations to each facility's AYFR.

In its Comments, the Department stated that it was unable to determine exactly what changes to Otter Tail's policies or assumptions caused the large changes in the proposed salvage rates, and requested that the Company provide additional information in Reply Comments.

In its Reply Comments, Otter Tail stated that, historically, the salvage rates for these accounts have reflected only interim retirements, but did not reflect any expected salvage at final retirement. While preparing the 2013 Depreciation Petition, Otter Tail determined that this practice was no longer accurate and reassessed the final retirement scenarios for these facilities, as described above, ultimately resulting in the changes shown in Table 1.

The Department notes that while the proposed change negatively impacts ratepayers, a five-year depreciation study is an appropriate time for the Company to reassess its assumptions regarding the final retirement scenarios of these facilities. Based on the information provided in the Company's Reply Comments, the Department concludes that the proposed salvage rates represent the Company's best predictions regarding the future of these facilities, and that they are reasonable.

III. CONCLUSION

The Department recommends that the Commission:

1.) Approve the proposed service lives, salvage values and depreciation rates from Otter Tail's 2013 Depreciation Petition, except for the lives and salvage rates proposed for the Big Stone plant;
2.) Approve the lives and salvage rates proposed for the Big Stone plant contained in Attachment A to the Company's Reply Comments;

3.) Require Otter Tail to provide a comparison of its last rate case's short-term peaking capacity costs to the peaking capacity costs of the new generators once Otter Tail decides on the peaking option it will pursue;
4.) Require Otter Tail to file its next annual depreciation study by September 1, 2014;
5.) Require OTP to file its next five-year depreciation study by September 1, 2018; and
6.) 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.

/lt

MINNESOTA DEPARTMENT OF COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
mn.gov/commerce/
651.539.1500 FAX 651.539.1547
An equal opportunity employer

January 17, 2014 **PUBLIC DOCUMENT**

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

RE: **PUBLIC Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E017/D-13-795

Dear Dr. Haar:

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

> Otter Tail Power Company's (OTP's) 2013 Five-Year Review of Depreciation Certification.

The petition was filed on September 3, 2013 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 requests that OTP provide additional information in reply comments.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/lt
Attachment

PUBLIC DOCUMENT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

PUBLIC COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. E017/D-13-795

I. SUMMARY OF FILING

On September 3, 2013, Otter Tail Power Company (OTP or the Company) filed its 2013 Five-Year Review of Depreciation Certification Petition (2013 Depreciation Petition or petition). OTP is requesting approval of changes to the lives and salvage rates of a number property accounts. The net effect of the proposed changes is a reduction in annual depreciation expense of $3.0 million, or 7.46 percent, as summarized in Table 1.

Table 1
Summary of Proposed Depreciation Rates and Resulting Accruals

	Accrual Rate			Annual Accrual		
Function	Current	Proposed	Difference	Current	Proposed	Difference
[A]	[B]	[C]	[D] = [C] - [B]	[E]	[F]	[G] = [F] - [E]
Production						
Steam	2.81%	2.23%	-0.58%	$9,953,462	$7,886,925	($2,066,537)
Hydraulic	5.12%	7.21%	2.09%	283,711	399,857	116,146
Other	3.91%	4.09%	0.18%	11,998,703	12,546,381	547,678
Transmission	1.96%	1.74%	-0.22%	5,076,438	4,494,628	(581,810)
Distribution	2.69%	2.53%	-0.16%	10,896,710	10,215,847	(680,863)
General Plant	5.24%	4.48%	-0.76%	2,584,578	2,207,131	(377,447)
Total Utility	2.96%	2.74%	-0.22%	$40,793,602	$37,750,769	($3,042,833)

Source: Petition, Attachment 1, Page 3

The Company requested an effective date of January 1, 2014 for its proposed depreciation parameters.

II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) examined OTP's petition for compliance with filing requirements and previous Minnesota Public Utilities Commission (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.

B. REASONABLENESS OF PROPOSED DEPRECIATION PARAMETERS

1. Production Plant

a. Remaining Lives

i. Big Stone

In its petition, OTP proposed to extend the remaining life of its Big Stone plant by 17.8 years, from 14.2 to 32.0, with an anticipated year of final retirement (AYFR) of 2046. The proposed life extension will lower OTP's overall depreciation expense by approximately $2.2 million per year.[1] The co-owners of Big Stone are currently installing an Air Quality Control System

[1] See Petition, Attachment 1, Statement B

(AQCS) in order to reduce emissions of sulfur dioxide and nitrogen oxide and bring the plant into compliance with the U.S. Environmental Protection Agency's Regional Haze Rule. The project received an Advanced Determination of Prudence from the Commission in an Order dated January 23, 2012 in Docket No. E017/M-10-1082. On December 18, 2013, the Commission issued an Order in Docket No. E017/M-13-648 approving OTP's Environmental Cost Recovery (ECR) rider, through which OTP has started to recover a significant portion of the costs of the AQCS project.[2] In its petition in that Docket, OTP stated that the total cost estimate of the project is $405 million (OTP's share of the project is estimated to be $221.5 million and the Minnesota jurisdictional share is estimated to be $112 million), and OTP expects the project to be placed in service in late 2015.

In its response to Department Information Request (IR) No. 5, OTP stated that it is appropriate to extend Big Stone's life now, because even though the AQCS project is not yet in service, the decision to install it has current effects on the existing plant balance, which is now being managed under the expectation that it will operate under the new remaining life.[3] OTP stated, "The expectation that the balance of plant will operate under the new remaining life timeline commences at the time the Owners commit to construct the AQCS (*i.e.*, upon issuing the Full Notice to Proceed on the AQCS project) and not at the time the AQCS asset is commissioned into service. The balance of plant remaining life reflects what we know its remaining life to be at the time of filing." OTP also stated that as of September 30, 2013, Big Stone's owners had invested 27 percent of the total cost of the AQCS project.

The Department agrees that the AQCS project will result in a life extension for Big Stone, but questions whether that extension should take place now or in the future. Generally, the Department prefers that life extensions resulting from capital projects be delayed until the projects are placed in service, or are close to being placed in service. In this case, the depreciation parameters the Commission eventually approves in this Docket will take effect January 1, 2014, nearly two years before the AQCS project is expected to be placed in service, and therefore nearly two years before OTP's ratepayers will receive any operational benefits from the project. If the Commission were to approve the requested life extension for Big Stone in this Docket, OTP would enjoy the benefits of lower depreciation expense without a corresponding decrease in rates beginning January 1, 2014, and OTP's ratepayers would not receive any of the financial benefits of the life extension unless and until the Company files a rate case which reflects the new, longer life. Further, as noted above, OTP is beginning to recover the costs of the AQCS project through its ECR rider. Therefore, if the Commission were to approve the requested life extension, the Company would accrue all of the benefits of the lower depreciation expense while at the same time recovering some of the costs of the project. The Department acknowledges that this simultaneous allocation of benefits to the Company and costs to its customers is somewhat unavoidable, but notes that the negative impacts on ratepayers can be minimized by timing Big Stone's life extension

[2] See Docket No. E017/M-13-648
[3] See Department Attachment No. 1

appropriately. Therefore, the Department concludes that the life extension for Big Stone should be delayed until the AQCS project is in service, or close to being in service.

The Department recommends that the Commission require OTP to retain its current AFYR of 2027, which would result in a remaining life of approximately 14.2 years. OTP can propose a life extension for Big Stone in its next depreciation study, at which time the Department and the Commission can reevaluate the progress of the AQCS project and its expected in-service date.

ii. Coyote Station

In its petition, OTP proposed to extend the remaining life of Coyote Station by 8.4 years, from 19.0 years to 27.4 years, with an AYFR of 2041. The proposed extension would lower OTP's depreciation expense by approximately $0.7 million per year. In its response to IR No. 4, OTP stated that the proposed remaining life extension was prompted by the execution of a new, 25-year coal contract, signed in 2012, which commences in 2016 and expires in 2041.[4] OTP stated in its response to IR No. 11, part c, that the decision to pursue a 25-year coal contract was based on several factors, including expected life durations of plants similar to Coyote, the condition of the major components of Coyote, and the operational performance of the facility. [5]

In its response to IR No. 11, OTP described its maintenance and capital investment program considered to be "normal operations" for Coyote, including routine items that occur frequently and at regular intervals during a plant's life and non-routine items that are expected but occur infrequently, perhaps only once during a plant's life. In its response to IR No. 4, OTP explained that, beyond normal levels of maintenance and replacement, OTP anticipates that two capital investments will be necessary for Coyote to achieve the proposed remaining life, both related to new environmental regulations. First, OTP is planning a capital project in 2014 to bring Coyote Station into compliance with the Mercury and Air Toxics Standards (MATS) at a total cost of **[TRADE SECRET DATA HAS BEEN EXCISED]**.[6] Second, OTP is planning a capital project to be completed by mid-2018 pursuant to North Dakota's State Implementation Plan for the EPA's Regional Haze Rule. OTP stated that detailed cost estimates are not yet available, but the project's budgetary estimated total cost is **[TRADE SECRET DATA HAS BEEN EXCISED]**.

Based on these IR responses, the Department agrees that it is reasonable to expect Coyote to operate beyond its currently assumed retirement year of 2032, but similar to Big Stone, questions the timing of the proposed life extension. As noted in the Department's discussion of Big Stone's remaining life, the Department generally prefers to wait until life-extending capital projects are placed into service to extend plant lives, and Coyote has two planned future projects, the larger of which will not be completed for at least four years. Based on this logic, the

[4] See Department Attachment No. 2
[5] See Department Attachment No. 3
[6] OTP has a 35 percent ownership share of Coyote Station.

Department would prefer to wait until the second project is placed in service, or is close to being placed in service, before extending Coyote's life. The Department notes, however, the significant difference between the cost of Big Stone's AQCS project and the cost of Coyote's two planned projects. The cost of the AQCS project is greater than original cost of Big Stone, whereas the two planned Coyote projects represent only a small percentage of the original cost of Coyote. Projects the size of the AQCS project are rarer and more significant than projects the size of Coyote's planned projects, and thus require a higher level of scrutiny with respect to the plant's remaining life. Capital projects the size of Coyote's planned projects are more frequent and much closer to a normal level of investment and maintenance expense, and thus arguably deserve a lesser role in determining a plant's remaining life than an engineering assessment.

Ultimately, because of the small size of the two planned capital projects and the fact that the Company's engineering assessment of the Coyote Station indicates a longer life for the plant, the Department concludes that it is reasonable to extend Coyote's life in this Docket.

iii. Hoot Lake Plant Unit 2 and 3

In its petition, OTP proposed to shorten the remaining life of the Hoot Lake Plant, Units 2 and 3 from 10.4 years to 7.4 years, with an AYFR of 2020.

In the Company's most recent Integrated Resource Plan (the 2010 IRP) Docket, (Docket No. E015/RP-10-623), the Company conducted a Baseload Diversification Study with a specific focus on evaluating retirement and repower options for the Hoot Lake Plant.[7] The Company proposed a plan to retrofit Hoot Lake units 2 and 3 in 2015 to comply with MATS, and then retire both units in 2020. The Commission's March 25, 2013 Order in the 2010 IRP Docket approved OTP's proposed plan. The Company's proposed AFYR (and the corresponding remaining life) for Hoot Lake units 2 and 3 is consistent with the Commission's Order; therefore, the Department concludes that it is reasonable.

iv. Other Production Plant

For its hydraulic production units, OTP proposed remaining life reductions of one year to reflect the passage of time.

The Department notes that OTP proposed a change in the depreciation method for its wind units. Briefly, OTP currently calculates depreciation expense for its wind facilities in a manner similar to the manner in which it calculates depreciation expense for its transmission, distribution, and general plant. Property is assumed to have a certain average service life beginning at its in-service date, and the overall remaining life of each wind facility is, essentially, calculated as a weighted average of the remaining lives of the property installed at the facility, grouped by vintage.

[7] The Company's Baseload Diversification Study was filed on October 3, 2012.

In its petition, the Company proposed to begin calculating depreciation expense for its wind facilities in a manner similar to the manner in which it calculates depreciation expense for its other production plant. Now that OTP has several years of experience operating wind farms and has collected several years of retirement data, OTP proposed to utilize an anticipated year of final retirement (AFYR), along with an adjustment for expected interim retirements, to calculate the remaining life of its wind facilities.

For the Company's Ashtabula Wind facility, for example, the Company is no longer assuming that associated property will last, on average, 25 years from its installation date, as it has in past depreciation filings. Rather, OTP is now assuming that the facility as a whole will be taken out of service in 2033, and that a small amount of property will be retired and replaced prior to 2033. The remaining life of each property account associated with the Ashtabula Wind facility is calculated as the amount of time from the date of the depreciation study (12/31/2012) to the AFYR (6/30/2033), with a small downward adjustment to reflect anticipated interim retirements. The Department notes that the effects of this change in methodology are minor and concludes that the proposed remaining lives for OTP's wind facilities are reasonable.

Additionally, OTP proposed to extend the lives of its Jamestown and Lake Preston units by one year, pursuant to the Generating Assets Remaining Life Policy. The Department recommends that the Commission approve OTP's proposed remaining lives for these two plants. The Department discusses the Company's Generating Assets Remaining Life Policy in greater detail below.

v. Comparison of 2013 Depreciation Study and OTP's Resource Plan

The Commission's Order in Docket No. E017/D-12-933 (the 2012 Depreciation Docket) required 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. Attachment 4 to OTP's petition includes the required table. The Department considers this filing requirement to be a useful tool in evaluating utilities' depreciation filings, and recommends that the Commission continue to require OTP to include these comparisons in its future depreciation filings.

b. Salvage Rates

OTP proposed small decreases to the salvage rates of most of its production plants (i.e. the salvage rates are more negative, which has the effect of increasing depreciation expense). The proposed salvage rates are based on a demolition study commissioned by the Company in 2013. The Department notes that the demolition study provides estimates of the decommissioning costs of OTP's plants measured in present day dollars. OTP inflated those estimates to each plant's AYFR using an assumed two percent inflation rate, and the inflated amounts served as the basis for the Company's proposed salvage rates. Thus, the Department's recommendation regarding the AFYR of Big Stone has an impact on the plant's salvage rate. The Department recommends

that the Commission require OTP to recalculate Big Stone's salvage rate using the Department's recommended AFYR. The Department concludes that the proposed salvage rates for all other production facilities are reasonable.

2. Transmission, Distribution, and General Plant

OTP proposed a number of changes to the lives and salvage rates of its transmission, distribution, and general plant (TD&G) accounts, summarized in Statement A of Attachment 1 to its petition. Pages 91 through 108 of Attachment 1 to OTP's petition contain the supporting schedules for the life and salvage analyses of Account 368.00 – Line Transformers. In its response to IR No. 9, OTP produced the supporting schedules for all of its transmission, distribution, and general plant accounts. The Department does not include OTP's response to IR No. 9 as an attachment to these comments due to its size, but the Department recommends that OTP include these supporting schedules with its five-year depreciation filings in the future in order to provide support for the proposed depreciation parameters.

a. Remaining Lives

After review, the Department concludes that all of the proposed changes to the remaining lives of OTP's TD&G accounts are reasonable.

b. Salvage Rates

OTP proposed changes to the salvage rates of only four of its TD&G accounts, summarized in the table below.

Table 2
Proposed Salvage Rate Changes
(%)

Account No.	Description	Salvage Rate Current	Salvage Rate Proposed	Increase
390.10	General Office Buildings	-5.00	51.20	56.20
390.20	Fleet Service Center Building	-5.00	38.60	43.60
390.30	Central Stores Building	-5.00	95.50	100.50
396.00	Power Operated Equipment	5.00	20.00	15.00

Source: Petition, Statement F

After reviewing the workpapers provided in response to IR No. 9, described above, the Department concludes that the proposed salvage rate for Account 396.00, Power Operated Equipment, is reasonable.

The Department notes that the salvage rates for Account 396.00 and most of OTP's other TD&G accounts are developed using statistical analyses of each account's past salvage experience, and adjusted based on the judgment of the Company or its consultant where appropriate. The salvage rates for Accounts 390.10, 390.20, and 390.30, however, are developed using a method similar to the method used to develop the salvage rates for Company's production plants, described in OTP's response to IR No. 16.[8] In short, the property in each of these three accounts is comprised of a single facility, and OTP derives an estimate of the costs it would incur if it retired each facility today. OTP then inflates those cost estimates at a rate of two percent per year to the anticipated year of final retirement. The resulting inflated cost estimate, with a small adjustment for interim retirements, is then divided by the account's plant balance, yielding the salvage rate. As described in Department Attachment No. 4, OTP assumed that the most likely terminal scenario for these facilities is that they will be sold as working units, rather than retired and demolished. OTP therefore used each property's assessed property tax valuation as the cost it would incur if it retired and sold the facilities today (which in this case is a negative cost, or a benefit), and inflated those property tax valuations to each facility's anticipated year of final retirement.

The large difference between the current and proposed salvage rates produce similarly large differences in depreciation expense under the current and proposed salvage rates. Table 3 below summarizes the changes. As shown, the proposed salvage rate for Account 390.30 results in negative depreciation expense.

Table 3
Changes in Proposed Depreciation Expense
Accounts 390.10, 390.20, and 390.3
($)

Account		Depreciation Expense		Change	
No.	Description	Current	Proposed	$	%
390.10	General Office Buildings	204,846	24,360	(180,486)	-88%
390.20	Fleet Service Center Building	29,753	1,875	(27,878)	-94%
390.30	Central Stores Building	96,433	(83,549)	(179,982)	-187%

Source: Petition, Statement B

After reviewing OTP's response to IR No. 16 and the records in each of OTP's last five depreciation dockets, the Department was unable to determine exactly what changes to OTP's depreciation policies or assumptions caused the large changes in the salvage rates, although it seems likely that up until now, OTP assumed that the buildings would be retired and demolished, not sold as working units. OTP, however, provided no support for this change in assumption.

[8] See Department Attachment No. 4

The Department requests that OTP explain in reply comments how its current salvage rates for these three accounts were derived, the specific changes to its depreciation policies or assumptions that have caused the large changes in the proposed salvage rates, and the reasons why those changes are reasonable.

C. 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 the retirement dates of baseload plants. 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. If management determines that the plant is economically capable of operating for an additional ten years, its remaining life will be adjusted accordingly. If management determines that the plant is not capable of operating economically for ten more years, the remaining life will not be extended, and management will alter the operating strategy for the plant to accommodate the pending retirement.
In its Order in the 2012 Depreciation Docket, the Commission required OTP to include in its next five-year depreciation study a defense of the Company's Generating Assets Remaining Life Policy (Remaining Life Policy) that addresses the issues raised in the Department's January 29, 2013 Comments in the 2012 Depreciation Docket.

1. Concerns Raised by the Department in the 2012 Depreciation Docket

In the 2012 Depreciation Docket, the Department raised several concerns with OTP's Remaining Life Policy. In that Docket, OTP proposed one-year life extensions for five of its generating assets pursuant to the Remaining Life Policy, and the Department was concerned that the practical effect of the policy was that one-year life extensions had become the default treatment for many of the Company's generating assets. For example, in the 2012 Depreciation Docket, absent an extension**,** the remaining life of Hoot Lake would have dropped below 10 years. OTP, however, determined that Hoot Lake was capable of operating for ten years, and Hoot Lake's remaining life was extended by one year. In order to maintain a five-year window between major retirements, as mandated by the policy, the remaining lives of Big Stone and Coyote Station had to be extended by one year as well (from 14 years to 15, and from 19 years to 20, respectively). Table 4 below summarizes the approved remaining lives of the units affected by the policy over the last six years.

Table 4
Approved Remaining Lives of Selected Plants

Plant	Actual					
	2008	2009	2010	2011	2012	2013
Baseload Resources						
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	15.19	15.19
Coyote Station	18.05	20.89	19.94	19.94	19.94	19.94
Peaking Facilities						
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

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 result in 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. In essence, OTP is assuming that the operation of the units listed in Table 4 over the last several 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. 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.

2. Response From OTP

As required by the Commission, OTP included a defense of its Remaining Life Policy on pages 3-6 of its 2013 Depreciation Petition which addressed the concerns raised by the Department. The Company stated that, as a result of shortening the remaining life of Hoot Lake Units 2 and 3, discussed above, the Remaining Life Policy now only impacts the Company's peaking resources at Jamestown and Lake Preston. In prior depreciation petitions, the one-year extensions required

to maintain a 10-year remaining life for Hoot Lake necessitated one-year life extensions for Big Stone in order to maintain a five-year window between the retirement dates of Hoot Lake and Big Stone. The Big Stone life extensions, in turn, necessitated one-year extensions for Coyote in order to maintain a five-year window between the retirement dates of Big Stone and Coyote. With the change to Hoot Lake's retirement date, it is no longer necessary to extend Big Stone's life, which means it is also no longer necessary to maintain Coyote's life.

OTP stated that the Remaining Life Policy was put in place to address concerns identified by OTP and the Department in prior depreciation proceedings that additions to plants intended to maintain the plants' lives were causing disproportionate growth in depreciation expense due to the fact that the additional investments were being depreciated over shorter periods of time. OTP stated that the Remaining Life Policy remediated these concerns. OTP also stated that the Remaining Life Policy is also a useful tool to ensure the Company is making economic capital investment decisions for its older plants, and that having a ten-year minimum life for an investment payback evaluation period was appropriate if plant management staff and engineers could verify that the ten-year life was achievable.[9]

In response to the Department's concern regarding the potential for over-recovery of depreciation expense, OTP stated that the intention of the policy is not to reduce depreciation expense, but rather to "address inappropriate growth in depreciation expense that occurred due to increasing plant investments occurring at a time when (without the Policy) out-of-proportion reductions to remaining lives were occurring."[10]

In response to the Department's concerns regarding reliability and the potential for the Remaining Life Policy to raise the potential of catastrophic failures, OTP stated:

> Further, the Department raised concerns that the Policy could affect plants' reliability over time causing ratepayers harm if a potential catastrophic equipment failure resulted from extended execution of the Policy. This is also an incorrect assessment, and quite the opposite is more probable. The Company recognizes that catastrophic equipment failures can and do happen and that there is a natural correlation between the risk of such instances and the age of the equipment. However, as equipment ages, appropriate maintenance and capital investment level should actually cause the incidents of failure to reduce when compared to those with a more scaled back maintenance or capital investment level. With the Policy the Company makes more frequent assessments of its operating condition and addresses concerns sooner. Additionally, it allows for assessment and justification of appropriate

[9] See the 2013 Depreciation Petition, page 5
[10] See the 2013 Depreciation Petition, pages 4-5

> maintenance programs and capital investments that will enhance the plant's reliability when there is an appropriately longer payback horizon, resulting in a reduction of operational risk rather than an increase in such risks.[11]

3. Department Analysis of OTP's Defense of the Remaining Life Policy

The Department's primary concern with OTP's Remaining Life Policy was the potential negative effects on ratepayers that numerous life extensions outside of a rate case could have. The Department agrees with OTP that, due to the decision to shorten Hoot Lake's remaining life, the impact of the Remaining Life Policy is much smaller now than in the past depreciation filings and that it will be many years before the Remaining Life Policy has any effects on OTP's baseload units. The Remaining Life Policy will continue to result in one-year extensions for OTP's peaking units at Jamestown and Lake Preston, as long as those plants are deemed capable of operating for an additional ten years. However, those units' annual depreciation accruals are significantly smaller than the annual accruals of OTP's baseload assets, and the dollar value impact of life extensions for those units made pursuant to the Remaining Life Policy is much smaller. For this reason, the Department does not recommend that the Commission take any particular action with respect to the Remaining Life Policy at this time.

However, the Department remains concerned about the potential negative effects the Remaining Life Policy may have if it remains in effect for an extended period of time. The Remaining Life Policy mandates that each of OTP's plants undergo an annual assessment to determine if it is capable of operating for an additional ten years and the 2013 Depreciation Petition is the fourth depreciation petition in a row in which OTP has requested one-year life extensions for its Jamestown and Lake Preston plants. It is not clear to the Department what conditions must be met in order for the Company's engineers and plant managers to determine that the plant is capable of operating for only nine more years, nor is it clear whether it is reasonable to expect the Company's engineers to make such a specific determination.

Additionally, the Department notes that Hoot Lake's remaining life was extended by a year in both 2011 and 2012 pursuant to the Remaining Life Policy, only to be shortened by two years in this proceeding following the Commission's Order on OTP's Baseload Diversification Study. Thus, if the Commission approves Hoot Lake's proposed remaining life in this Docket, the plant's remaining life in 2014 will be exactly what it would have been absent the policy. This experience illustrates the importance of the resource planning process in determining the lives of OTP's older production assets and highlights the problems associated with adjusting lives outside of that process. Further, the Department notes that OTP's Jamestown and Lake Preston plants may experience a similar life-reduction, depending on the outcome of OTP's 2014 Integrated Resource Plan proceeding.[12] In OTP's 2010 Resource Plan, the units were assumed to

[11] See the 2013 Depreciation Petition, pages 5-6
[12] OTP's 2014 IRP was filed on December 2, 2013 in Docket No. E017/RP-13-961.

have to be either be retired or repowered in 2019, and the question of whether to retire or repower did not have a clear answer. The Department's modeling indicated that repowering the units was only marginally more cost-effective than retiring them.[13] The Department is currently analyzing OTP's 2014 IRP, and although the Department has not yet reached any preliminary conclusions regarding the future of these two plants, it is certainly within the realm of possibilities that our analysis will indicate that retirement before the proposed 2023 retirement date is a cost-effective option.

As stated above, due to the small impact it is expected to have for the next several years, the Department does not recommend that the Commission take any specific action related to OTP's Remaining Life Policy at this time. However, the Department will continue to monitor the effects the Remaining Life Policy has on OTP's resource planning process and its depreciation expense.

D. PLANT BALANCES, ADDITIONS, AND RETIREMENTS

Table 3 shows the changes to OTP's plant balances during 2012. The net effect of additions and retirements during the year is an increase in total plant of approximately $49 million, the majority of which was concentrated in the Company's transmission and distribution plant accounts.

Table 5
Primary Plant Account Balances

Primary Plant Assets	Balance 12/31/2011	Additions	Retirements	Transfers	Balance 12/31/2012
Steam Production	352,555,939	7,033,939	5,330,148	-	354,259,730
Hydraulic Production	4,526,532	1,162,431	145,531	-	5,543,432
Other Production	306,189,973	1,075,855	292,822	133,533	307,106,539
Transmission Plant	228,830,165	32,265,608	539,271	(1,635,205)	258,921,297
Distribution Plant	389,306,451	17,782,802	2,696,231	(14,459)	404,378,563
General Plant	49,381,845	2,098,772	2,133,011	(68,789)	49,278,817
Totals	1,330,790,905	61,419,407	11,137,014	(1,584,920)	1,379,488,378

Source: 2013 Depreciation Study, Statement G.

E. 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 to its petition, OTP stated that it is

[13] See page 28 of the Department's May 16, 2011 Comments in Docket No. E017/RP-10-623

"unaware of any major future additions or retirements that would materially affect the current certification results." Attachment No. 3 describes several existing and potential future additions and retirements that may affect future depreciation expense, including:

- Two CapX2020 projects (the Fargo – Monticello 345kV project and the Brookings – Twin Cities 345 kV project);
- Two transmission projects in the Big Stone area in conjunction with the Midcontinent Independent System Operator's (MISO) Candidate Multi-Value Portfolio Study (Big Stone – Brookings and Big Stone – Ellendale);
- The AQCS project at Big Stone, discussed above; and
- The Hoot Lake retrofit project, discussed above.

OTP stated that the Commission's March 26, 2009 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." On page six of its Petition, OTP states:

> Because this filing does not yet include any new peaking generators, there is no cost information to report at this time.

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.

F. EFFECTIVE DATE OF PROPOSED DEPRECIATION PARAMETERS AND RATES

As noted above, OTP requested that the depreciation parameters and rates proposed in its petition, upon certification by the Commission, become effective January 1, 2014. The proposed effective date is consistent with the Commission's Orders in OTP's previous depreciation dockets, and the Department concludes that it is reasonable.

III. CONCLUSION

The Department requests that OTP explain in reply comments how its current salvage rates for Accounts 390.10, 390.20, and 390.30 were derived, the specific changes to its depreciation policies or assumptions that have caused the large changes in the proposed salvage rates, and the reasons why those changes are reasonable. The Department will make a final set of recommendations to the Commission regarding all of OTP's proposed depreciation parameters after it reviews OTP's reply comments.

/lt

OTTER TAIL POWER COMPANY
Docket No. E017-D-13-795

Response to: Minnesota Department of Commerce
Analyst: Craig Addonizio
Date Received: 10/14/2013
Date Due: 10/24/2013
Date of Response: 10/31/2013
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DOC-005

Reference: Big Stone Plant Remaining Life Extension

a. Please explain the status of the Air Quality Control System (AQCS) Project at the Big Stone Plant (e.g. percent complete, expected completion date, etc.).

b. Please explain why OTP is proposing to extend the life of this plant now, before the project is complete, rather than waiting until the work is done.

c. Please explain the basis for the assumed 2046 retirement year. Please explain how this specific date was selected.

RESPONSE:

a.) Construction on the BSP AQCS project commenced in April 2013. As of September 30, 2013, the BSP owners have invested $109.2M in the budgeted $405.2M AQCS project. This represents a project completion level of 27% on a project cost basis. The Commissioning & Performance Testing phase is anticipated to begin in June 2015, with Commercial Operation anticipated on October 1, 2015.

b.) OTP is proposing to extend at this time the life of the existing in-service plant assets with its 2013 five-year comprehensive depreciation certification petition (not the investment made for the AQCS, which is not yet in service and therefore will commence depreciation upon being placed into service). The Company has received its ADP from the MPUC and construction is well underway, with anticipated first utilization of the AQCS in 2015. These occurrences affect the existing balance of plant, the components of which are currently in service and which are now being managed under the expectation of the additional operating timeline. The expectation that the balance of plant will operate under the new remaining

life timeline commences at the time the Owners commit to construct the AQCS (i.e. upon issuing the Full Notice to Proceed on the AQCS project) and not at the time the AQCS asset is commissioned into service. The balance of plant remaining life reflects what we know its remaining life to be at the time of the filing.

c.) The 2046 assumed retirement is based upon the expertise and judgment of the engineering and operational staff that manage the plant. It is based on the condition of the plant and its operational performance. This assumed retirement is not new, but was considered at least as early as OTP's 2010 IRP. For example, in Appendix F of that IRP, which explains the modeling assumptions for the 2010 IRP, Table 3, illustrates that the 30-year life expectancy beyond 2016 was used. (Docket No. E017/RP-10-623, Appendix F, Page 3). Assuming a mid-year convention and an additional 30-year remaining life addition to the plant results in a planned retirement of June 2046, as noted in Attachment 4 of the depreciation filing.

OTTER TAIL POWER COMPANY
Docket No. E017-D-13-795

Response to: Minnesota Department of Commerce
Analyst: Craig Addonizio
Date Received: 10/14/2013
Date Due: 10/24/2013
Date of Response: 10/31/2013
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DOC-004

Reference: Coyote Station Remaining Life Extension

a. Please explain the basis for the proposed 2041 retirement year for Coyote Station. Please explain how the exact size of the remaining life extension (approximately 8.4 years) was determined.

b. In Attachment No. 4 to the 2013 Depreciation Petition, the Comments column references a new 25-year coal contract. Please explain specifically how this new contract is reflected in the proposed remaining life.

c. Please explain whether OTP expects that Coyote Station will require any significant capital investments in order to achieve the proposed remaining life (e.g. to comply with upcoming environmental regulations, replacement of aging components, etc.).

d. Please explain why OTP is proposing to extend the life of Coyote Station before OTP's upcoming 2014-2028 Integrated Resource Plan has been filed with or acted upon by the Minnesota Public Utilities Commission.

RESPONSE:

a. 2041 was proposed as the retirement year for Coyote Station to correspond with the Coyote co-owners' determination that such a plant life assumption is reasonable when they issued a request for proposals (RFP) for a coal contract in 2010. That RFP resulted in a new coal contract, executed in 2012 with an expiration occurring in 2041.

The following background may provide additional context to explain the basis for the proposed life extension. OTP owns 35% of Coyote Station. The other owners are Northern Municipal Power Agency with 30% and

Minnkota Power Cooperative acting as their operating agent, Montana Dakota Utilities owns 25%, and NorthWestern Energy owns the remaining 10%. Coyote Station originally went into service in 1981. Coyote Station is a mine-mouth plant, meaning it is a power plant sited adjacent to the mine from which it derives its fuel. The current coal contract is with an adjacent mine owned by the Dakota Westmoreland Coal Company that expires in 2016. In 2009, the owners of Coyote began to consider options for fuel for the plant after the 2016 contract expiration. Based upon the condition and successful operating history of Coyote Station, the four owners issued an RFP for a 25-year contract. As a result of the RFP process, late in 2012 the owners entered into a new contract with a new adjacent mine owned by Coyote Creek Mining Company, LLC. The new contract will commence in 2016 and expire in 2041. When comparing this year's comprehensive five-year depreciation filing's remaining life of 27.42 years (2041) with that of the previous filings 19.94 years (2032) for the plant, the results drive the difference as noted in the question.

To clarify the calculation of the remaining life, depreciation studies adopt the mid-year convention where they assume all plant is placed into service and/or retired mid-year. Additionally, OTP's depreciation studies contemplated interim plant retirements when calculating remaining lives. Therefore, while correlating closely, the remaining life calculation is not simply the year of retirement (6/2041) less the year of the plant balances under review (12/2012), which would result in 28.5 years. Rather it reflects a somewhat smaller remaining life to account for interim plant retirements. These results equal the average years till retirement of the plant assets on the Company's books as of the plant balance date, which in this case is 27.42 years.

b. See the answer in (a.) above.

c. The Coyote Station owners do not anticipate that significant capital investments, over and above what the previous remaining life would have required and over and above what would be required in the ordinary course of plant operations, will be required to achieve the proposed remaining life extension of 8.4 years. The plant anticipates capital investments over the remaining life of the plant to be similar in nature to the capital investments made to date. As a plant ages, there are the normal repairs and replacements that are expected and necessary to keep the plant operating economically and efficiently, such as major boiler tube replacement, generator rewinds, turbine retrofits, and control system retrofits. Coyote Station has been well maintained and this is evident in its strong operating statistics.

Two EPA rules that Coyote Station is planning capital investment for in the near term are EPA's Mercury and Air Toxics Standards (MATS) and the Regional Haze Rule. MATS will require reductions of mercury at Coyote Station by April 15, 2015. Coyote will meet these reductions by installing activated carbon injection along with monitoring equipment to verify the reductions. This equipment is scheduled to be installed during 2014 at a total estimated project cost of **[TRADE SECRET DATA BEGINS . . .**

. . . TRADE SECET DATA ENDS] Regarding the Regional Haze Rule, Coyote Station is required by North Dakota's State Implementation Plan to reduce nitrogen oxide emissions by installing over-fire air by mid-2018. Detailed cost estimates are not available at this time, but budgetary estimates are approximately **[TRADE SECRET DATA BEGINS . . .**

. . . TRADE SECRET DATA ENDS]

Additionally, OTP is monitoring several other potential rulemakings that include, but are not limited to, rules for coal combustion residuals and greenhouse gases. While additional requirements may or may not be imposed as part of these rules, identification of specific costs would be contingent on the requirements of the final rule.

d. Under normal conditions OTP's IRP would have been filed by July 1, then about 60 days later we would file our depreciation certification filings and reconcile them to the IRP. The normal cycle for integrated resource plan filings is expressed in Minnesota Administrative Rule 7843.03000:

> Subp. 2. Filing date. Beginning July 1, 1991, and July 1, 1992, and every two years afterward, an electric utility shall submit a proposed resource plan covering the forecast period.

At present, we are 'out of cycle' with the IRP filing due to the baseload study requirement from the 2010 IRP. We are attempting to keep both the 2013 Depreciation filing and the 2013 IRP filing consistent with each other resulting in more meaningful analysis, rather than relying on outdated data.

Otter Tail Power Company's next IRP will be filed on December 1, 2013. Using the same retirement year as the December 1, 2013 IRP is more appropriate than using the IRP that was filed on June 25, 2010, or about 3½ years ago. This approach is also consistent with the filing cycles and timelines anticipated in the Administrative Rules.

OTTER TAIL POWER COMPANY
Docket No. E017-D-13-795

Response to: Minnesota Department of Commerce
Analyst: Craig Addonizio
Date Received: 11/19/2013
Date Due: 12/3/2013
Date of Response: 12/13/2013
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DOC-011

Reference: Response to Department Information Request No. 4

a.) In its response to Department Information Request No. 4, part (c), OTP stated that Coyote Station's owners anticipate no significant capital investments in order for the plant to achieve its new remaining life, over and above what the previous remaining life would have required. Please describe any capital investments that would have been required for Coyote Station to achieve its previous remaining life.

b.) Please explain whether Coyote Station has experienced any capital investments or upgrades in the last year which are expected to extend its life.

c.) If Coyote Station has experienced no life-extending investments in the last year, and the physical state of the plant is largely unchanged from last year, please explain why the Company believes the plant is capable of operating for an additional 8.4 years with no more than normal repairs and replacements. Please provide any engineering assessments or reports produced in support of the new remaining life.

d.) If Coyote Station has experienced no life-extending investments in the last year, and the physical state of the plant is largely unchanged from last year, please explain the basis for Coyote Station's current remaining life of 19.9 years (i.e., if the current remaining life is not set based on the physical condition of the plant, and is not set based on the old coal contract, what is it based on)?.

RESPONSE:

a) The capital investments required for Coyote to achieve its previous remaining life follow the maintenance and replacement schedule that has been implemented since the plant came on line in 1981. Over the last ten years, the capital investment for normal operations at Coyote Station has averaged just over **[TRADE SECRET DATA BEGINS . . . . . TRADE SECRET DATA ENDS]** a year. These dollars are spent on different projects each year, but there is a fairly constant level of spend on maintenance and

replacement of equipment and components at the plant. Capital spend is determined by specific needs, evaluated by performance monitoring, discussions with our insurance provider, and research of industry trends. Capital projects generally ensure compliance, maintain or improve plant reliability, and/or maintain or improve plant efficiency. It is assumed that Coyote will continue spending at similar levels in the future, adjusted for inflation.

Below is a list of projects that are considered investments for normal operations for the next ten years. These projects are considered typical of the types of projects that will be completed for the remaining life of the plant. Only projects that are greater than $100,000 have been included.

[TRADE SECRET DATA BEGINS . . .

. . . TRADE SECRET DATA ENDS]

In addition to the projects mentioned above, there are routine replacement projects that occur on an on-going basis every so many years that are included as part of the normal operations budget. This is to replace equipment on somewhat regular intervals that simply wears out from use. These types of projects include **[TRADE SECRET DATA BEGINS . . .**

. . . TRADE SECRET DATA ENDS]. These routine projects can be likened to replacing the tires on your car at a certain point. These replacements will reoccur for the remaining life of the plant.

In addition to these annual investments for normal operations, the Coyote Station owners also make non-routine investments, which are larger magnitude projects completed during major outage years that are performed less frequently, in some cases only once during the life of a plant. Examples of these non-routine projects anticipated for Coyote would include **[TRADE SECRET DATA BEGINS . . .**

. . . TRADE SECRET DATA ENDS]. Generator, turbine and boiler projects mentioned in response to (c), below, would also be considered non-routine projects.

b) Although Coyote Station was off line for an unplanned outage for the first six weeks of the year for a generator repair, 2013 was considered a non-overhaul year for Coyote Station and the plant only had a one-week planned outage in June. All investments in the

last year to Coyote Station are considered routine and necessary for the continued economic and efficient operation of a power plant. They would not be expected to extend the life of the plant.

c) The Coyote Owners determined that the plant is capable of operating for an additional 8.4 years based upon several factors which were assessed in order to determine the appropriate length of the new mine-mouth coal contract for the facility, which was negotiated last year. Factors considered were the expected life durations of similar generating plants, the current condition of the major components of the Coyote Station, and the operational performance of the facility.

A comprehensive discussion of coal power plant lifetimes was included in the September 7, 2011 Rebuttal Testimony of Judah L. Rose filed in Docket No. E017/M-10-1082, pages 80-90 (that testimony also included a discussion of the operational prospects for Big Stone Plant, which is discussed in the response to IR 10). Also, additional discussion on the current condition of major components and the operational performance of Coyote station is included in the responses below.

Specific to Coyote Station, when looking at the major components (the turbine, the generator, and the boiler), the plant is positioned to operate until at least the 2040's, as discussed below:

Generator
The insulation in a generator is expected to degrade over time and therefore throughout the industry the rotor and stator are rewound to return the generator to a "like new" condition. Coyote's generator stator was rewound in 2012 and its rotor was rewound in 2013. There is constant monitoring of the generator condition as well as inspections, maintenance and replacements during overhauls to monitor and maintain the generator. There are no plans for major work on the generator between now and the 2040's.

Turbine
The rotors and blades of the steam turbines experience wear over time. At Coyote, the LP (Low Pressure) turbine rotor was replaced/upgraded in 2003. This was replaced earlier than would be expected because of a deficient original design. The LP turbine rotor, which is now 10 years old, is in like-new condition. The HP/IP (High Pressure/Intermediate Pressure) turbine rotor was upgraded in 2009. Turbine rotors and blades are inspected during overhauls. The turbine case is another critical component and this is visually inspected and tested by non-destructive (NDE) means for any wear. Turbine blades can be rebuilt or replaced during overhauls and these are routine projects. Other turbine components such as valves, bearings, and seals are monitored and routinely replaced as needed during overhauls. With the replacement of the major turbine components and the maintenance program in place at Coyote, the turbine rotors and case can be expected to last at least until the 2040's.

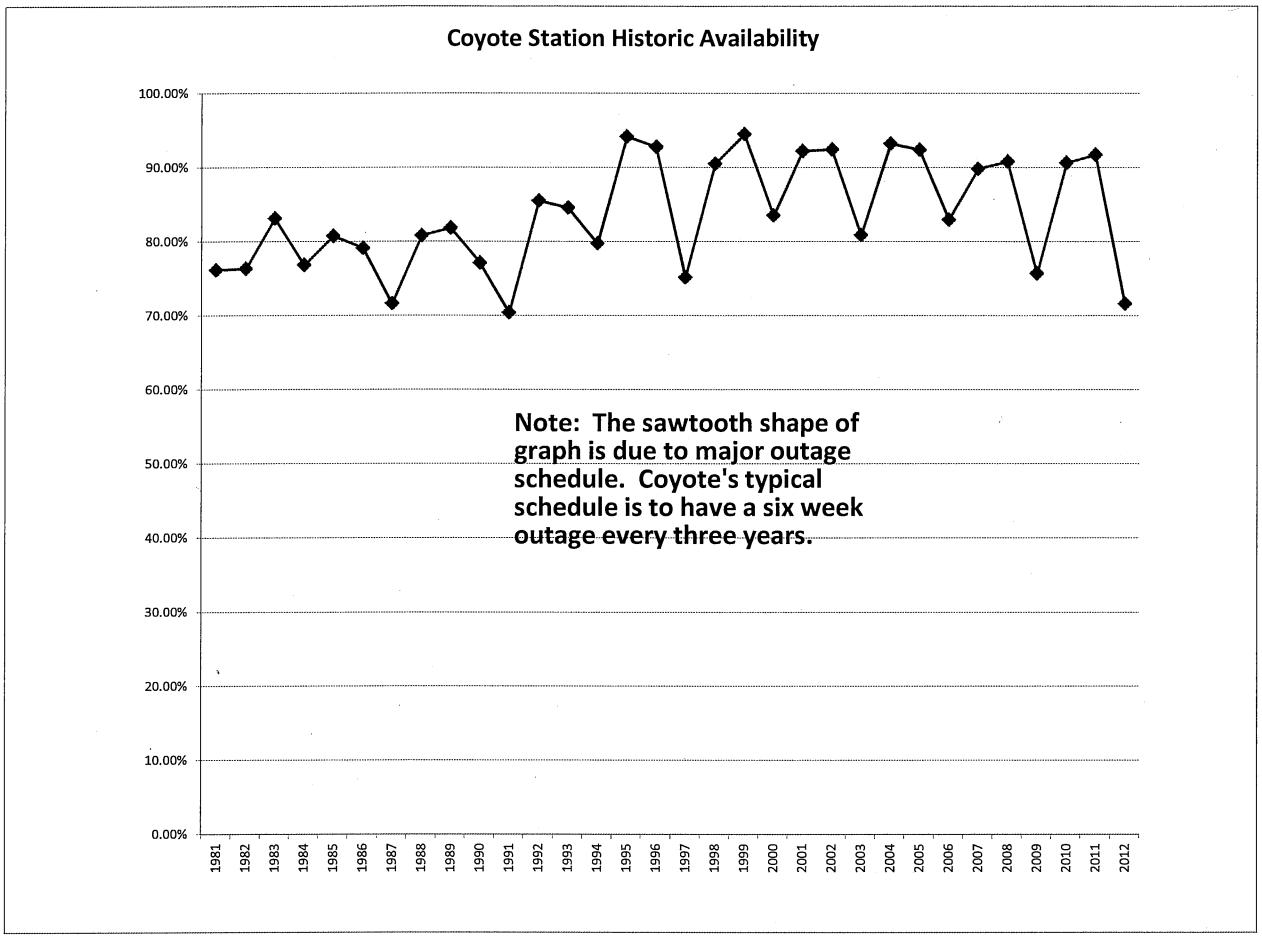
Boiler

The primary components of the boiler include the furnace, the economizer, reheat, primary superheat, secondary superheat, cyclone burners, steam drum, and section headers. Visual and NDE tests are performed during outages and overhauls. Boiler tube leaks are common due to the extreme boiler environment (1000 deg F and 2400 psi) and are repaired when they occur. It often necessary at various intervals to replace entire sections of boiler tubes when repairs are no longer effective. **[TRADE SECRET DATA BEGINS . . .**

. . . TRADE SECRET DATA ENDS]. The steam drum is inspected by Coyote personnel as well as boiler inspectors and insurance inspectors every three years.

It is also noted that Coyote's performance has only improved since it came on line. The graph below shows Coyote Station's availability since it became operational. Over the period, the availability trended upward in the first 15 years and then maintained at that level. During the first ten years of operation, Coyote Station's average availability was 78%. During the last ten years of operation, its availability averaged 86%. This operational evidence points to the fact that Coyote Station has been well maintained over the years.

~~PUBLIC DOCUMENT – TRADE SECRET DATA HAS BEEN EXCISED~~
~~Response to Information Request MN-DOC-011~~
~~Page 5 of 6~~



As discussed above, the Coyote Owners assessed the expected remaining life at Coyote Station as part of their consideration for a new coal contract that was executed in October of 2012. The term for that agreement (for May 2016 – December 2040) was based on the interest of the Coyote owners in achieving the lowest cost fuel supply for our customers over the expected life of the facility. Based upon the expected operational duration of similar facilities, the condition of the major components and the operational performance of the facility, the owners determined it was most reasonable to expect the facility to remain in service through the 2040's.

d. In 1981 Otter Tail along with the other joint plant owners placed into service the Coyote Station electrical generation facility with an initial expected life of 35 years. Periodic internal assessments by plant management typically in conjunctions with five-year depreciation studies resulted in plant remaining life adjustments which over the plants first 27 years of the stations operations resulted in remaining life changes totaling 13 years. For example, during the 2008 five-year depreciation study, four years of remaining

life were added and in the 2003 five-year depreciation study five years were added. Then starting in 2010 Otter Tail began more timely and conscientious annual plant assessments to more carefully monitor its generation fleet as they neared the later portions of their remaining lives. These assessments take into account the overall condition of the generation facility as a result of operations in conjunction with the plants historic maintenance and capital investment programs. Additionally, these assessments allowed Otter Tail to address concerns raised by the Minnesota Department of Commerce where latter life capital investments in these facilities was causing depreciation rates and thus depreciation expense to rise exponentially. As a result of the positive outcome of these assessments an additional year of service was added in 2010, 2011 and 2012 resulting in the Remaining Life of 19.94 years as reflected in its 2012 Depreciation filing and approved by the Minnesota Public Utility Commissions as reflected in its order for docket E-017/D-12-933.

OTTER TAIL POWER COMPANY
Docket No. E017-D-13-795

Response to: Minnesota Department of Commerce
Analyst: Craig Addonizio
Date Received: 11/19/2013
Date Due: 12/3/2013
Date of Response: 12/10/2013
Responding Witness: Loyal Demmer, Depreciation Accountant - 218 739-8659

Information Request No: MN-DOC-016

Reference: Accounts 390.10, 390.20, and 390.30 Salvage Rates

a.) The unadjusted and adjusted net salvage histories for Account 390.10 indicate that the account's actual rolling five-year average salvage rates have been between zero and negative 13 percent for the last several years. Please explain the basis for the proposed positive 51.2 percent salvage rate.
b.) The unadjusted and adjusted net salvage histories for Account 390.20 indicate that the account's actual rolling five-year average salvage rates been between zero and negative 95 percent for the last several years. Please explain the basis for the proposed positive 38.6 percent salvage rate.
c.) The unadjusted and adjusted net salvage histories for Account 390.30 indicate that the account's actual salvage rates been between zero and negative 13 percent for the last several years. Please explain the basis for the proposed positive 95.5 percent salvage rate

RESPONSE:

It can be observed from the 2013 study, Statement F, page 45, that the referenced accounts are AYFR categories. It can also be observed from Table 3, page 12, that terminal salvage has been estimated and employed in Statement E, page 43, to estimate future net salvage rates. The computation of future net salvage rates is illustrated in response to MN-DOC-019. The source of estimated terminal net salvage is provided in the attached memorandum. The referenced unadjusted net salvage histories (Schedule F) are the source of realized net salvage rates used in Statement D (page 37) in the formulation of average net salvage rates.

OTTER TAIL POWER COMPANY

To: Loyal Demmer, Fixed Assets
From: Kyle Rich, Supervisor, Facilities, Construction, and Survey
Date: August 9th, 2013
Re: OTP Building & Facilities Departments, Salvage Assessment for selected Otter Tail Power Company Facilities

The Facilities, Construction, and Survey (Facilities) Department was asked to provide a Salvage Assessment for Otter Tail Power Company's General Office, Fleet Service Center and Central Stores buildings. We understand this request made by Otter Tail Power's, Fixed Assets Department is done in conjunction with the Company's comprehensive five year depreciation study. We understand that these larger General Plant facilities are depreciated individually and not grouped together as much of our of General Plant facilities, which results in the need for this salvage assessment.

Based on the age and condition of these facilities including recent capital improvements the projected retirement dates and corresponding remaining lives as of 12/31/2012 are:

- General Office 12/31/2030, 18 years
- Fleet Service Center 12/31/2025, 13 years
- Central Stores 12/31/2035, 23 years

The Facilities Department has identified future potential Capital projects that when implemented could have a future impact on these estimated retirement dates, including window replacement and plumbing updates.

It is the opinion of the Facilities Department that the most likely terminal salvage scenario for these facilities would be to sell them as working units as opposed to razing, or selling as a distressed asset. We feel that the properties' assessed valuation for property tax purposes represent good estimates of the current salvage values. For these facilities we took into account the value of the building located on the parcel and ignored the value of the land. The most current building valuation for property tax purposes as supplied by our property tax department is:

- General Office $1,993,300
- Fleet Service Center $ 244,163
- Central Stores $2,371,691

The Property Tax Department has supplied the Fixed Assets Department with copies of the County Property Information and Tax Statements for those properties located in Otter Tail County, MN. For those properties located in North Dakota they provided the ND Schedule 16 allocation factor and assessed values for the Wahpeton and Jamestown facilities.

Thanks you for the opportunity to provide this service.

Kyle Rich

Otter Tail Power Company's
2013 Minnesota Five-Year Review of Depreciation Certification Filing

Minnesota Docket No. E017/D-13-795

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

September 3, 2013

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

Re: Otter Tail Corporation, d/b/a Otter Tail Power Company,
2013 Five-Year Review of Depreciation Certification
MPUC Docket No. E-017/D-13-____

Dear Dr. Haar:

Otter Tail Power Company ("Otter Tail") hereby submits its 2013 Five-Year Review of Depreciation Certification.

Otter Tail has electronically filed this document with the Commission. In compliance with Minn. Rule 7829.1300, subp. 2, Otter Tail is serving a copy of this filing on the Office of Energy Security of the Department of Commerce and the Office of Attorney General-Residential Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

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

Sincerely,

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

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 2013 Five-Year Review of Depreciation Certification	Docket No. E-017/D-13-_____

SUMMARY OF FILING

Please take notice that on September 3, 2013, Otter Tail Power Company filed its 2013 Five-Year 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 2013 Five-Year Review of Depreciation Certification

Docket No. E-017/D-13-____

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 2013 Five-Year Petition for Depreciation Certification. Otter Tail requests that the study be certified effective as of January 1, 2014.

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@otpco.com

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

The filing date is September 3, 2013, and Otter Tail requests approval as of January 1, 2014.

D. Controlling Law for the Filing.

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

E. Title of Utility Employee Responsible for Filing.

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

III. DESCRIPTION OF FILING.

This filing constitutes Otter Tail's 2013 Five-Year Petition for Depreciation Certification. Otter Tail's last five-year comprehensive depreciation study was filed in 2008 and approved by the Minnesota 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, 2018. 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 five parts:

1. 2013 Depreciation Rate Study prepared by Foster Associates, Inc., Attachment No. 1;

2. Proposed Remaining Lives and Salvage Percentages for Use in 2014, Attachment No. 2;

3. Supplemental Comments, Attachment No. 3;

4. Schedule and Narrative of Comparison with the Company's Resource Plan which is scheduled to be filed on December 2, 2013, Attachment No. 4[1]; and

5. A copy of Otter Tail's Determination of Generation Assets Remaining Lives policy, Attachment No. 5.

Attachment No. 1 contains Statement B, which is a Comparison of Current and Proposed Accruals showing depreciation expense for both total Company and the portion allocated to the Minnesota jurisdiction. Other statements in Attachment No. 1 provide the rest of the schedules required in a five-year 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 2014 depreciation rates.

Attachment No. 3, "Supplemental Comments," addresses additional information not included in Attachment No. 1; specifically it includes comments related to long-term depreciation planning and explanations about future plant additions and retirements.

Attachment No. 4 provides a schedule and narrative explaining any differences between the remaining lives used in this Petition and the Company's Resource Plan scheduled to be filed on December, 2, 2013.

Attachment No. 5 is a copy of the Company's Determination of Generation Assets Remaining Lives Policy.

IV. OTHER DEPRECIATION FILING MATERS

A. Discussion Related to Otter Tail's Determination of Generation Assets Remaining Lives Policy.

In its Order in Otter Tail's most recent annual technical update (Docket No. E-017/D-12-933), the Commission required that:

> "OTP shall include, in its next five-year depreciation study, a defense of the Company's Remaining Life Policy 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."

[1] Ordinarily IRP filings are due by July 1 of the year they are filed (Rule 7843.0300, Subp. 2), however, in its Order dated March 25, 2013 in Docket No. E-017/RP-10-623, the MN PUC ordered that Otter Tail file its next IRP by December 1, 2013.

As a preliminary matter, Otter Tail notes that the impact of the Policy on the depreciation remaining lives has diminished in significance given that the Hoot Lake Plant Baseload Study has established a retirement date for Hoot Lake that brings it outside the scope of the Policy. The Policy now applies only to Otter Tail's peaking resources at Jamestown, ND and Lake Preston, SD. Otter Tail's other generating units are out of the scope of the Policy due to their remaining lives being greater than the minimum ten years. Additionally, the Company is currently studying its peaker facilities at Jamestown and Lake Preston to determine the strategy for future operation of these units. The results of this study could suggest a fixed retirement date be set or additional capital improvement be made to these units, which could potentially push out their retirement dates beyond the scope of the Policy. While that study is being completed, the Policy continues to provide a reasonable mechanism for establishing the current remaining lives for those peaker facilities.

Otter Tail's "Determination of Generation Assets Remaining Lives Policy" ("Policy") was established in November 2008. It was first described in Otter Tail's 2009 annual depreciation technical update (Docket No. E017/D-09-1019). A copy of the Policy has been attached to this Petition as Attachment No. 5.

The Policy was established to address concerns identified by Otter Tail and the Department in prior depreciation proceedings that increasing interim investments in production plants which were approaching the later portion of their remaining lives was causing significant growth in their depreciation rates and, thus, an increase in related depreciation expense. Below are extracts from several annual depreciation filings, filed prior to Otter Tail implementing the Policy (between 2006 and 2009), that identify the concerns that the Policy was later intended to address:

> *"As new additions are added to maintain existing plant lives, the effect on depreciation grows disproportionately. This means that any net increase to plant balances will be depreciated over shorter periods of time. This effect can be seen, for example, in the increased annual depreciation rate for steam generation. As a result, OTP expects depreciation expense to continue to increase in the near future."* (OTP's 2006 Annual Depreciation Filing, Department Comments, Docket E017/D-06-1238, page 3).

> *"As new additions are added to maintain existing plant lives, the effect on depreciation grows disproportionately as any net increase to plant balances are depreciated over shorter periods of time. This effect can be seen, for example, in the increased annual depreciation rate for steam generation. As a result, Otter Tail expects depreciation*

expense to continue to increase in the near future." (OTP's 2007 Annual Depreciation Filing, Department Comments, page 4, Docket E017/D-07-1138).

To address the concerns identified, the Policy requires internal plant reviews by management to take place annually instead of the previous five-year reviews made in conjunction with the comprehensive depreciation studies. According to the Policy, an annual review is completed to assess current plant operating conditions and whether the plant is economically capable of operating for an additional ten years. If the result is affirmative, the plant's remaining life will be its current retirement date or, according to the results of the assessment test, a minimum of ten years, but for a baseload generation plant, at least five years greater than the previous baseload plant's remaining life.

If the annual analysis result is negative, (i.e. that the plant is incapable of operating economically an additional ten years) management will then alter the operating strategy for the plant to accommodate the pending retirement, especially in the area of capital expenditures, which have a direct effect on depreciation expense.

The Policy has remediated prior depreciation filing concerns regarding escalating depreciation expense as plants approach their respective retirement age. Additionally, the Company sought ways to ensure that it was making economic later-life plant capital investment decisions in its aging fleet and determined that having a ten-year minimum life for an investment payback evaluation period was generally appropriate where plant engineering and management staff could verify that the plant condition was adequate to expect ten years of continued operation. The Company saw added benefits from the Policy's requirement placed on plant operating management to annually make facility assessments and report on their findings whether a ten-year minimal life was obtainable.

While the Department suggested in Otter Tail's last annual depreciation technical update that the result of the Policy was simply to reduce depreciation expense between rate cases, that is not a correct assessment. In fact, as illustrated above, the Policy was to address the inappropriate growth in depreciation expense that occurred due to increasing plant investments occurring at a time when (without the Policy) out-of-proportion reductions to plant lives were occurring.

Further the Department raised concerns that the Policy could affect the plants' reliability over time causing ratepayers harm if a potential catastrophic equipment failure resulted from extended execution of the Policy. This also is an incorrect assessment, and quite the opposite is

more probable. The Company recognizes that catastrophic equipment failures can and do happen and that there is a natural correlation between the risk of such instances and the age of the equipment. However, as equipment ages, appropriate maintenance and capital investment levels should actually cause the incidents of catastrophic failure to reduce when compared to those with a scaled back maintenance or capital investment level. With the Policy the Company makes more frequent assessments of its operating condition and addresses concerns sooner. Additionally, it allows for assessment and justification of appropriate maintenance programs and capital investments that will enhance the plant's reliability when there is an appropriately longer payback horizon, resulting in a reduction of operational risk rather than an increase in such risks.

In summary, the Company adopted the Generation Assets Remaining Life Policy to address concerns and issues with managing major generation assets that are approaching their end of life. The Policy serves to address and mitigate those issues.

B. Peaking Capacity Cost Information.

The Commission's 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 this filing does not yet include any new peaking generators, there is no cost information to report at this time.

IV. MISCELLANEOUS INFORMATION.

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

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

and

Bruce Gerhardson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
bgerhardson@otpco.com

B. Service on Other Parties.

Otter Tail has served a copy of this filing on the Office of Energy Security of the Department of Commerce 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 five-year petition for depreciation certification, to be effective as of January 1, 2014.

Dated: September 3, 2013

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ LOYAL K. DEMMER

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

2013 Depreciation Rate Study

OTTER TAIL POWER COMPANY

foster associates

foster associates

17595 S. Tamiami Trail, Suite 260
Fort Myers, Florida 33908
T 239.267.1600 | M 239.980.5991

Ronald E. White, Ph.D.
Chairman

August 28, 2013

Mr. Loyal K. Demmer
Depreciation Accountant
OTTER TAIL POWER COMPANY
215 South Cascade Street
Fergus Falls, MN 56538

RE: 2013 Depreciation Rate Study

Dear Mr. Demmer:

Foster Associates is pleased to submit our report of the 2013 Depreciation Rate Study for Otter Tail Power Company. This report presents the results of our study leading to a recommendation that the Company seek approval of the Minnesota Public Utilities Commission to record depreciation expense using primary account accrual rates that composite to 2.74 percent. This change represents a reduction of 0.22 percentage points below the current composite rate of 2.96 percent.

The study provides a comparison of current and proposed depreciation rates and annualized accruals for calendar year 2013, based upon plant investments and deprecation reserves at December 31, 2012. These rates can be updated to a subsequent date as needed. A continued application of currently approved rates would provide annual depreciation expense of $40,793,602 compared with an annual expense of $37,750,769 using the rates recommended in this study.

The proposed 2013 expense reduction is $3,042,833. Of this reduction, $2,444,052 represents amortization of a $83,685,114 reserve imbalance. A proportionate amount of the total reserve imbalance will be allocated to Minnesota and amortized over the weighted average remaining life of each rate category using the remainingï life depreciation rates recommended in the study. The remaining portion of the decrease is attributable to recommended changes in service life and net salvage parameters.

The scope of our investigation included:

- Collection of plant and net salvage data;
- Reconciliation of data to the official records of the Company;
- Discussions with OTP plant accounting personnel;
- Validation of estimated years of final retirement for lifeï span categories;
- Statistical studies of historical retirement activity;
- Estimation of projection lives and retirement dispersion patterns;
- Analysis of gross salvage and cost of removal;
- Analysis of recorded depreciation reserves; and
- Development of recommended accrual rates for each rate category.

The results of our investigation are presented in the attached report in five sections. The Executive Summary provides an overview of the study and a discussion of the principal findings. The Company Profile provides background information about Otter Tail Power Company that is foundational to the study. The Study Procedure section describes the steps involved in conducting a depreciation study and the specific procedures used in this engagement. The Statements provide a comparative summary of current and proposed depreciation parameters, rates and accruals and required filing schedules in compliance with Minnesota Rules 7825.0700. The report concludes with the Analysis section which provides examples of the supporting schedules prepared for each plant account.

We wish to express our appreciation for the opportunity to again be of service to Otter Tail and for the assistance you provided to us. We would be pleased to discuss the study with you or others at your convenience.

Respectfully submitted,
FOSTER ASSOCIATES, INC.
by

Ronald E. White, Ph.D.
Chairman

REW:ml

CONTENTS

EXECUTIVE SUMMARY

INTRODUCTION

This report presents the findings and recommendations developed in a 2013 depreciation study for utility plant owned and operated by Otter Tail Power Company (OTP). The study was undertaken pursuant to Minnesota Rules 7825.0500-7825.0900 and by order of the Minnesota Public Utilities Commission in Docket No. E017/D–08–1042 (Order dated June 1, 2009) directing OTP to file a five–year depreciation study by September 1, 2013. The current study provides recommended 2013 depreciation rates and parameters for: a) steam, hydraulic and other production facilities; and b) electric transmission, distribution and general plant categories. Work on the study commenced in June 2013 and progressed through mid–August, at which time the project was completed.

Foster Associates is a public utility economic consulting firm headquartered in Rockville, Maryland offering economic research and consulting services on issues and problems arising from governmental regulation of business. Areas of specialization supported by the firm's Fort Myers, Florida office include property life forecasting, technological forecasting, depreciation estimation, and valuation of industrial property.

Foster Associates has undertaken numerous depreciation engagements for both public and privately owned business entities including detailed statistical life studies, analyses of required net salvage rates, and the selection of depreciation systems that will most nearly achieve the goals of depreciation accounting under the constraints of either government regulation or competitive market pricing. Foster Associates is widely recognized for industry leadership in the development of depreciation systems, life analysis techniques and computer software for conducting depreciation and valuation studies.

This is the eighth comprehensive depreciation study undertaken by Otter Tail Power Company in recent years. Depreciation rates currently used by OTP became effective January 1, 2013 pursuant to a Commission order in Docket No. EO17/D–12–933 (Order dated May 31, 2013) approving revised remaining lives developed in a 2012 technical update of depreciation rates. Parameters (*i.e.*, projection curve, projection life and future net salvage rates) used in the 2012 update were developed by Foster Associates in a 2008 study.

The principal findings and recommendations of the 2013 Depreciation Rate Study are summarized in the Section IV of this report. 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 computed and recorded depreciation reserves for each rate category. Statement D provides a summary of the components used to obtain weighted–average net salvage rates. Statement E provides a computation of the estimated future net salvage rate for life–span categories. Statement F provides a comparative summary of current and

proposed parameters including projection life, projection curve and future net salvage rates. Statement F also contains current and proposed statistics including average service life, average remaining life, and average net salvage rates. Statements G through I provide a five–year history of plant, reserves and accruals in compliance with Minnesota Rules 7825.0700, Subpart 1.

SCOPE OF STUDY

The principal activities undertaken in the course of the current study included:

- Collection of plant and net salvage data;
- Reconciliation of data to the official records of the Company;
- Discussions with OTP plant accounting personnel;
- Validation of estimated years of final retirements for life–span categories;
- Statistical studies of historical retirement activity;
- Estimation of projection lives and retirement dispersion patterns;
- Analysis of gross salvage and cost of removal;
- Analysis of recorded depreciation reserves; and
- Development of recommended accrual rates for each rate category.

DEPRECIATION SYSTEM

A depreciation rate is formed by combining the elements of a depreciation system. A depreciation system is composed of a method, a procedure and a technique. A depreciation method (*e.g.*, straight–line) describes the component of the system that determines the acceleration or deceleration of depreciation accruals in relation to either time or use. A depreciation procedure (*e.g.*, vintage group) identifies the level of grouping or sub–grouping of assets within a plant category. The level of grouping specifies the weighting used to obtain composite life statistics for an account. A depreciation technique (*e.g.*, remaining–life) describes the life statistic used in the system.

With the exception of distribution Account 370.20 and certain general plant categories, OTP is currently using a Commission approved depreciation system composed of the straight–line method, vintage group procedure, remaining–life technique. Amortization accounting is used by OTP for Account 370.20 and several general plant categories in which the unit cost of plant items is small in relation to the number of units classified in an account. Plant is retired (*i.e.*, credited to plant and debited to the reserve) as each vintage achieves an age equal to the amortization period.

The matching and expense recognition principles of accounting provide that the cost of an asset (or group of assets) should be allocated to operations over an estimate of the economic life of the asset in proportion to the consumption of ser-

vice potential. It is the opinion of Foster Associates that the objectives of depreciation accounting are being achieved through the use of the vintage group procedure which distinguishes service lives among vintages, and the remaining–life technique which provides cost apportionment over the estimated weighted average remaining life of a rate category. Although the emergence of economic factors such as competition and incentive forms of regulation may eventually encourage abandonment of the straight–line method, no attempt was made in the current study to address these concerns.

PROPOSED DEPRECIATION RATES

Table 1 below provides a summary of the changes in annual rates and accruals resulting from an application of the parameters and depreciation rates recommended in the 2013 study.

Function	Accrual Rate			2013 Annualized Accrual		
	Current	Proposed	Diff.	Current	Proposed	Difference
A	B	C	D=C-B	E	F	G=F-E
Steam Production	2.81%	2.23%	-0.58%	$9,953,462	$7,886,925	($2,066,537)
Hydraulic Production	5.12%	7.21%	2.09%	283,711	399,857	116,146
Other Production	3.91%	4.09%	0.18%	11,998,703	12,546,381	547,678
Transmission	1.96%	1.74%	-0.22%	5,076,438	4,494,628	(581,810)
Distribution	2.69%	2.53%	-0.16%	10,896,710	10,215,847	(680,863)
General Plant	5.24%	4.48%	-0.76%	2,584,578	2,207,131	(377,447)
Total	2.96%	2.74%	-0.22%	$40,793,602	$37,750,769	($3,042,833)

Table 1. Current and Proposed Rates and Accruals

Foster Associates is recommending primary account depreciation rates equivalent to a composite rate of 2.74 percent. Depreciation expense is currently accrued at rates that composite to 2.96 percent. The recommended change in the composite depreciation rate is, therefore, a reduction of 0.22 percentage points.

A continued application of current rates would provide annualized depreciation expense of $40,793,602 compared with an annualized expense of $37,750,769 using the rates developed in this study. The proposed 2013 expense reduction is $3,042,833. The computed change in annualized accruals includes a reduction of $2,444,052 attributable to an amortization of a $83,685,114 reserve imbalance. The remaining portion of the change is attributable to adjustments in service life and net salvage statistics recommended in the 2013 study. The portion of the reduction in accruals allocated to the Minnesota jurisdiction is $1,461,665.

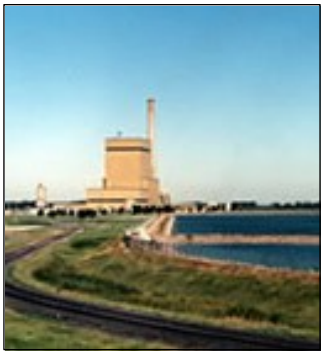
Of the 127 plant accounts included in the 2013 study, Foster Associates is recommending rate reductions for 67 accounts and rate increases for 60 accounts.

COMPANY PROFILE

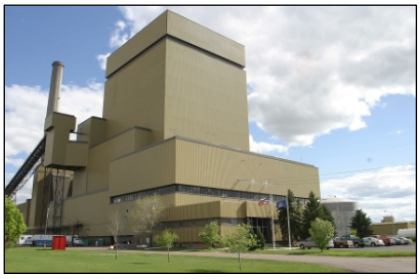
GENERAL

Otter Tail Power Company was originally incorporated in Minnesota in 1907 and began selling electric energy with completion of the Dayton Hollow Hydro Plant on the Otter Tail River in 1909. Over the subsequent years, OTP expanded its operations through construction, acquisition, and mergers, and presently serves more than 129,000 customers in eastern North Dakota, northeastern South Dakota, and western Minnesota.

GENERATING RESOURCES



OTP operates three coal–burning power plants that produce about 62 percent of the electricity sold to customers. Located near Big Stone City, South Dakota, the 475 megawatt Big Stone plant is co–owned by OTP (53.9%), NorthWestern Energy (23.4%) and Montana–Dakota Utilities (22.7%). Plant construction began in 1969 and commercial operation began in May 1975. The initial cost to construct the plant was approximately $170 million. OTP is currently constructing a $405 million air Quality Control System (AQCS) consisting of Selective Catalytic Reduction (SCR), Dry Scrubber and a Baghouse. The AQCS addition is expected to go into service in 2015.



The Coyote Station is a single 427 megawatt lignite–fired unit located two miles south of Beulah, North Dakota. The station is operated by OTP (35%) and jointly owned with Montana–Dakota Utilities (25%), Northern Municipal Power Agency (30%) and NorthWestern Energy (10%). The plant consists of one Babcock and Wilcox cyclone–fired lignite boiler with a maximum rated heat input capacity of 5,800 MMBTU/hr. The boiler is equipped with a Flue Gas Desulfurization (FGD) system in series with a fabric filter. Flue gas from the main boiler is emitted through a 498–foot stack equipped to monitor NOx, SOx and opacity. Steam from the boiler is routed to a Westinghouse steam driven turbine. Also located at the site are coal handling systems, an auxiliary boiler, emergency generators and fuel oil tanks. Construction of the Coyote Station began in October 1977 and commercial operation began in 1981.

The original coal contract for the plant, which is a mine–mouth operation, expires in May 2016. In October 2012 the Coyote owners entered into a lignite sales agreement with Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation, to deliver the annual coal supply needs of Coyote Station for twenty–five years beginning in May 2016 through 2040.

Located near Fergus Falls, Minnesota, the two–unit, coal fired (western sub–bituminous) Hoot Lake plant is owned and operated by OTP. Unit 2 (completed in 1959) and Unit 3 (completed in 1964) have combined capacity of 138 megawatt. The facility was originally constructed as a dam built on a diverted portion of the Otter Tail River (Hoot Lake and Wright Lake forming the reservoirs for this dam site). As OTP grew and fluctuating river levels proved problematic, a steam plant was built adjacent to the hydroelectric station in 1923. The steam portion was expanded in 1937 and again in the 1940s and 1960s. The hydroelectric portion continues in operation today and also serves as the water intake for the steam portion. The 1923 and 1937 portions of the plant still exist but the steam machinery has long since been removed. Unit 1 (installed in 1946) was retired in 2006 while Units 2 and 3 continue in service.

In addition to its coal–burning power plants, OTP owns and operates six small hydro plants supplying about 1.2 percent of the electricity sold to customers. With the exception of the Bemidji plant located on the Mississippi River, all other plants are located on the Otter Tail River near Fergus Falls, Minnesota.

Name	Capacity	Online	Comments
A	B	C	D
Bemidji	0.8 MW	1907	Purchased from Interstate Power Company in 1943.
Dayton Hollow	1.0 MW	1909	OTP's first source of electricity.
Hoot Lake	1.0 MW	1914	A tunnel diverts water from the Otter Tail River to run the water wheel at the Hoot Lake hydro plant.
Pisgah Dam	0.5 MW	1918	Purchased by OTP in 1938
Wright Dam	0.4 MW	1922	Named after one of OTP's founders.
Taplin Gorge	0.6 MW	1925	Designed as a replica of the tomb of Italian Emperor Theodoric.

Table 2. Hydro Plants

Other production facilities, serving as peaking plants, include three oil fired combustion turbines and one natural gas or oil fired turbine. Jamestown (two units with combined capacity of 42.1 MW) and Lake Preston (19.9 MW) are oil fired. Solway (42.4 MW) operates on natural gas or fuel oil.

OTP's renewable energy resources include 106 wind turbines located 6–12 miles south of Langdon, North Dakota. Initial operation of the 159 megawatt Langdon Wind Energy Center began in December 2007. OTP owns 27 of the 106 turbines or 40.5 megawatts. FPL Energy owns the remainder of the turbines and operates the entire wind farm. All of the remaining output from the facility is sold to Minnkota Power Cooperative (99 MW) and OTP (19.5 MW) under 25–year power purchase agreements. The turbines are designed to operate in wind speeds up to 56 mph, but can withstand sustained wind speeds exceeding 100 mph. A control panel inside the base of each turbine houses communication and electronic circuitry. Electricity generated by each turbine is brought to a pad–mounted transformer where the voltage is raised to 34,500 volts.

Additionally, OTP owns a 48–megawatt portion of the Ashtabula Wind Center that became operational in November of 2008. NextEra Energy Resources (formerly FPL Energy) owns the remainder of the 199.5–megawatt site and is the project developer. The wind farm was built in Barnes County North Dakota. It is the largest wind farm in North Dakota to date although a number of larger wind-generating facilities are planned.

In May 2009 Otter Tail Power Company announced the beginning of construction of a 49.5 MW portion of the 169.5 MW Luverne Wind Farm in east central North Dakota. Purchase of the construction–ready site from M–Power LLC, was completed February 6, 2009. NextEra Energy is the construction manager of the wind farm. Otter Tail Power Company's portion of the site was commercially operational by early September 2009.

TRANSMISSION AND DISTRIBUTION FACILITIES

At December 31, 2012, the Company owned 77 miles of 345 kV lines; 488 mile of 230 kV lines; 862 miles of 115 kV lines; and about 4,000 miles of lower voltage lines, principally 41.6 kV. The Company's electric system is interconnected with those of most neighboring electric suppliers and is a member of the Midwest Reliability Organization (MRO) and the Midcontinent Independent System Operator (MISO). These associations allow OTP to participate in coordination of system reliability, reserve sharing, and planning and building of generation and transmission facilities over a multi–state area.

Distribution facilities consist of approximately 5,750 miles of overhead and underground primary cable. Other distribution plant and equipment includes approximately 180,000 meters; 575 substations; and 36,000 line transformers.

STUDY PROCEDURE

INTRODUCTION

The purpose of a depreciation study is to analyze the mortality characteristics, net salvage rates and adequacy of depreciation accruals and recorded depreciation reserves for each rate category. This study provides the foundation and documentation for recommended changes in the depreciation rates used by OTP for production, transmission, distribution and general plant categories. The proposed rates are subject to approval by the Minnesota Public Utilities Commission.

SCOPE

The steps involved in conducting a depreciation study can be grouped into five major tasks:

- Data Collection;
- Life Analysis and Estimation;
- Net Salvage Analysis;
- Depreciation Reserve Analysis; and
- Development of Accrual Rates.

The scope of the OTP 2013 study included a consideration of each of these tasks as described below.

DATA COLLECTION

The minimum database required to conduct a statistical life study consists of a history of vintage year additions and unaged activity–year retirements, transfers and adjustments. These data must be appropriately adjusted for transfers, sales and other plant activity that would otherwise bias the measured service life of normal retirements. The age distribution of surviving plant for unaged data can be estimated by distributing plant in service at the beginning of the study year to prior vintages in proportion to the theoretical amount surviving from a projection or survivor curve identified in the life study. The statistical methods of life analysis used to examine unaged plant data are known as *semi–actuarial techniques*.

A far more extensive database is required to apply statistical methods of life analysis known as *actuarial techniques*. Plant data used in an actuarial life study most often include age distributions of surviving plant at the beginning of a study year and the vintage year, activity year, and dollar amounts associated with normal retirements, reimbursed retirements, sales, abnormal retirements, transfers, corrections, and extraordinary adjustments over a series of prior activity years. An actuarial database may include age distributions of surviving plant at the beginning of the earliest activity year, rather than at the beginning of the study year. Plant additions, however, must be included in a database containing an opening age distribution to derive aged survivors at the beginning of the study year. All activity year transactions with vintage year identification are coded and stored in a database. These data are processed by a computer program and transaction sum-

mary reports are created in a format reconcilable to official plant records. The availability of such detailed information is dependent upon an accounting system that supports aged property records. The Continuing Property Record (CPR) system used by OTP provides aged transactions for all plant accounts.[2]

The database used in conducting the 2013 study was assembled by appending 2012 plant and reserve activity to the database used in the 2012 Technical Update. Service life and net salvage statistics estimated in the 2013 study were derived from accounting transactions recorded over the period 1993 through 2012 for steam and other production accounts and over the period 1985 through 2012 for transmission, distribution and general plant accounts.[3] Detailed accounting transactions were extracted from the CPR system and assigned transaction codes which describe the nature of the accounting activity. Transaction codes for plant additions, for example, were used to distinguish normal additions from acquisitions, purchases, reimbursements and adjustments. Similar transaction codes were used to distinguish normal retirements from sales, reimbursements, abnormal retirements and adjustments. Transaction codes were also assigned to transfers, capital leases, gross salvage, cost of removal and other accounting activity considered in a depreciation study.

The accuracy and completeness of the assembled database was verified by Foster Associates for activity year 2012 by comparing additions, retirements, transfers and adjustments, and the ending plant balance derived for 2012 to the regulated investments reported internally by the Company in electric plant in service reports. These reports conform to FERC Form 1 plant reporting requirements. The accuracy of prior activity years was confirmed in each of the full studies and technical updates prepared over the period 1998–2012. Age distributions of surviving plant at December 31, 2012 were reconciled to the CPR.

LIFE ANALYSIS AND ESTIMATION

Life analysis and life estimation are terms used to describe a two–step procedure for estimating the mortality characteristics of a plant category. The first step (*i.e.*, life analysis) is largely mechanical and primarily concerned with history. Statistical techniques are used in this step to obtain a mathematical description of the forces of retirement acting upon a plant category and an estimate of the *projection life* of the account. The mathematical expressions used to describe these life char-

[2] Depreciation studies conducted prior to the 2007 Technical Update were based on unaged transactions for Account 370.00 (Meters) and Account 370.10 (Load Management Switches). Depreciation rates were derived from simulated age distributions. Vintaged plant activity for calendar year 2006 and recorded age distributions at December 31, 2006 were developed by OTP and first used in the 2007 Technical Update. Derived age distributions at December 31, 2005 and post–2005 aged transactions are now available for all metering plant accounts.

[3] The 1993–2006 database for hydro production was disaggregated with transfers in 2006 to develop and maintain depreciation rates for each plant location.

acteristics are known as *survival functions* or *survivor curves*.

The second step (*i.e.*, life estimation) is concerned with predicting the expected remaining life of property units still exposed to forces of retirement. It is a process of blending the results of a life analysis with informed judgment (including expectations about the future) to obtain an appropriate projection life and curve descriptive of the parent population from which a plant account is viewed as a random sample. The amount of weight given to a life analysis will depend upon the extent to which past retirement experience is considered descriptive of the future.

The analytical methods used in a life analysis are broadly classified as actuarial and semi–actuarial techniques. Actuarial techniques can be applied to plant accounting records that reveal the age of a plant asset at the time of its retirement from service. Stated differently, each property unit must be identifiable by date of installation and age at retirement. Semi–actuarial techniques can be used to derive service life and dispersion estimates when age identification of retirements is not maintained or readily available. Age identification of retirements was available for all plant accounts included in the 2013 OTP depreciation study.

An actuarial life analysis program designed and developed by Foster Associates was used in this study. The first step in an actuarial analysis involves a systematic treatment of the available data for the purpose of constructing an observed life table. A complete life table contains the life history of a group of property units installed during the same accounting period and various probability relationships derived from the data. A life table is arranged by age–intervals (usually defined as one year) and shows the number of units (or dollars) entering and leaving each age–interval and probability relationships associated with this activity. A life table minimally shows the age of each survivor and the age of each retirement from a group of units installed in a given accounting year.

A life table can be constructed in any one of at least five methods. The annual–rate or retirement–rate method was used in this study. The mechanics of the annual–rate method require the calculation of a series of ratios obtained by dividing the number of units (or dollars) surviving at the beginning of an age interval into the number of units (or dollars) retired during the same interval. This ratio—called a "retirement ratio" is an estimator of the hazard rate or conditional probability of retirement during an age interval. The cumulative proportion surviving is obtained by multiplying the retirement ratio for each age interval by the proportion of the original group surviving at the beginning of that age interval and subtracting this product from the proportion surviving at the beginning of the same interval. The annual–rate method is applied to multiple groups or vintages by combining the retirements and/or survivors of like ages for each vintage included in the analysis.

The second step in an actuarial analysis involves graduating or smoothing the observed life table and fitting the smoothed series to a family of survival functions. The functions used in this study are the Iowa–type curves which are mathematically described by the Pearson frequency curve family. The observed life table was smoothed by a weighted least–squares procedure in which first, second and third degree orthogonal polynomials were fitted to the observed retirement ratios. The resulting function can be expressed in as a survivorship function which is numerically integrated to obtain an estimate of the projection life. The smoothed survivorship function is then fitted by a weighted least–squares procedure to the Iowa–curve family to obtain a mathematical description or classification of the dispersion characteristics of the data.

The set of computer programs used in this analysis provides multiple rolling–band, shrinking–band and progressive–band analyses of an account. Observation bands are defined in terms of a "retirement era" that restricts the analysis to the retirement activity of all vintages represented by survivors at the beginning of a selected era. In a rolling–band analysis, a year of retirement experience is added to each successive retirement band and the earliest year from the preceding band is dropped. A shrinking–band analysis begins with the total retirement experience available and the earliest year from the preceding band is dropped for each successive band. A progressive–band analysis adds a year of retirement activity to a previous band without dropping earlier years from the analysis. Rolling, shrinking and progressive band analyses are used to detect the emergence of trends in the behavior of the dispersion and projection life.

Options available in the Foster Associates actuarial life–analysis program include the width and location of both placement and observation bands; the interval of years included in a selected band analysis; the estimator of the hazard rate (actuarial, conditional proportion retired, or maximum likelihood); the elements to include on the diagonal of a weight matrix (exposures, inverse of age, inverse of variance, or unweighted); and the age at which an observed life table is truncated. The program also provides tabular and graphics output as an aid in the analysis.

While actuarial and semi–actuarial statistical methods are well suited to an analysis of plant categories containing a large number of homogeneous units (*e.g.*, meters and services), the application of retirement dispersions is slightly different for plant categories composed of major items of plant that will most likely be retired as a single unit. Plant retirements from an integrated system prior to the retirement of the entire facility are viewed as interim retirements that will be replaced in order to maintain the integrity of the system. Additionally, plant facilities may be added to the existing system (*i.e.*, interim additions) in order to expand or enhance its productive capacity without extending the service life of the existing system. A proper depreciation rate can be developed for an integrated system using a life–span method.

All plant accounts classified in Steam, Hydro and Other Production were identified by unit and treated as life–span categories in the 2013 study. Additionally, three structures accounts (390.10; 390.20; and 390.30) classified in the General Plant function were treated as life–span categories in this and prior studies.

NET SALVAGE ANALYSIS

Depreciation rates designed to achieve the goals and objectives of depreciation accounting will include a parameter for future net salvage and a variable for average net salvage reflecting both realized and future net salvage rates.

Estimates of net salvage rates applicable to future retirements are most often derived from an analysis of gross salvage and cost of removal realized in the past. An analysis of past experience (including an examination of trends over time) provides a reasonable basis for estimating future salvage and cost of removal. However, consideration should also be given to events that may cause deviations from net salvage realized in the past. Among the factors that should be considered are the age of plant retirements; the portion of retirements likely to be reused; changes in the method of removing plant; the type of plant to be retired in the future; inflation expectations; the shape of the projection life curve; and economic conditions that may warrant greater or lesser weight to be given to net salvage rates observed in the past.

Average net salvage rates for an account or plant function are derived from a direct dollar weighting of a) historical retirements with historical (or realized) net salvage rates and b) future retirements *(i.e.*, surviving plant) with the estimated future net salvage rate. Average net salvage rates will change, therefore, as additional years of retirement and net salvage activity become available and as subsequent plant additions modify the weighting of future net salvage estimates. The computation of estimated average net salvage rates is shown in Statement D.

Future net salvage rates for steam production facilities (*i.e.*, Big Stone, Coyote and Hoot Lake) were previously developed from the projected cost of dismantling these facilities estimated in a demolition study commissioned by the Company in 2008. Future net salvage rates recommended in the current study for both steam and other production plants were developed from a demolition study commissioned by OTP in 2013. Terminal dismantlement costs estimated in the 2013 demolition study are summarized in Table 3 below. Terminal net salvage rates for general plant structures was estimated by OTP. The computation of future net salvage rates is shown in Statement E.

Special consideration should also be given to the treatment of insurance proceeds and other forms of third–party reimbursements credited to the depreciation reserve. A properly conducted net salvage study will exclude such activity from the estimate of future parameters and include the activity in the computation of realized and average net salvage rates.

Plant	2012 Cost	Ownership Share	Inflation Rate	AYFR	Demolition Cost
A	B	C	D	E	F
Steam Production					
Big Stone	$ 15,175,000	53.90%	2.00%	2046	$ 16,037,006
Coyote	21,490,300	35.00%	2.00%	2041	13,357,202
Hoot Lake Units 2 and 3	6,707,000	100.00%	2.00%	2020	7,858,319
Other Production					
Jamestown	$ 84,960	100.00%	2.00%	2023	$ 105,637
Lake Preston	79,718	100.00%	2.00%	2023	99,119
Solway	66,033	100.00%	2.00%	2038	110,501
Wind Farms					
Ashtabula	$ 916,064	100.00%	2.00%	2033	$ 1,388,447
Langdon	771,929	100.00%	2.00%	2032	1,147,046
Luverne	944,691	100.00%	2.00%	2034	1,460,473
General Plant					
General Office Bldg.	$ (1,993,300)	100.00%	2.00%	2030	$ (2,846,923)
Fleet Service Center	(244,163)	100.00%	2.00%	2025	(315,851)
Central Stores Bldg.	(2,371,691)	100.00%	2.00%	2035	(3,739,918)

Table 3. Demolition Costs

A five–year moving average analysis of the ratio of realized salvage and removal expense to the associated retirements was used in the 2013 study for transmission, distribution and general plant categories to: a) estimate a realized net salvage rate; b) detect the emergence of historical trends; and c) establish a basis for estimating a future net salvage rate. Cost of removal and salvage opinions obtained from Company personnel were blended with judgment and historical net salvage indications in developing estimates of the future.

DEPRECIATION RESERVE ANALYSIS

The purpose of a depreciation reserve analysis is to compare the current level of recorded reserves with the level required to achieve the goals or objectives of depreciation accounting if the amount and timing of future retirements and net salvage are realized as predicted. The difference between a required (or theoretical) depreciation reserve and a recorded reserve provides a measurement of the expected excess or shortfall that will remain in the depreciation reserve if corrective action is not taken to eliminate the reserve imbalance.

Unlike a recorded reserve which represents the net amount of depreciation expense charged to previous periods of operations, a theoretical reserve is a measure of the implied reserve requirement at the beginning of a study year if the timing of future retirements and net salvage is in exact conformance with a survivor curve chosen to predict the probable life of property still exposed to the forces of retirement. Stated differently, a theoretical depreciation reserve is the difference between the recorded cost of plant presently in service and the sum of depre-

ciation expense and net salvage that will be charged in the future if retirements are distributed over time according to a specified retirement frequency distribution.

The survivor curve used in the calculation of a theoretical depreciation reserve is intended to describe forces of retirement that will be operative in the future. However, retirements caused by forces such as accidents, physical deterioration and changing technology seldom, if ever, remain stable over time. It is unlikely, therefore, that a probability or retirement frequency distribution can be identified that will accurately describe the age of plant retirements over the complete life cycle of a vintage. It is for this reason that depreciation rates should be reviewed periodically and adjusted for observed or expected changes in the parameters chosen to describe the underlying forces of mortality.

Although reserve records are commonly maintained by various account classifications, the total utility reserve in relation to the sum of account computed reserves is the most important indicator of the adequacy (or inadequacy) of recorded reserves. If statistical life studies have not been conducted or retirement dispersion has been overlooked in setting depreciation rates, it is likely that some accounts will be over–depreciated and other accounts will be under–depreciated relative to a calculated theoretical reserve. Differences between a theoretical reserve and a recorded reserve also will arise as a normal occurrence when service lives, dispersion patterns and net salvage estimates are adjusted in the course of depreciation reviews. It is appropriate, therefore, and consistent with group depreciation theory to periodically redistribute or rebalance recorded reserves among the various primary accounts based upon the most recent estimates of retirement dispersion and net salvage rates.

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 criticism 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 and in the current study.

Statement C provides a comparison of recorded and computed reserves at December 31, 2012. The recorded reserve was $573,277,438 or 41.6 percent of the depreciable plant investment. The corresponding computed reserve is $489,592,323 or 35.5 percent of the depreciable plant investment. A proportionate amount of the measured reserve imbalance of $83,685,114 will be amortized over the composite weighted–average remaining life of each rate category using the

remaining life depreciation rates proposed in this study.

DEVELOPMENT OF ACCRUAL RATES

The goal or objective of depreciation accounting is cost allocation over the economic life of an asset in proportion to the consumption of service potential. Ideally, the cost of an asset—which represents the cost of obtaining a bundle of service units—should be allocated to future periods of operation in proportion to the amount of service potential expended during an accounting interval. The service potential of an asset is the present value of future net revenue (*i.e.*, revenue less expenses exclusive of depreciation and other non–cash expenses) or cash inflows attributable to the use of that asset alone.

Cost allocation in proportion to the consumption of service potential is often approximated by the use of depreciation methods employing time rather than net revenue as the apportionment base. Examples of time–based methods include sinking–fund, straight–line, declining balance, and sum–of–the–years' digits. The advantage of a time–based method is that it does not require an estimate of the remaining amount of service capacity an asset will provide or the amount of capacity actually consumed during an accounting interval. Using a time–based allocation method, however, does not change the goal of depreciation accounting. If it is predictable that the net revenue pattern of an asset will either decrease or increase over time, then an accelerated or decelerated time–based method should be used to approximate the rate at which service potential is actually consumed.

The time period over which the cost of an asset will be allocated to operations is determined by the combination of a procedure and a technique. A depreciation procedure describes the level of grouping or sub–grouping of assets within a plant category. The broad group, vintage group, equal–life group, and item (or unit) are a few of the more widely used procedures. A depreciation technique describes the life statistic used in a depreciation system. Whole life and remaining life (or expectancy) are the most common techniques.

Depreciation rates recommended in the 2013 study were developed using a system composed of the straight–line method, vintage group procedure, remaining–life technique. This formulation of the accrual rate is equivalent to a straight–line method, vintage group procedure, whole–life technique with amortization of reserve imbalances over the estimated remaining life of each rate category. This system was proposed and adopted in the 1993 study and has been retained in each subsequent study and technical update. It is the opinion of Foster Associates that this system will remain appropriate for OTP, provided depreciation studies are conducted periodically and parameters are routinely adjusted to reflect changing operating conditions. Although the emergence of economic factors such as restructuring and performance based regulation may ultimately encourage abandonment of the straight–line method, no attempt was made in the current study to

address this concern.

It is also the opinion of Foster Associates that amortization accounting is consistent with the goals and objectives of depreciation accounting and remains appropriate for the approved amortization categories.

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 recommended for OTP plant and equipment categories. The content of these statements is briefly described below.

- Statement A provides a comparative summary of current and proposed annual depreciation rates using the vintage group procedure, remaining–life technique.
- Statement B provides a comparison of current and proposed annualized 2013 depreciation accruals derived from the depreciation rates contained in Statement A.
- Statement C provides a comparison of recorded and computed reserves for each rate category at December 31, 2012.
- Statement D provides a summary of the components used to obtain weighted average net salvage rates.
- Statement E provides a computation of the estimated future net salvage rate for life–span categories.
- 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.

Current depreciation accruals shown on Statement B are the product of the plant investment (Column B) and current depreciation rates (Column D) shown on Statement A. These are the effective rates used by the Company for the mix of investments recorded on December 31, 2012. Similarly, proposed depreciation accruals shown on Statements B are the product of the plant investment and proposed depreciation rates (Column H) shown on Statement A. Proposed remaining life accrual rates (Statement A) are given by:

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

This formulation of a remaining–life accrual rate is equivalent to

$$\text{Accrual Rate} = \frac{1.0 - \text{Average Net Salvage}}{\text{Average Life}} + \frac{\text{Computed Reserve} - \text{Recorded Reserve}}{\text{Remaining Life}}$$

where Average Net Salvage, Computed Reserve and Recorded Reserve are expressed in percent.

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.

Accordingly, this section also includes the following statements which set forth the above information for each of the calendar years 2008 through 2012:

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

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

OTTER TAIL POWER COMPANY

Statement A

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

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	16.95	-7.1%	1.93%	25.98	-10.4%	74.39%	1.49%
312.00 Boiler Plant Equipment	15.51	-7.5%	3.07%	21.52	-10.9%	61.38%	2.50%
314.00 Turbogenerator Units	15.85	-7.9%	2.94%	24.51	-11.2%	59.52%	2.23%
315.00 Accessory Electric Equipment	17.03	-7.2%	2.36%	26.80	-10.6%	67.59%	1.66%
316.00 Miscellaneous Power Plant Equipment	15.00	-7.8%	3.46%	21.16	-11.0%	58.25%	2.72%
Total Steam Production Plant			2.81%	22.93	-10.9%	63.70%	2.23%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	9.39		5.45%	8.41		50.14%	5.93%
332.00 Reservoirs, Dams and Waterways	9.38		5.11%	8.41		36.02%	7.61%
333.00 Water Wheels, Turbines & Generators	9.38		5.75%	8.41		49.37%	6.02%
334.00 Accessory Electric Equipment	9.38		5.04%	8.41		55.31%	5.31%
335.00 Miscellaneous Power Plant Equipment	9.38		3.48%	8.41		8.53%	10.88%
Total Hydraulic Production Plant			5.12%	8.41		39.33%	7.21%
OTHER PRODUCTION							
341.00 Structures and Improvements	22.33		3.62%	20.93	-1.2%	22.42%	3.76%
342.00 Fuel Holders and Accessories	19.62		2.91%	16.77	-1.0%	38.95%	3.70%
343.00 Prime Movers	20.88		2.68%	20.33	-0.8%	44.81%	2.66%
344.00 Generators	21.50		4.09%	19.96	-1.5%	15.92%	4.29%
345.00 Accessory Electric Equipment	21.45		3.94%	19.88	-1.5%	18.93%	4.15%
346.00 Miscellaneous Power Plant Equipment	20.29		3.38%	19.57	-0.9%	30.33%	3.56%
Total Other Production Plant			3.91%	20.00	-1.4%	19.52%	4.09%
TRANSMISSION PLANT							
353.00 Station Equipment	49.09	-5.0%	1.62%	53.06	-5.0%	23.89%	1.53%
354.00 Towers and Fixtures	38.90	-10.0%	1.54%	37.90	-10.0%	51.69%	1.54%
355.00 Poles and Fixtures	47.58	-50.0%	2.17%	55.58	-50.0%	40.46%	1.97%
356.00 Overhead Conductors and Devices	42.29	-30.0%	2.04%	53.25	-30.0%	42.78%	1.64%
358.00 Underground Conductors and Devices	8.34	-5.0%	2.48%	10.86	-5.0%	87.32%	1.63%
Total Transmission Plant			1.96%	53.79	-30.2%	36.58%	1.74%
DISTRIBUTION PLANT							
362.00 Station Equipment	28.76	5.0%	2.37%	32.22	5.0%	27.17%	2.11%
364.00 Poles, Towers and Fixtures	46.01	-75.0%	2.64%	48.68	-75.0%	54.04%	2.48%
365.00 Overhead Conductors and Devices	38.74	-100.0%	3.22%	44.33	-100.0%	76.24%	2.79%
367.00 Underground Conductors and Devices	20.53	-5.0%	2.87%	24.81	-5.0%	47.14%	2.33%
368.00 Line Transformers	24.23	50.0%	1.46%	28.19	50.0%	14.88%	1.25%
369.00 Overhead Services	29.33	-150.0%	4.84%	33.52	-150.0%	110.09%	4.17%
369.10 Underground Services	31.19	-20.0%	2.60%	30.89	-20.0%	39.58%	2.60%
370.00 Meters	22.00		2.90%	20.64		35.12%	3.14%
370.10 Load Management Switches	8.58		6.43%	4.42		50.67%	11.16%
370.20 Interruption Monitors	← 5 Year Amortization →			← 5 Year Amortization →			
371.20 Other Private Lighting	16.22	10.0%	3.99%	17.10	10.0%	24.28%	3.84%
373.00 Street Lighting and Signal Systems	10.28	-5.0%	5.34%	15.43	-5.0%	51.97%	3.44%
Total Distribution Plant			2.69%	28.63	-20.1%	42.70%	2.53%

OTTER TAIL POWER COMPANY Statement A

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

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
GENERAL PLANT							
Depreciable							
390.00 Structures and Improvements	36.38	10.0%	1.85%	31.91	10.0%	23.98%	2.07%
390.10 General Office Buildings	18.05	-5.0%	3.70%	17.10	51.2%	41.29%	0.44%
390.20 Fleet Service Center Building	13.26	-5.0%	3.65%	12.29	38.6%	58.59%	0.23%
390.30 Central Stores Building	22.75	-5.0%	2.47%	21.81	95.5%	51.16%	-2.14%
396.00 Power Operated Equipment	16.33	5.0%	3.68%	16.79	20.0%	38.86%	2.45%
397.40 Communication Towers	15.98	5.0%	3.53%	25.05	5.0%	42.45%	2.10%
Total Depreciable			2.42%	26.19	28.3%	32.48%	1.23%
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 →			
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			10.37%	4.78		44.45%	10.37%
Total General Plant			5.24%	10.69	18.3%	36.74%	4.48%
TOTAL UTILITY			2.96%	25.58	-14.0%	41.56%	2.74%
STEAM PRODUCTION							
Big Stone							
311.00 Structures and Improvements	15.18	-8.8%	1.98%	31.98	-11.9%	80.42%	0.98%
312.00 Boiler Plant Equipment	15.19	-8.8%	3.48%	32.02	-12.0%	56.98%	1.72%
314.00 Turbogenerator Units	15.19	-8.8%	3.40%	32.04	-12.0%	59.78%	1.63%
315.00 Accessory Electric Equipment	15.18	-8.8%	2.61%	32.01	-12.0%	68.93%	1.35%
316.00 Miscellaneous Power Plant Equipment	15.19	-8.6%	3.15%	32.02	-11.5%	61.77%	1.55%
Total Big Stone			3.16%	32.02	-12.0%	62.24%	1.55%
Hoot Lake Units 2 and 3							
311.00 Structures and Improvements	10.35	-11.2%	2.26%	7.42	-14.3%	90.08%	3.26%
312.00 Boiler Plant Equipment	10.36	-11.2%	4.66%	7.43	-14.3%	66.71%	6.41%
314.00 Turbogenerator Units	10.35	-11.2%	2.55%	7.43	-14.3%	87.28%	3.64%
315.00 Accessory Electric Equipment	10.35	-11.2%	1.56%	7.42	-14.3%	96.61%	2.38%
316.00 Miscellaneous Power Plant Equipment	10.36	-11.1%	5.41%	7.43	-14.2%	64.99%	6.62%
Total Hoot Lake Units 2 and 3			3.87%	7.43	-14.3%	74.53%	5.36%
Coyote							
311.00 Structures and Improvements	19.93	-5.0%	1.83%	27.41	-8.7%	67.34%	1.51%
312.00 Boiler Plant Equipment	19.94	-5.0%	2.11%	27.42	-8.7%	63.08%	1.66%
314.00 Turbogenerator Units	19.95	-5.0%	2.58%	27.44	-8.7%	46.10%	2.28%
315.00 Accessory Electric Equipment	19.95	-5.0%	2.32%	27.42	-8.7%	60.80%	1.75%
316.00 Miscellaneous Power Plant Equipment	19.95	-4.7%	2.80%	27.44	-8.4%	49.51%	2.15%
Total Coyote			2.14%	27.42	-8.7%	61.22%	1.73%

OTTER TAIL POWER COMPANY Statement A

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

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
HYDRAULIC PRODUCTION							
Hoot Lake							
331.00 Structures and Improvements	9.37		0.26%	8.40		97.77%	0.27%
332.00 Reservoirs, Dams and Waterways	9.37		0.20%	8.40		78.95%	2.51%
333.00 Water Wheels, Turbines & Generators	9.38		1.60%	8.40		86.46%	1.61%
334.00 Accessory Electric Equipment	9.38		2.20%	8.40		81.37%	2.22%
335.00 Miscellaneous Power Plant Equipment			2.20%	8.41		1.08%	11.76%
Total Hoot Lake			0.77%	8.40		76.04%	2.85%
Wright							
331.00 Structures and Improvements	9.38		3.32%	8.40		71.88%	3.35%
332.00 Reservoirs, Dams and Waterways	9.38		5.32%	8.41		54.95%	5.36%
333.00 Water Wheels, Turbines & Generators	9.38		5.42%	8.41		54.10%	5.46%
334.00 Accessory Electric Equipment	9.39		5.70%	8.41		51.66%	5.75%
335.00 Miscellaneous Power Plant Equipment	9.38		3.16%	8.41		23.55%	9.09%
Total Wright			5.12%	8.41		50.57%	5.88%
Pisgah							
331.00 Structures and Improvements	9.38		2.65%	8.40		77.57%	2.67%
332.00 Reservoirs, Dams and Waterways	9.39		7.67%	8.41		32.87%	7.98%
333.00 Water Wheels, Turbines & Generators	9.39		7.37%	8.41		37.50%	7.43%
334.00 Accessory Electric Equipment	9.38		5.64%	8.41		46.44%	6.37%
335.00 Miscellaneous Power Plant Equipment	9.38		3.46%	8.41		-11.13%	13.21%
Total Pisgah			6.82%	8.41		32.70%	8.00%
Dayton Hollow							
331.00 Structures and Improvements	9.38		2.70%	8.41		1.74%	11.68%
332.00 Reservoirs, Dams and Waterways	9.39		6.54%	8.41		13.27%	10.31%
333.00 Water Wheels, Turbines & Generators	9.39		7.40%	8.41		38.42%	7.32%
334.00 Accessory Electric Equipment	9.38		4.80%	8.41		57.09%	5.10%
335.00 Miscellaneous Power Plant Equipment	9.38		3.91%	8.41		-2.42%	12.18%
Total Dayton Hollow			6.18%	8.41		22.24%	9.24%
Taplin Gorge							
331.00 Structures and Improvements	9.36		1.01%	8.39		91.45%	1.02%
332.00 Reservoirs, Dams and Waterways	9.38		2.17%	8.41		41.69%	6.93%
333.00 Water Wheels, Turbines & Generators	9.36		0.88%	8.39		92.60%	0.88%
334.00 Accessory Electric Equipment	9.38		4.43%	8.41		62.48%	4.46%
335.00 Miscellaneous Power Plant Equipment	9.38		3.89%	8.41		19.01%	9.63%
Total Taplin Gorge			2.48%	8.41		43.40%	6.73%
Bemidji							
331.00 Structures and Improvements	9.39		8.63%	8.41		26.56%	8.73%
332.00 Reservoirs, Dams and Waterways	9.38		6.82%	8.41		30.24%	8.29%
333.00 Water Wheels, Turbines & Generators	9.38		5.58%	8.41		45.59%	6.47%
334.00 Accessory Electric Equipment	9.37		2.88%	8.39		45.73%	6.47%
335.00 Miscellaneous Power Plant Equipment	9.39		10.71%	8.41		9.14%	10.80%
Total Bemidji			6.77%	8.41		33.84%	7.86%

OTTER TAIL POWER COMPANY Statement A

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

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
OTHER PRODUCTION							
Jamestown							
341.00 Structures and Improvements	10.35	-0.6%	2.35%	10.35	-1.4%	73.01%	2.75%
342.00 Fuel Holders and Accessories	10.35	-0.6%	2.31%	10.36	-1.4%	43.59%	5.58%
343.00 Prime Movers	10.35	-0.6%	2.32%	10.35	-1.4%	78.89%	2.17%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-0.6%	1.96%	10.36	-1.4%	56.67%	4.32%
346.00 Miscellaneous Power Plant Equipment	10.36	-0.6%	4.12%	10.36	-1.4%	58.52%	4.14%
Total Jamestown			2.33%	10.35	-1.4%	75.70%	2.48%
Jamestown Unit 1							
341.00 Structures and Improvements	10.35	-0.6%	2.23%	10.35	-1.4%	76.39%	2.42%
342.00 Fuel Holders and Accessories	10.35	-0.6%	2.27%	10.36	-1.4%	40.81%	5.85%
343.00 Prime Movers	10.35	-0.6%	2.70%	10.35	-1.4%	75.33%	2.52%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-0.6%	1.64%	10.35	-1.4%	64.58%	3.56%
346.00 Miscellaneous Power Plant Equipment	10.36	-0.6%	4.80%	10.36	-1.4%	51.02%	4.86%
Total Jamestown Unit 1			2.63%	10.35	-1.4%	70.64%	2.97%
Jamestown Unit 2							
341.00 Structures and Improvements	10.36	-0.6%	3.52%	10.36	-1.4%	40.30%	5.90%
342.00 Fuel Holders and Accessories	10.35	-0.6%	2.76%	10.35	-1.4%	74.78%	2.57%
343.00 Prime Movers	10.35	-0.6%	2.03%	10.35	-1.4%	81.59%	1.91%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-0.6%	2.69%	10.36	-1.4%	38.46%	6.08%
346.00 Miscellaneous Power Plant Equipment	10.35	-0.6%	2.05%	10.35	-1.4%	81.41%	1.93%
Total Jamestown Unit 2			2.06%	10.35	-1.4%	80.53%	2.01%
Lake Preston							
341.00 Structures and Improvements	10.35	-0.9%	1.61%	10.35	-2.4%	81.11%	2.06%
342.00 Fuel Holders and Accessories	10.36	-0.9%	3.67%	10.36	-2.4%	66.57%	3.46%
343.00 Prime Movers	10.35	-0.9%	1.88%	10.35	-2.4%	83.33%	1.84%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-0.9%	1.61%	10.35	-2.4%	85.88%	1.60%
346.00 Miscellaneous Power Plant Equipment	10.35	-0.9%	1.62%	10.35	-2.4%	85.74%	1.61%
Total Lake Preston			1.98%	10.35	-2.4%	82.12%	1.96%
Ashtabula Wind Generation							
341.00 Structures and Improvements	21.50		4.09%	19.97	-1.2%	16.00%	4.27%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	21.51		4.08%	19.97	-1.2%	16.12%	4.26%
345.00 Accessory Electric Equipment	21.50		4.09%	19.97	-1.2%	16.00%	4.27%
346.00 Miscellaneous Power Plant Equipment			4.09%	19.97	-1.2%	1.78%	4.98%
Total Ashtabula Wind Generation			4.08%	19.97	-1.2%	16.11%	4.26%
Langdon Wind Generation							
341.00 Structures and Improvements	20.50		4.11%	19.02	-1.5%	19.60%	4.31%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	20.54		4.14%	19.02	-1.5%	18.87%	4.34%
345.00 Accessory Electric Equipment	20.57		4.11%	19.02	-1.5%	19.32%	4.32%
346.00 Miscellaneous Power Plant Equipment			4.11%	19.02	-1.5%	3.26%	5.17%
Total Langdon Wind Generation			4.14%	19.02	-1.5%	18.92%	4.34%

OTTER TAIL POWER COMPANY

Statement A

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

Account Description	Current Rem. Life	Current Fut. Net Salvage	Current Accrual Rate	Proposed Rem. Life	Proposed Fut. Net Salvage	Proposed Reserve Ratio	Proposed Accrual Rate
A	B	C	D	E	F	G	H
Luverne Wind Generation							
341.00 Structures and Improvements	22.50		4.04%	20.92	-2.0%	12.86%	4.26%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	22.51		4.05%	20.92	-2.0%	12.47%	4.28%
345.00 Accessory Electric Equipment	22.50		4.04%	20.92	-2.0%	12.85%	4.26%
346.00 Miscellaneous Power Plant Equipment			4.04%	20.92	-2.0%	1.84%	4.79%
Total Luverne Wind Generation			4.05%	20.92	-2.0%	12.50%	4.28%
Solway Combustion Turbine							
341.00 Structures and Improvements	25.60	-0.1%	2.92%	24.67	-0.4%	28.07%	2.93%
342.00 Fuel Holders and Accessories	25.60	-0.1%	2.93%	24.67	-0.4%	27.82%	2.94%
343.00 Prime Movers	25.60	-0.1%	2.91%	24.67	-0.4%	28.24%	2.93%
344.00 Generators							
345.00 Accessory Electric Equipment	25.60	-0.1%	2.91%	24.67	-0.4%	28.46%	2.92%
346.00 Miscellaneous Power Plant Equipment	25.61	-0.1%	3.01%	24.67	-0.4%	25.86%	3.02%
Total Solway Combustion Turbine			2.91%	24.67	-0.4%	28.18%	2.93%
Fergus Falls Control Center							
341.00 Structures and Improvements							
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	18.05		3.04%	17.10		48.04%	3.04%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center			3.04%	17.10		48.04%	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	12/31/12 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
311.00 Structures and Improvements	$ 61,837,428	0.49582997	$ 1,192,017	$ 591,038	$ 920,346	$ 456,335	$ (271,671)	$ (134,703)
312.00 Boiler Plant Equipment	202,859,999	0.49582997	6,235,012	3,091,506	5,078,471	2,518,058	(1,156,541)	(573,448)
314.00 Turbogenerator Units	60,589,910	0.49582997	1,782,955	884,042	1,350,338	669,538	(432,617)	(214,504)
315.00 Accessory Electric Equipment	23,504,826	0.49582997	554,182	274,780	389,227	192,990	(164,955)	(81,790)
316.00 Miscellaneous Power Plant Equipment	5,467,568	0.49582997	189,296	93,858	148,543	73,652	(40,753)	(20,206)
Total Steam Production Plant	$ 354,259,731		$ 9,953,462	$ 4,935,224	$ 7,886,925	$ 3,910,573	$ (2,066,537)	$ (1,024,651)
HYDRAULIC PRODUCTION								
331.00 Structures and Improvements	$ 351,712	0.49582997	$ 19,170	$ 9,505	$ 20,849	$ 10,339	$ 1,679	$ 834
332.00 Reservoirs, Dams and Waterways	3,100,209	0.49582997	158,574	78,625	235,817	116,924	77,243	38,299
333.00 Water Wheels, Turbines & Generators	1,057,186	0.49582997	60,754	30,124	63,643	31,557	2,889	1,433
334.00 Accessory Electric Equipment	592,375	0.49582997	29,855	14,803	31,482	15,610	1,627	807
335.00 Miscellaneous Power Plant Equipment	441,951	0.49582997	15,358	7,614	48,066	23,833	32,708	16,219
Total Hydraulic Production Plant	$ 5,543,433		$ 283,711	$ 140,671	$ 399,857	$ 198,263	$ 116,146	$ 57,592
OTHER PRODUCTION								
341.00 Structures and Improvements	$ 12,721,532	0.49582997	$ 460,218	$ 228,513	$ 478,417	$ 237,553	$ 18,199	$ 9,040
342.00 Fuel Holders and Accessories	1,782,048	0.49582997	51,858	25,712	65,983	32,717	14,125	7,005
343.00 Prime Movers	31,658,649	0.49582997	849,903	421,408	843,142	418,056	(6,761)	(3,352)
344.00 Generators	240,489,741	0.49582997	9,833,744	4,885,614	10,312,962	5,123,699	479,218	238,085
345.00 Accessory Electric Equipment	19,908,058	0.49582997	784,507	389,713	826,427	410,534	41,920	20,821
346.00 Miscellaneous Power Plant Equipment	546,511	0.49582997	18,473	9,164	19,450	9,650	977	486
Total Other Production Plant	$ 307,106,539		$ 11,998,703	$ 5,960,124	$ 12,546,381	$ 6,232,209	$ 547,678	$ 272,085
TRANSMISSION PLANT								
353.00 Station Equipment	$ 74,896,201	0.48571742	$ 1,213,318	$ 589,330	$ 1,145,912	$ 556,589	$ (67,406)	$ (32,741)
354.00 Towers and Fixtures	4,692,263	0.48571742	72,261	35,098	72,261	35,098		
355.00 Poles and Fixtures	101,637,471	0.48571742	2,205,533	1,071,266	2,002,258	972,532	(203,275)	(98,734)
356.00 Overhead Conductors and Devices	77,617,900	0.48571742	1,583,405	769,087	1,272,934	618,286	(310,471)	(150,801)
358.00 Underground Conductors and Devices	77,461	0.48571742	1,921	933	1,263	613	(658)	(320)
Total Transmission Plant	$ 258,921,296		$ 5,076,438	$ 2,465,714	$ 4,494,628	$ 2,183,118	$ (581,810)	$ (282,596)
DISTRIBUTION PLANT								
362.00 Station Equipment	$ 67,383,703	0.44737947	$ 1,596,994	$ 714,462	$ 1,421,796	$ 636,082	$ (175,198)	$ (78,380)
364.00 Poles, Towers and Fixtures	64,643,246	0.44737947	1,706,582	763,490	1,603,153	717,218	(103,429)	(46,272)
365.00 Overhead Conductors and Devices	45,917,041	0.44737947	1,478,529	661,464	1,281,085	573,131	(197,444)	(88,333)
367.00 Underground Conductors and Devices	63,089,210	0.44737947	1,810,660	810,052	1,469,979	657,638	(340,681)	(152,414)
368.00 Line Transformers	75,696,778	0.44737947	1,105,173	494,432	946,210	423,315	(158,963)	(71,117)

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
369.00 Overhead Services	12,101,446	0.44737947	585,710	262,035	504,630	225,761	(81,080)	(36,274)
369.10 Underground Services	35,005,457	0.44737947	910,142	407,179	910,142	407,179		
370.00 Meters	22,160,086	0.44737947	642,642	287,505	695,827	311,299	53,185	23,794
370.10 Load Management Switches	8,860,392	0.44737947	569,723	254,882	988,820	442,378	419,097	187,496
370.20 Interruption Monitors	645,863	0.44737947	72,372	32,378	72,372	32,378		
371.20 Other Private Lighting	4,130,401	0.44737947	164,803	73,729	158,607	70,958	(6,196)	(2,771)
373.00 Street Lighting and Signal Systems	4,744,947	0.44737947	253,380	113,357	163,226	73,024	(90,154)	(40,333)
Total Distribution Plant	$ 404,378,570		$ 10,896,710	$ 4,874,965	$ 10,215,847	$ 4,570,361	$ (680,863)	$ (304,604)
GENERAL PLANT								
Depreciable								
390.00 Structures and Improvements	$ 19,227,812	0.47553812	$ 355,715	$ 169,156	$ 398,016	$ 189,272	$ 42,301	$ 20,116
390.10 General Office Buildings	5,536,383	0.47553812	204,846	97,412	24,360	11,584	(180,486)	(85,828)
390.20 Fleet Service Center Building	815,155	0.47553812	29,753	14,149	1,875	892	(27,878)	(13,257)
390.30 Central Stores Building	3,904,166	0.47553812	96,433	45,858	(83,549)	(39,731)	(179,982)	(85,589)
396.00 Power Operated Equipment	586,118	0.47553812	21,569	10,257	14,360	6,829	(7,209)	(3,428)
397.40 Communication Towers	1,691,775	0.47553812	59,720	28,399	35,527	16,894	(24,193)	(11,505)
Total Depreciable	$ 31,761,409		$ 768,036	$ 365,231	$ 390,589	$ 185,740	$ (377,447)	$ (179,491)
Amortizable								
391.00 Office Furniture	$ 1,488,916	0.47553812	$ 94,243	$ 44,816	$ 94,243	$ 44,816	$ -	$ -
391.10 Office Equipment	1,016,129	0.47553812	101,079	48,067	101,079	48,067		
391.20 Duplicating Equipment	687,242	0.47553812	68,448	32,550	68,448	32,550		
391.50 Computer Systems	3,212,597	0.47553812	608,217	289,230	608,217	289,230		
391.60 Computer Related Equipment	1,379,920	0.47553812	249,892	118,833	249,892	118,833		
394.00 Tools, Shop and Garage Equipment	3,256,553	0.47553812	213,509	101,532	213,509	101,532		
394.20 Automated Meter Reading Equipment	589,444	0.47553812	39,296	18,687	39,296	18,687		
397.00 Communication Equipment	662,089	0.47553812	42,288	20,110	42,288	20,110		
397.10 Radio Telecommunication Equipment	1,355,018	0.47553812	129,267	61,471	129,267	61,471		
397.20 Microwave Equipment	3,422,579	0.47553812	227,701	108,281	227,701	108,281		
397.30 Radio Load Control Equipment	446,920	0.47553812	42,602	20,259	42,602	20,259		
Total Amortizable	$ 17,517,407		$ 1,816,542	$ 863,836	$ 1,816,542	$ 863,836	$ -	$ -
Total General Plant	$ 49,278,816		$ 2,584,578	$ 1,229,067	$ 2,207,131	$ 1,049,576	$ (377,447)	$ (179,491)
TOTAL UTILITY	$ 1,379,488,385		$ 40,793,602	$ 19,605,765	$ 37,750,769	$ 18,144,100	$ (3,042,833)	$ (1,461,665)

OTTER TAIL POWER COMPANY
Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Statement B

Account Description	12/31/12 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
Big Stone								
311.00 Structures and Improvements	$ 22,725,586	0.49582997	$ 449,967	$ 223,107	$ 222,711	$ 110,427	$ (227,256)	$ (112,680)
312.00 Boiler Plant Equipment	77,450,966	0.49582997	2,695,294	1,336,408	1,332,157	660,523	(1,363,137)	(675,885)
314.00 Turbogenerator Units	27,188,707	0.49582997	924,416	458,353	443,176	219,740	(481,240)	(238,613)
315.00 Accessory Electric Equipment	9,244,689	0.49582997	241,286	119,637	124,803	61,881	(116,483)	(57,756)
316.00 Miscellaneous Power Plant Equipment	2,585,789	0.49582997	81,452	40,386	40,080	19,873	(41,372)	(20,513)
Total Big Stone	$ 139,195,737		$ 4,392,415	$ 2,177,891	$ 2,162,927	$ 1,072,444	$ (2,229,488)	$ (1,105,447)
Hoot Lake Units 2 and 3								
311.00 Structures and Improvements	$ 6,116,976	0.49582997	$ 138,244	$ 68,546	$ 199,413	$ 98,875	$ 61,169	$ 30,329
312.00 Boiler Plant Equipment	35,042,610	0.49582997	1,632,986	809,683	2,246,231	1,113,749	613,245	304,066
314.00 Turbogenerator Units	10,706,947	0.49582997	273,027	135,375	389,733	193,241	116,706	57,866
315.00 Accessory Electric Equipment	2,360,442	0.49582997	36,823	18,258	56,179	27,855	19,356	9,597
316.00 Miscellaneous Power Plant Equipment	1,040,383	0.49582997	56,285	27,908	68,873	34,149	12,588	6,241
Total Hoot Lake Units 2 and 3	$ 55,267,358		$ 2,137,365	$ 1,059,770	$ 2,960,429	$ 1,467,869	$ 823,064	$ 408,099
Coyote								
311.00 Structures and Improvements	$ 32,994,866	0.49582997	$ 603,806	$ 299,385	$ 498,222	$ 247,033	$ (105,584)	$ (52,352)
312.00 Boiler Plant Equipment	90,366,423	0.49582997	1,906,732	945,415	1,500,083	743,786	(406,649)	(201,629)
314.00 Turbogenerator Units	22,694,256	0.49582997	585,512	290,314	517,429	256,557	(68,083)	(33,757)
315.00 Accessory Electric Equipment	11,899,695	0.49582997	276,073	136,885	208,245	103,254	(67,828)	(33,631)
316.00 Miscellaneous Power Plant Equipment	1,841,396	0.49582997	51,559	25,564	39,590	19,630	(11,969)	(5,934)
Total Coyote	$ 159,796,636		$ 3,423,682	$ 1,697,563	$ 2,763,569	$ 1,370,260	$ (660,113)	$ (327,303)
HYDRAULIC PRODUCTION								
Hoot Lake								
331.00 Structures and Improvements	$ 69,354	0.49582997	$ 180	$ 89	$ 187	$ 93	$ 7	$ 4
332.00 Reservoirs, Dams and Waterways	297,674	0.49582997	595	295	7,472	3,705	6,877	3,410
333.00 Water Wheels, Turbines & Generators	104,195	0.49582997	1,667	827	1,678	832	11	5
334.00 Accessory Electric Equipment	34,651	0.49582997	762	378	769	381	7	3
335.00 Miscellaneous Power Plant Equipment	48,615	0.49582997	1,070	531	5,717	2,835	4,647	2,304
Total Hoot Lake	$ 554,489		$ 4,274	$ 2,120	$ 15,823	$ 7,846	$ 11,549	$ 5,726
Wright								
331.00 Structures and Improvements	$ 19,026	0.49582997	$ 632	$ 313	$ 637	$ 316	$ 5	$ 3
332.00 Reservoirs, Dams and Waterways	382,677	0.49582997	20,358	10,094	20,511	10,170	153	76
333.00 Water Wheels, Turbines & Generators	228,711	0.49582997	12,396	6,146	12,488	6,192	92	46
334.00 Accessory Electric Equipment	200,524	0.49582997	11,430	5,667	11,530	5,717	100	50
335.00 Miscellaneous Power Plant Equipment	114,979	0.49582997	3,633	1,801	10,452	5,182	6,819	3,381
Total Wright	$ 945,917		$ 48,449	$ 24,021	$ 55,618	$ 27,577	$ 7,169	$ 3,556

OTTER TAIL POWER COMPANY
Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Statement B

Account Description	12/31/12 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual Minnesota	Proposed Annual Accrual Total	Proposed Annual Accrual Minnesota	Difference Total	Difference Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Pisgah								
331.00 Structures and Improvements	$ 12,118	0.49582997	$ 321	$ 159	$ 324	$ 161	$ 3	$ 2
332.00 Reservoirs, Dams and Waterways	341,275	0.49582997	26,176	12,979	27,234	13,503	1,058	524
333.00 Water Wheels, Turbines & Generators	159,732	0.49582997	11,772	5,837	11,868	5,885	96	48
334.00 Accessory Electric Equipment	99,812	0.49582997	5,629	2,791	6,358	3,152	729	361
335.00 Miscellaneous Power Plant Equipment	62,505	0.49582997	2,163	1,072	8,257	4,094	6,094	3,022
Total Pisgah	$ 675,442		$ 46,061	$ 22,838	$ 54,041	$ 26,795	$ 7,980	$ 3,957
Dayton Hollow								
331.00 Structures and Improvements	$ 16,269	0.49582997	$ 439	$ 218	$ 1,900	$ 942	$ 1,461	$ 724
332.00 Reservoirs, Dams and Waterways	816,003	0.49582997	53,367	26,461	84,130	41,714	30,763	15,253
333.00 Water Wheels, Turbines & Generators	226,751	0.49582997	16,780	8,320	16,598	8,230	(182)	(90)
334.00 Accessory Electric Equipment	193,342	0.49582997	9,280	4,601	9,860	4,889	580	288
335.00 Miscellaneous Power Plant Equipment	111,390	0.49582997	4,355	2,159	13,567	6,727	9,212	4,568
Total Dayton Hollow	$ 1,363,755		$ 84,221	$ 41,759	$ 126,055	$ 62,502	$ 41,834	$ 20,743
Taplin Gorge								
331.00 Structures and Improvements	$ 35,140	0.49582997	$ 355	$ 176	$ 358	$ 178	$ 3	$ 2
332.00 Reservoirs, Dams and Waterways	602,787	0.49582997	13,080	6,485	41,773	20,712	28,693	14,227
333.00 Water Wheels, Turbines & Generators	15,110	0.49582997	133	66	133	66		
334.00 Accessory Electric Equipment	58,670	0.49582997	2,599	1,289	2,617	1,298	18	9
335.00 Miscellaneous Power Plant Equipment	103,392	0.49582997	4,022	1,994	9,957	4,937	5,935	2,943
Total Taplin Gorge	$ 815,099		$ 20,189	$ 10,010	$ 54,838	$ 27,191	$ 34,649	$ 17,181
Bemidji								
331.00 Structures and Improvements	$ 199,805	0.49582997	$ 17,243	$ 8,550	$ 17,443	$ 8,649	$ 200	$ 99
332.00 Reservoirs, Dams and Waterways	659,793	0.49582997	44,998	22,311	54,697	27,120	9,699	4,809
333.00 Water Wheels, Turbines & Generators	322,687	0.49582997	18,006	8,928	20,878	10,352	2,872	1,424
334.00 Accessory Electric Equipment	5,376	0.49582997	155	77	348	173	193	96
335.00 Miscellaneous Power Plant Equipment	1,070	0.49582997	115	57	116	58	1	1
Total Bemidji	$ 1,188,731		$ 80,517	$ 39,923	$ 93,482	$ 46,352	$ 12,965	$ 6,429
OTHER PRODUCTION								
Jamestown								
341.00 Structures and Improvements	$ 265,172	0.49582997	$ 6,234	$ 3,091	$ 7,282	$ 3,611	$ 1,048	$ 520
342.00 Fuel Holders and Accessories	449,747	0.49582997	10,390	5,151	25,104	12,448	14,714	7,297
343.00 Prime Movers	6,674,855	0.49582997	154,777	76,744	145,041	71,916	(9,736)	(4,828)
344.00 Generators								
345.00 Accessory Electric Equipment	223,220	0.49582997	4,371	2,167	9,651	4,785	5,280	2,618
346.00 Miscellaneous Power Plant Equipment	109,578	0.49582997	4,516	2,239	4,533	2,248	17	9
Total Jamestown	$ 7,722,572		$ 180,288	$ 89,392	$ 191,611	$ 95,008	$ 11,323	$ 5,616

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 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	$ 240,319	0.49582997	$ 5,359	$ 2,657	$ 5,816	$ 2,884	$ 457	$ 227
342.00 Fuel Holders and Accessories	412,978	0.49582997	9,375	4,648	24,159	11,979	14,784	7,331
343.00 Prime Movers	2,877,313	0.49582997	77,687	38,520	72,508	35,952	(5,179)	(2,568)
344.00 Generators								
345.00 Accessory Electric Equipment	155,612	0.49582997	2,552	1,265	5,540	2,747	2,988	1,482
346.00 Miscellaneous Power Plant Equipment	82,536	0.49582997	3,962	1,964	4,011	1,989	49	25
Total Jamestown Unit 1	$ 3,768,758		$ 98,935	$ 49,054	$ 112,034	$ 55,551	$ 13,099	$ 6,497
Jamestown Unit 2								
341.00 Structures and Improvements	$ 24,853	0.49582997	$ 875	$ 434	$ 1,466	$ 727	$ 591	$ 293
342.00 Fuel Holders and Accessories	36,769	0.49582997	1,015	503	945	469	(70)	(34)
343.00 Prime Movers	3,797,542	0.49582997	77,090	38,224	72,533	35,964	(4,557)	(2,260)
344.00 Generators								
345.00 Accessory Electric Equipment	67,608	0.49582997	1,819	902	4,111	2,038	2,292	1,136
346.00 Miscellaneous Power Plant Equipment	27,042	0.49582997	554	275	522	259	(32)	(16)
Total Jamestown Unit 2	$ 3,953,814		$ 81,353	$ 40,338	$ 79,577	$ 39,457	$ (1,776)	$ (881)
Lake Preston								
341.00 Structures and Improvements	$ 205,567	0.49582997	$ 3,310	$ 1,641	$ 4,235	$ 2,100	$ 925	$ 459
342.00 Fuel Holders and Accessories	328,705	0.49582997	12,063	5,981	11,373	5,639	(690)	(342)
343.00 Prime Movers	3,172,066	0.49582997	59,635	29,569	58,366	28,940	(1,269)	(629)
344.00 Generators								
345.00 Accessory Electric Equipment	369,280	0.49582997	5,945	2,948	5,908	2,929	(37)	(19)
346.00 Miscellaneous Power Plant Equipment	21,607	0.49582997	350	174	348	173	(2)	(1)
Total Lake Preston	$ 4,097,225		$ 81,303	$ 40,313	$ 80,230	$ 39,781	$ (1,073)	$ (532)
Ashtabula Wind Generation								
341.00 Structures and Improvements	$ 3,248,290	0.49682133	$ 132,855	$ 66,005	$ 138,702	$ 68,910	$ 5,847	$ 2,905
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	106,510,924	0.49682133	4,345,646	2,159,010	4,537,365	2,254,260	191,719	95,250
345.00 Accessory Electric Equipment	6,219,783	0.49682133	254,389	126,386	265,585	131,948	11,196	5,562
346.00 Miscellaneous Power Plant Equipment	18,534	0.49682133	758	377	923	459	165	82
Total Ashtabula Wind Generation	$ 115,997,531		$ 4,733,648	$ 2,351,778	$ 4,942,575	$ 2,455,577	$ 208,927	$ 103,799
Langdon Wind Generation								
341.00 Structures and Improvements	$ 2,484,069	0.49682133	$ 102,095	$ 50,723	$ 107,063	$ 53,191	$ 4,968	$ 2,468
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	68,839,589	0.49682133	2,849,959	1,415,920	2,987,638	1,484,322	137,679	68,402
345.00 Accessory Electric Equipment	6,990,877	0.49682133	287,325	142,749	302,006	150,043	14,681	7,294
346.00 Miscellaneous Power Plant Equipment	41,430	0.49682133	1,703	846	2,142	1,064	439	218
Total Langdon Wind Generation	$ 78,355,965		$ 3,241,082	$ 1,610,238	$ 3,398,849	$ 1,688,620	$ 157,767	$ 78,382

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 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
Luverne Wind Generation								
341.00 Structures and Improvements	$ 2,266,581	0.49682133	$ 91,570	$ 45,494	$ 96,556	$ 47,971	$ 4,986	$ 2,477
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	65,139,228	0.49682133	2,638,139	1,310,684	2,787,959	1,385,117	149,820	74,433
345.00 Accessory Electric Equipment	4,851,757	0.49682133	196,011	97,382	206,685	102,686	10,674	5,304
346.00 Miscellaneous Power Plant Equipment	43,640	0.49682133	1,763	876	2,090	1,038	327	162
Total Luverne Wind Generation	$ 72,301,206		$ 2,927,483	$ 1,454,436	$ 3,093,290	$ 1,536,812	$ 165,807	$ 82,376
Solway Combustion Turbine								
341.00 Structures and Improvements	$ 4,251,853	0.49582997	$ 124,154	$ 61,559	$ 124,579	$ 61,770	$ 425	$ 211
342.00 Fuel Holders and Accessories	1,003,596	0.49582997	29,405	14,580	29,506	14,630	101	50
343.00 Prime Movers	21,220,090	0.49582997	617,505	306,177	621,749	308,282	4,244	2,105
344.00 Generators								
345.00 Accessory Electric Equipment	1,253,141	0.49582997	36,466	18,081	36,592	18,143	126	62
346.00 Miscellaneous Power Plant Equipment	311,722	0.49582997	9,383	4,652	9,414	4,668	31	16
Total Solway Combustion Turbine	$ 28,040,402		$ 816,913	$ 405,049	$ 821,840	$ 407,493	$ 4,927	$ 2,444
Fergus Falls Control Center								
341.00 Structures and Improvements	$ -		$ -	$ -	$ -	$ -	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers	591,638	0.49582997	17,986	8,918	17,986	8,918		
344.00 Generators								
345.00 Accessory Electric Equipment								
346.00 Miscellaneous Power Plant Equipment								
Total Fergus Falls Control Center	$ 591,638		$ 17,986	$ 8,918	$ 17,986	$ 8,918	$ -	$ -

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2012

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Reserve Imbalance Amount	Reserve Imbalance Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 61,837,428	$ 46,003,918	74.39%	$ 34,373,083	55.59%	$ 11,630,835	25.28%
312.00 Boiler Plant Equipment	202,859,999	124,514,402	61.38%	95,639,285	47.15%	28,875,116	23.19%
314.00 Turbogenerator Units	60,589,910	36,060,473	59.52%	27,407,041	45.23%	8,653,432	24.00%
315.00 Accessory Electric Equipment	23,504,826	15,887,998	67.59%	11,957,594	50.87%	3,930,404	24.74%
316.00 Miscellaneous Power Plant Equipment	5,467,568	3,185,079	58.25%	2,462,617	45.04%	722,461	22.68%
Total Steam Production Plant	$ 354,259,731	$ 225,651,869	63.70%	$ 171,839,621	48.51%	$ 53,812,248	23.85%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	$ 351,712	$ 176,363	50.14%	$ 188,049	53.47%	$ (11,686)	-6.63%
332.00 Reservoirs, Dams and Waterways	3,100,209	1,116,609	36.02%	1,343,953	43.35%	(227,345)	-20.36%
333.00 Water Wheels, Turbines & Generators	1,057,186	521,937	49.37%	527,304	49.88%	(5,367)	-1.03%
334.00 Accessory Electric Equipment	592,375	327,639	55.31%	340,980	57.56%	(13,341)	-4.07%
335.00 Miscellaneous Power Plant Equipment	441,951	37,706	8.53%	76,194	17.24%	(38,488)	-102.07%
Total Hydraulic Production Plant	$ 5,543,433	$ 2,180,253	39.33%	$ 2,476,480	44.67%	$ (296,227)	-13.59%
OTHER PRODUCTION							
341.00 Structures and Improvements	$ 12,721,532	$ 2,851,840	22.42%	$ 2,886,976	22.69%	$ (35,136)	-1.23%
342.00 Fuel Holders and Accessories	1,782,048	694,063	38.95%	661,207	37.10%	32,856	4.73%
343.00 Prime Movers	31,658,649	14,186,057	44.81%	13,036,820	41.18%	1,149,236	8.10%
344.00 Generators	240,489,741	38,280,434	15.92%	42,937,147	17.85%	(4,656,712)	-12.16%
345.00 Accessory Electric Equipment	19,908,058	3,769,078	18.93%	4,066,446	20.43%	(297,368)	-7.89%
346.00 Miscellaneous Power Plant Equipment	546,511	165,760	30.33%	154,818	28.33%	10,943	6.60%
Total Other Production Plant	$ 307,106,539	$ 59,947,232	19.52%	$ 63,743,414	20.76%	$ (3,796,182)	-6.33%
TRANSMISSION PLANT							
353.00 Station Equipment	$ 74,896,201	$ 17,890,625	23.89%	$ 17,329,031	23.14%	$ 561,594	3.14%
354.00 Towers and Fixtures	4,692,263	2,425,530	51.69%	2,366,912	50.44%	58,619	2.42%
355.00 Poles and Fixtures	101,637,471	41,124,503	40.46%	35,715,879	35.14%	5,408,624	13.15%
356.00 Overhead Conductors and Devices	77,617,900	33,205,849	42.78%	27,241,949	35.10%	5,963,900	17.96%
358.00 Underground Conductors and Devices	77,461	67,641	87.32%	59,388	76.67%	8,253	12.20%
Total Transmission Plant	$ 258,921,296	$ 94,714,148	36.58%	$ 82,713,158	31.95%	$ 12,000,990	12.67%
DISTRIBUTION PLANT							
362.00 Station Equipment	$ 67,383,703	$ 18,311,085	27.17%	$ 14,438,152	21.43%	$ 3,872,933	21.15%
364.00 Poles, Towers and Fixtures	64,643,246	34,934,377	54.04%	31,623,301	48.92%	3,311,075	9.48%
365.00 Overhead Conductors and Devices	45,917,041	35,008,164	76.24%	29,801,209	64.90%	5,206,955	14.87%
367.00 Underground Conductors and Devices	63,089,210	29,739,808	47.14%	25,071,649	39.74%	4,668,159	15.70%

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2012

Account	Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Reserve Imbalance Amount	Reserve Imbalance Multiple
A		B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
368.00	Line Transformers	75,696,778	11,260,520	14.88%	10,583,465	13.98%	677,055	6.01%
369.00	Overhead Services	12,101,446	13,322,386	110.09%	11,566,807	95.58%	1,755,579	13.18%
369.10	Underground Services	35,005,457	13,855,822	39.58%	13,217,730	37.76%	638,092	4.61%
370.00	Meters	22,160,086	7,781,798	35.12%	6,893,571	31.11%	888,227	11.41%
370.10	Load Management Switches	8,860,392	4,489,887	50.67%	5,634,450	63.59%	(1,144,563)	-25.49%
370.20	Interruption Monitors	645,863	508,326	78.70%	542,818	84.05%	(34,492)	-6.79%
371.20	Other Private Lighting	4,130,401	1,002,808	24.28%	971,827	23.53%	30,981	3.09%
373.00	Street Lighting and Signal Systems	4,744,947	2,465,878	51.97%	1,598,549	33.69%	867,329	35.17%
	Total Distribution Plant	$ 404,378,570	$ 172,680,858	42.70%	$ 151,943,528	37.57%	$ 20,737,330	12.01%
	GENERAL PLANT							
	Depreciable							
390.00	Structures and Improvements	$ 19,227,812	$ 4,610,220	23.98%	$ 6,150,579	31.99%	$ (1,540,359)	-33.41%
390.10	General Office Buildings	5,536,383	2,286,040	41.29%	1,087,569	19.64%	1,198,471	52.43%
390.20	Fleet Service Center Building	815,155	477,625	58.59%	314,486	38.58%	163,140	34.16%
390.30	Central Stores Building	3,904,166	1,997,271	51.16%	85,093	2.18%	1,912,178	95.74%
396.00	Power Operated Equipment	586,118	227,787	38.86%	177,044	30.21%	50,743	22.28%
397.40	Communication Towers	1,691,775	718,209	42.45%	611,707	36.16%	106,502	14.83%
	Total Depreciable	$ 31,761,409	$ 10,317,153	32.48%	$ 8,426,478	26.53%	$ 1,890,675	18.33%
	Amortizable							
391.00	Office Furniture	$ 1,488,916	$ 937,966	63.00%	$ 940,492	63.17%	$ (2,526)	-0.27%
391.10	Office Equipment	1,016,129	511,522	50.34%	525,385	51.70%	(13,863)	-2.71%
391.20	Duplicating Equipment	687,242	467,842	68.08%	470,970	68.53%	(3,128)	-0.67%
391.50	Computer Systems	3,212,597	1,161,372	36.15%	1,599,123	49.78%	(437,751)	-37.69%
391.60	Computer Related Equipment	1,379,920	609,391	44.16%	738,756	53.54%	(129,365)	-21.23%
394.00	Tools, Shop and Garage Equipment	3,256,553	1,244,412	38.21%	1,251,721	38.44%	(7,309)	-0.59%
394.20	Automated Meter Reading Equipment	589,444	221,062	37.50%	216,129	36.67%	4,933	2.23%
397.00	Communication Equipment	662,089	269,621	40.72%	267,336	40.38%	2,285	0.85%
397.10	Radio Telecommunication Equipment	1,355,018	562,520	41.51%	594,180	43.85%	(31,660)	-5.63%
397.20	Microwave Equipment	3,422,579	1,654,795	48.35%	1,682,346	49.15%	(27,551)	-1.66%
397.30	Radio Load Control Equipment	446,920	145,421	32.54%	163,206	36.52%	(17,785)	-12.23%
	Total Amortizable	$ 17,517,407	$ 7,785,924	44.45%	$ 8,449,644	48.24%	$ (663,720)	-8.52%
	Total General Plant	$ 49,278,816	$ 18,103,077	36.74%	$ 16,876,122	34.25%	$ 1,226,955	6.78%
	TOTAL UTILITY	$ 1,379,488,385	$ 573,277,438	41.56%	$ 489,592,323	35.49%	$ 83,685,114	14.60%
	STEAM PRODUCTION							

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2012

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Reserve Imbalance Amount	Reserve Imbalance Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Big Stone							
311.00 Structures and Improvements	$ 22,725,586	$ 18,275,482	80.42%	$ 11,678,676	51.39%	$ 6,596,806	36.10%
312.00 Boiler Plant Equipment	77,450,966	44,132,926	56.98%	28,712,738	37.07%	15,420,188	34.94%
314.00 Turbogenerator Units	27,188,707	16,252,462	59.78%	10,042,983	36.94%	6,209,479	38.21%
315.00 Accessory Electric Equipment	9,244,689	6,372,751	68.93%	4,166,081	45.06%	2,206,670	34.63%
316.00 Miscellaneous Power Plant Equipment	2,585,789	1,597,252	61.77%	1,051,333	40.66%	545,919	34.18%
Total Big Stone	$ 139,195,737	$ 86,630,873	62.24%	$ 55,651,812	39.98%	$ 30,979,062	35.76%
Hoot Lake Units 2 and 3							
311.00 Structures and Improvements	$ 6,116,976	$ 5,509,923	90.08%	$ 5,471,949	89.46%	$ 37,975	0.69%
312.00 Boiler Plant Equipment	35,042,610	23,377,577	66.71%	23,125,530	65.99%	252,046	1.08%
314.00 Turbogenerator Units	10,706,947	9,344,957	87.28%	9,231,181	86.22%	113,776	1.22%
315.00 Accessory Electric Equipment	2,360,442	2,280,493	96.61%	2,230,745	94.51%	49,749	2.18%
316.00 Miscellaneous Power Plant Equipment	1,040,383	676,137	64.99%	687,311	66.06%	(11,174)	-1.65%
Total Hoot Lake Units 2 and 3	$ 55,267,358	$ 41,189,087	74.53%	$ 40,746,715	73.73%	$ 442,372	1.07%
Coyote							
311.00 Structures and Improvements	$ 32,994,866	$ 22,218,512	67.34%	$ 17,222,457	52.20%	$ 4,996,055	22.49%
312.00 Boiler Plant Equipment	90,366,423	57,003,899	63.08%	43,801,017	48.47%	13,202,881	23.16%
314.00 Turbogenerator Units	22,694,256	10,463,054	46.10%	8,132,878	35.84%	2,330,176	22.27%
315.00 Accessory Electric Equipment	11,899,695	7,234,754	60.80%	5,560,768	46.73%	1,673,986	23.14%
316.00 Miscellaneous Power Plant Equipment	1,841,396	911,690	49.51%	723,973	39.32%	187,716	20.59%
Total Coyote	$ 159,796,636	$ 97,831,908	61.22%	$ 75,441,094	47.21%	$ 22,390,814	22.89%
HYDRAULIC PRODUCTION							
Hoot Lake							
331.00 Structures and Improvements	$ 69,354	$ 67,807	97.77%	$ 59,493	85.78%	$ 8,314	12.26%
332.00 Reservoirs, Dams and Waterways	297,674	235,021	78.95%	213,626	71.76%	21,395	9.10%
333.00 Water Wheels, Turbines & Generators	104,195	90,084	86.46%	79,788	76.58%	10,296	11.43%
334.00 Accessory Electric Equipment	34,651	28,194	81.37%	25,108	72.46%	3,086	10.95%
335.00 Miscellaneous Power Plant Equipment	48,615	526	1.08%	2,677	5.51%	(2,151)	
Total Hoot Lake	$ 554,489	$ 421,631	76.04%	$ 380,691	68.66%	$ 40,940	9.71%

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2012

Account	Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Reserve Imbalance Amount	Reserve Imbalance Multiple
A		B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Wright								
331.00	Structures and Improvements	$ 19,026	$ 13,675	71.88%	$ 13,788	72.47%	$ (112)	-0.82%
332.00	Reservoirs, Dams and Waterways	382,677	210,285	54.95%	214,398	56.03%	(4,113)	-1.96%
333.00	Water Wheels, Turbines & Generators	228,711	123,737	54.10%	125,962	55.07%	(2,225)	-1.80%
334.00	Accessory Electric Equipment	200,524	103,587	51.66%	105,247	52.49%	(1,660)	-1.60%
335.00	Miscellaneous Power Plant Equipment	114,979	27,078	23.55%	35,164	30.58%	(8,086)	-29.86%
	Total Wright	$ 945,917	$ 478,362	50.57%	$ 494,559	52.28%	$ (16,196)	-3.39%
Pisgah								
331.00	Structures and Improvements	$ 12,118	$ 9,400	77.57%	$ 9,464	78.10%	$ (64)	-0.68%
332.00	Reservoirs, Dams and Waterways	341,275	112,188	32.87%	126,445	37.05%	(14,258)	-12.71%
333.00	Water Wheels, Turbines & Generators	159,732	59,900	37.50%	62,019	38.83%	(2,119)	-3.54%
334.00	Accessory Electric Equipment	99,812	46,355	46.44%	52,960	53.06%	(6,604)	-14.25%
335.00	Miscellaneous Power Plant Equipment	62,505	(6,954)	-11.13%	3,087	4.94%	(10,041)	144.39%
	Total Pisgah	$ 675,442	$ 220,889	32.70%	$ 253,975	37.60%	$ (33,086)	-14.98%
Dayton Hollow								
331.00	Structures and Improvements	$ 16,269	$ 283	1.74%	$ 2,463	15.14%	$ (2,179)	-769.81%
332.00	Reservoirs, Dams and Waterways	816,003	108,253	13.27%	219,771	26.93%	(111,518)	-103.02%
333.00	Water Wheels, Turbines & Generators	226,751	87,125	38.42%	77,815	34.32%	9,310	10.69%
334.00	Accessory Electric Equipment	193,342	110,384	57.09%	116,793	60.41%	(6,408)	-5.81%
335.00	Miscellaneous Power Plant Equipment	111,390	(2,699)	-2.42%	6,159	5.53%	(8,858)	328.15%
	Total Dayton Hollow	$ 1,363,755	$ 303,346	22.24%	$ 423,000	31.02%	$ (119,654)	-39.44%
Taplin Gorge								
331.00	Structures and Improvements	$ 35,140	$ 32,137	91.45%	$ 31,143	88.63%	$ 994	3.09%
332.00	Reservoirs, Dams and Waterways	602,787	251,325	41.69%	275,847	45.76%	(24,523)	-9.76%
333.00	Water Wheels, Turbines & Generators	15,110	13,992	92.60%	13,551	89.68%	441	3.15%
334.00	Accessory Electric Equipment	58,670	36,660	62.48%	36,226	61.74%	434	1.18%
335.00	Miscellaneous Power Plant Equipment	103,392	19,659	19.01%	28,840	27.89%	(9,181)	-46.70%
	Total Taplin Gorge	$ 815,099	$ 353,772	43.40%	$ 385,607	47.31%	$ (31,835)	-9.00%

OTTER TAIL POWER COMPANY

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2012

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Reserve Imbalance Amount	Reserve Imbalance Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Bemidji							
331.00 Structures and Improvements	$ 199,805	$ 53,061	26.56%	$ 71,698	35.88%	$ (18,637)	-35.12%
332.00 Reservoirs, Dams and Waterways	659,793	199,537	30.24%	293,866	44.54%	(94,330)	-47.27%
333.00 Water Wheels, Turbines & Generators	322,687	147,100	45.59%	168,169	52.12%	(21,069)	-14.32%
334.00 Accessory Electric Equipment	5,376	2,458	45.73%	4,647	86.44%	(2,189)	-89.05%
335.00 Miscellaneous Power Plant Equipment	1,070	98	9.14%	268	25.06%	(170)	-174.18%
Total Bemidji	$ 1,188,731	$ 402,253	33.84%	$ 538,649	45.31%	$ (136,395)	-33.91%
OTHER PRODUCTION							
Jamestown							
341.00 Structures and Improvements	$ 265,172	$ 193,593	73.01%	$ 178,362	67.26%	$ 15,231	7.87%
342.00 Fuel Holders and Accessories	449,747	196,029	43.59%	187,857	41.77%	8,172	4.17%
343.00 Prime Movers	6,674,855	5,265,745	78.89%	4,760,303	71.32%	505,442	9.60%
344.00 Generators							
345.00 Accessory Electric Equipment	223,220	126,501	56.67%	149,379	66.92%	(22,878)	-18.08%
346.00 Miscellaneous Power Plant Equipment	109,578	64,126	58.52%	59,092	53.93%	5,035	7.85%
Total Jamestown	$ 7,722,572	$ 5,845,994	75.70%	$ 5,334,992	69.08%	$ 511,002	8.74%
Jamestown Unit 1							
341.00 Structures and Improvements	$ 240,319	$ 183,578	76.39%	$ 168,546	70.13%	$ 15,032	8.19%
342.00 Fuel Holders and Accessories	412,978	168,533	40.81%	164,609	39.86%	3,924	2.33%
343.00 Prime Movers	2,877,313	2,167,391	75.33%	1,971,037	68.50%	196,354	9.06%
344.00 Generators							
345.00 Accessory Electric Equipment	155,612	100,497	64.58%	122,886	78.97%	(22,389)	-22.28%
346.00 Miscellaneous Power Plant Equipment	82,536	42,113	51.02%	39,341	47.67%	2,771	6.58%
Total Jamestown Unit 1	$ 3,768,758	$ 2,662,111	70.64%	$ 2,466,420	65.44%	$ 195,692	7.35%
Jamestown Unit 2							
341.00 Structures and Improvements	$ 24,853	$ 10,015	40.30%	$ 9,816	39.50%	$ 199	1.99%
342.00 Fuel Holders and Accessories	36,769	27,496	74.78%	23,248	63.23%	4,249	15.45%
343.00 Prime Movers	3,797,542	3,098,354	81.59%	2,789,266	73.45%	309,088	9.98%
344.00 Generators							
345.00 Accessory Electric Equipment	67,608	26,004	38.46%	26,493	39.19%	(489)	-1.88%
346.00 Miscellaneous Power Plant Equipment	27,042	22,014	81.41%	19,750	73.04%	2,263	10.28%
Total Jamestown Unit 2	$ 3,953,814	$ 3,183,883	80.53%	$ 2,868,573	72.55%	$ 315,310	9.90%

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2012

Statement C

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Reserve Imbalance Amount	Reserve Imbalance Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Lake Preston							
341.00 Structures and Improvements	$ 205,567	$ 166,731	81.11%	$ 152,402	74.14%	$ 14,329	8.59%
342.00 Fuel Holders and Accessories	328,705	218,825	66.57%	212,443	64.63%	6,382	2.92%
343.00 Prime Movers	3,172,066	2,643,232	83.33%	2,385,111	75.19%	258,120	9.77%
344.00 Generators							
345.00 Accessory Electric Equipment	369,280	317,144	85.88%	284,444	77.03%	32,700	10.31%
346.00 Miscellaneous Power Plant Equipment	21,607	18,526	85.74%	16,828	77.88%	1,699	9.17%
Total Lake Preston	$ 4,097,225	$ 3,364,458	82.12%	$ 3,051,229	74.47%	$ 313,229	9.31%
Ashtabula Wind Generation							
341.00 Structures and Improvements	$ 3,248,290	$ 519,756	16.00%	$ 579,069	17.83%	$ (59,314)	-11.41%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	106,510,924	17,172,960	16.12%	18,950,944	17.79%	(1,777,984)	-10.35%
345.00 Accessory Electric Equipment	6,219,783	994,892	16.00%	1,108,794	17.83%	(113,902)	-11.45%
346.00 Miscellaneous Power Plant Equipment	18,534	329	1.78%	440	2.38%	(111)	
Total Ashtabula Wind Generation	$ 115,997,531	$ 18,687,937	16.11%	$ 20,639,248	17.79%	$ (1,951,311)	-10.44%
Langdon Wind Generation							
341.00 Structures and Improvements	$ 2,484,069	$ 486,853	19.60%	$ 544,591	21.92%	$ (57,737)	-11.86%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	68,839,589	12,986,703	18.87%	14,933,410	21.69%	(1,946,706)	-14.99%
345.00 Accessory Electric Equipment	6,990,877	1,350,512	19.32%	1,514,227	21.66%	(163,715)	-12.12%
346.00 Miscellaneous Power Plant Equipment	41,430	1,351	3.26%	1,839	4.44%	(488)	
Total Langdon Wind Generation	$ 78,355,965	$ 14,825,420	18.92%	$ 16,994,067	21.69%	$ (2,168,648)	-14.63%
Luverne Wind Generation							
341.00 Structures and Improvements	$ 2,266,581	$ 291,583	12.86%	$ 315,825	13.93%	$ (24,242)	-8.31%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	65,139,228	8,120,771	12.47%	9,052,793	13.90%	(932,022)	-11.48%
345.00 Accessory Electric Equipment	4,851,757	623,350	12.85%	676,042	13.93%	(52,692)	-8.45%
346.00 Miscellaneous Power Plant Equipment	43,640	801	1.84%	998	2.29%	(197)	
Total Luverne Wind Generation	$ 72,301,206	$ 9,036,505	12.50%	$ 10,045,658	13.89%	$ (1,009,153)	-11.17%

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2012

Statement C

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Reserve Imbalance Amount	Reserve Imbalance Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Solway Combustion Turbine							
341.00 Structures and Improvements	$ 4,251,853	$ 1,193,324	28.07%	$ 1,116,727	26.26%	$ 76,597	6.42%
342.00 Fuel Holders and Accessories	1,003,596	279,209	27.82%	260,907	26.00%	18,302	6.55%
343.00 Prime Movers	21,220,090	5,992,829	28.24%	5,596,853	26.38%	395,976	6.61%
344.00 Generators							
345.00 Accessory Electric Equipment	1,253,141	356,678	28.46%	333,559	26.62%	23,119	6.48%
346.00 Miscellaneous Power Plant Equipment	311,722	80,626	25.86%	75,621	24.26%	5,006	6.21%
Total Solway Combustion Turbine	$ 28,040,402	$ 7,902,666	28.18%	$ 7,383,666	26.33%	$ 519,000	6.57%
Fergus Falls Control Center							
341.00 Structures and Improvements	$ -	$ -		$ -		$ -	
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	591,638	284,251	48.04%	294,554	49.79%	(10,302)	-3.62%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center	$ 591,638	$ 284,251	48.04%	$ 294,554	49.79%	$ (10,302)	-3.62%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	Rate
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	$ 63,117,326	$ 1,279,898	$ 61,837,428	-36.3%	-10.4%	$ (464,085)	$ (6,449,626)	$ (6,913,711)	-11.0%
312.00 Boiler Plant Equipment	237,913,981	35,053,982	202,859,999	-19.2%	-10.9%	(6,732,023)	(22,167,088)	(28,899,111)	-12.1%
314.00 Turbogenerator Units	75,074,206	14,484,296	60,589,910	3.5%	-11.2%	510,097	(6,768,139)	(6,258,041)	-8.3%
315.00 Accessory Electric Equipment	24,866,652	1,361,826	23,504,826	-13.7%	-10.6%	(186,082)	(2,482,179)	(2,668,261)	-10.7%
316.00 Miscellaneous Power Plant Equipment	7,507,155	2,039,587	5,467,568	6.4%	-11.0%	130,697	(599,777)	(469,080)	-6.2%
Total Steam Production Plant	$ 408,479,320	$ 54,219,589	$ 354,259,731	-12.4%	-10.9%	$ (6,741,396)	$ (38,466,809)	$ (45,208,205)	-11.1%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	$ 363,124	$ 11,412	$ 351,712			$ (240)	$ -	$ (240)	-0.1%
332.00 Reservoirs, Dams and Waterways	3,183,670	83,461	3,100,209			(178,279)		(178,279)	-5.6%
333.00 Water Wheels, Turbines & Generators	1,074,180	16,994	1,057,186			(85,217)		(85,217)	-7.9%
334.00 Accessory Electric Equipment	609,522	17,147	592,375			(1,463)		(1,463)	-0.2%
335.00 Miscellaneous Power Plant Equipment	512,062	70,111	441,951			(2,367)		(2,367)	-0.5%
Total Hydraulic Production Plant	$ 5,742,558	$ 199,125	$ 5,543,433	-134.4%		$ (267,566)	$ -	$ (267,566)	-4.7%
OTHER PRODUCTION									
341.00 Structures and Improvements	$ 12,730,754	$ 9,222	$ 12,721,532	-6.4%	-1.2%	$ (594)	$ (147,226)	$ (147,820)	-1.2%
342.00 Fuel Holders and Accessories	1,976,697	194,649	1,782,048	-5.3%	-1.0%	(10,287)	(18,200)	(28,487)	-1.4%
343.00 Prime Movers	32,077,773	419,124	31,658,649	-23.2%	-0.8%	(97,123)	(254,458)	(351,581)	-1.1%
344.00 Generators	241,151,568	661,827	240,489,741	-2.9%	-1.5%	(19,197)	(3,613,509)	(3,632,706)	-1.5%
345.00 Accessory Electric Equipment	19,931,482	23,424	19,908,058	35.1%	-1.5%	8,216	(293,536)	(285,321)	-1.4%
346.00 Miscellaneous Power Plant Equipment	550,131	3,620	546,511	71.8%	-0.9%	2,599	(5,016)	(2,417)	-0.4%
Total Other Production Plant	$ 308,418,405	$ 1,311,866	$ 307,106,539	-8.9%	-1.4%	$ (116,386)	$ (4,331,945)	$ (4,448,331)	-1.4%
TRANSMISSION PLANT									
353.00 Station Equipment	$ 82,019,621	$ 7,123,420	$ 74,896,201	46.4%	-5.0%	$ 3,305,267	$ (3,744,810)	$ (439,543)	-0.5%
354.00 Towers and Fixtures	4,692,263		4,692,263		-10.0%		(469,226)	(469,226)	-10.0%
355.00 Poles and Fixtures	106,378,299	4,740,828	101,637,471	56.3%	-50.0%	2,669,086	(50,818,736)	(48,149,649)	-45.3%
356.00 Overhead Conductors and Devices	82,482,055	4,864,155	77,617,900	52.2%	-30.0%	2,539,089	(23,285,370)	(20,746,281)	-25.2%
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	$ 275,650,194	$ 16,728,898	$ 258,921,296	50.9%	-30.2%	$ 8,511,616	$ (78,322,015)	$ (69,810,399)	-25.3%
DISTRIBUTION PLANT									
362.00 Station Equipment	$ 83,711,271	$ 16,327,568	$ 67,383,703	16.5%	5.0%	$ 2,694,049	$ 3,369,185	$ 6,063,234	7.2%
364.00 Poles, Towers and Fixtures	67,467,227	2,823,981	64,643,246	-105.2%	-75.0%	(2,970,828)	(48,482,435)	(51,453,263)	-76.3%
365.00 Overhead Conductors and Devices	49,208,302	3,291,261	45,917,041	-81.1%	-100.0%	(2,669,213)	(45,917,041)	(48,586,254)	-98.7%
367.00 Underground Conductors and Devices	67,007,990	3,918,780	63,089,210	-3.0%	-5.0%	(117,563)	(3,154,461)	(3,272,024)	-4.9%
368.00 Line Transformers	85,927,562	10,230,784	75,696,778	39.1%	50.0%	4,000,237	37,848,389	41,848,626	48.7%
369.00 Overhead Services	12,789,938	688,492	12,101,446	-227.2%	-150.0%	(1,564,254)	(18,152,169)	(19,716,423)	-154.2%
369.10 Underground Services	35,399,515	394,058	35,005,457	-31.4%	-20.0%	(123,734)	(7,001,091)	(7,124,826)	-20.1%
370.00 Meters	26,455,296	4,295,210	22,160,086	0.8%		34,362		34,362	0.1%
370.10 Load Management Switches	10,873,289	2,012,897	8,860,392						
370.20 Interruption Monitors	1,277,033	631,170	645,863						
371.20 Other Private Lighting	6,683,235	2,552,834	4,130,401	9.3%	10.0%	237,414	413,040	650,454	9.7%
373.00 Street Lighting and Signal Systems	8,074,793	3,329,846	4,744,947	-2.2%	-5.0%	(73,257)	(237,247)	(310,504)	-3.8%
Total Distribution Plant	$ 454,875,451	$ 50,496,881	$ 404,378,570	-1.1%	-20.1%	$ (552,788)	$ (81,313,830)	$ (81,866,618)	-18.0%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	Rate
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
GENERAL PLANT									
Depreciable									
390.00 Structures and Improvements	$ 22,832,896	$ 3,605,084	$ 19,227,812	33.7%	10.0%	$ 1,214,913	$ 1,922,781	$ 3,137,695	13.7%
390.10 General Office Buildings	6,733,229	1,196,846	5,536,383	-13.5%	51.2%	(161,574)	2,834,354	2,672,779	39.7%
390.20 Fleet Service Center Building	892,597	77,442	815,155	-59.5%	38.6%	(46,078)	314,525	268,447	30.1%
390.30 Central Stores Building	3,941,360	37,194	3,904,166	-5.1%	95.5%	(1,897)	3,728,242	3,726,345	94.5%
396.00 Power Operated Equipment	1,037,178	451,060	586,118	27.1%	20.0%	122,237	117,224	239,461	23.1%
397.40 Communication Towers	1,799,208	107,433	1,691,775	13.5%	5.0%	14,503	84,589	99,092	5.5%
Total Depreciable	$ 37,236,468	$ 5,475,059	$ 31,761,409	20.9%	28.3%	$ 1,142,105	$ 9,001,714	$ 10,143,819	27.2%
Amortizable									
391.00 Office Furniture	$ 5,901,860	$ 4,412,944	$ 1,488,916			$ -	$ -	$ -	
391.10 Office Equipment	2,934,052	1,917,923	1,016,129						
391.20 Duplicating Equipment	2,104,843	1,417,601	687,242						
391.50 Computer Systems	11,884,291	8,671,694	3,212,597						
391.60 Computer Related Equipment	10,191,504	8,811,584	1,379,920						
394.00 Tools, Shop and Garage Equipment	6,301,655	3,045,102	3,256,553						
394.20 Automated Meter Reading Equipment	2,069,298	1,479,854	589,444						
397.00 Communication Equipment	1,852,173	1,190,084	662,089						
397.10 Radio Telecommunication Equipment	6,298,513	4,943,495	1,355,018						
397.20 Microwave Equipment	6,084,173	2,661,594	3,422,579						
397.30 Radio Load Control Equipment	1,773,533	1,326,613	446,920						
Total Amortizable	$ 57,395,895	$ 39,878,488	$ 17,517,407			$ -	$ -	$ -	
Total General Plant	$ 94,632,363	$ 45,353,547	$ 49,278,816	2.5%	18.3%	$ 1,142,105	$ 9,001,714	$ 10,143,819	10.7%
TOTAL UTILITY	$ 1,547,798,291	$ 168,309,906	$ 1,379,488,385	5.3%	-14.0%	$ 8,982,179	$ (193,432,884)	$ (191,457,299)	-12.4%
STEAM PRODUCTION									
Big Stone									
311.00 Structures and Improvements	$ 23,144,082	$ 418,496	$ 22,725,586	-10.1%	-11.9%	$ (42,268)	$ (2,704,345)	$ (2,746,613)	-11.9%
312.00 Boiler Plant Equipment	95,788,054	18,337,088	77,450,966	-23.1%	-12.0%	(4,235,867)	(9,294,116)	(13,529,983)	-14.1%
314.00 Turbogenerator Units	32,487,714	5,299,007	27,188,707	19.5%	-12.0%	1,033,306	(3,262,645)	(2,229,338)	-6.9%
315.00 Accessory Electric Equipment	9,732,979	488,290	9,244,689	-22.8%	-12.0%	(111,330)	(1,109,363)	(1,220,693)	-12.5%
316.00 Miscellaneous Power Plant Equipment	3,504,717	918,928	2,585,789	2.3%	-11.5%	21,135	(297,366)	(276,230)	-7.9%
Total Big Stone	$ 164,657,546	$ 25,461,809	$ 139,195,737	-13.1%	-12.0%	$ (3,335,024)	$ (16,667,834)	$ (20,002,858)	-12.1%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	$ 6,349,602	$ 232,626	$ 6,116,976	-137.0%	-14.3%	$ (318,698)	$ (874,728)	$ (1,193,425)	-18.8%
312.00 Boiler Plant Equipment	40,839,399	5,796,789	35,042,610	-32.7%	-14.3%	(1,895,550)	(5,011,093)	(6,906,643)	-16.9%
314.00 Turbogenerator Units	12,026,325	1,319,378	10,706,947	-1.5%	-14.3%	(19,791)	(1,531,093)	(1,550,884)	-12.9%
315.00 Accessory Electric Equipment	2,385,752	25,310	2,360,442	-181.4%	-14.3%	(45,912)	(337,543)	(383,456)	-16.1%
316.00 Miscellaneous Power Plant Equipment	1,143,370	102,987	1,040,383	55.0%	-14.2%	56,643	(147,734)	(91,092)	-8.0%
Total Hoot Lake Units 2 and 3	$ 62,744,448	$ 7,477,090	$ 55,267,358	-29.7%	-14.3%	$ (2,223,308)	$ (7,902,192)	$ (10,125,500)	-16.1%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average Rate
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
Coyote									
311.00 Structures and Improvements	$ 33,623,642	$ 628,776	$ 32,994,866	-16.4%	-8.7%	$ (103,119)	$ (2,870,553)	$ (2,973,673)	-8.8%
312.00 Boiler Plant Equipment	101,286,528	10,920,105	90,366,423	-5.5%	-8.7%	(600,606)	(7,861,879)	(8,462,485)	-8.4%
314.00 Turbogenerator Units	30,560,167	7,865,911	22,694,256	-6.4%	-8.7%	(503,418)	(1,974,400)	(2,477,819)	-8.1%
315.00 Accessory Electric Equipment	12,747,921	848,226	11,899,695	-3.4%	-8.7%	(28,840)	(1,035,273)	(1,064,113)	-8.3%
316.00 Miscellaneous Power Plant Equipment	2,859,068	1,017,672	1,841,396	5.2%	-8.4%	52,919	(154,677)	(101,758)	-3.6%
Total Coyote	$ 181,077,326	$ 21,280,690	$ 159,796,636	-5.6%	-8.7%	$ (1,183,064)	$ (13,896,783)	$ (15,079,847)	-8.3%
HYDRAULIC PRODUCTION									
Hoot Lake									
331.00 Structures and Improvements	$ 69,354	$ -	$ 69,354			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	305,758	8,084	297,674	-2.5%		(202)		(202)	-0.1%
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	48,615		48,615						
Total Hoot Lake	$ 562,573	$ 8,084	$ 554,489	-2.5%		$ (202)	$ -	$ (202)	
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	127,011	12,032	114,979	-7.9%		(951)		(951)	-0.7%
Total Wright	$ 965,527	$ 19,610	$ 945,917	-38.0%		$ (7,452)	$ -	$ (7,452)	-0.8%
Pisgah									
331.00 Structures and Improvements	$ 12,118	$ -	$ 12,118			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	341,275		341,275						
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	11,445	99,812	-2.5%		(286)		(286)	-0.3%
335.00 Miscellaneous Power Plant Equipment	84,324	21,819	62,505	-2.5%		(545)		(545)	-0.6%
Total Pisgah	$ 710,174	$ 34,732	$ 675,442	-71.9%		$ (24,982)	$ -	$ (24,982)	-3.5%
Dayton Hollow									
331.00 Structures and Improvements	$ 16,269	$ -	$ 16,269			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	860,267	44,264	816,003	-309.1%		(136,820)		(136,820)	-15.9%
333.00 Water Wheels, Turbines & Generators	239,295	12,544	226,751	-195.3%		(24,498)		(24,498)	-10.2%
334.00 Accessory Electric Equipment	193,849	507	193,342	41.7%		211		211	0.1%
335.00 Miscellaneous Power Plant Equipment	119,474	8,084	111,390	-2.5%		(202)		(202)	-0.2%
Total Dayton Hollow	$ 1,429,154	$ 65,399	$ 1,363,755	-246.7%		$ (161,309)	$ -	$ (161,309)	-11.3%
Taplin Gorge									
331.00 Structures and Improvements	$ 35,140	$ -	$ 35,140			$ -	$ -	$ -	
332.00 Reservoirs, Dams and Waterways	620,787	18,000	602,787	-166.7%		(30,006)		(30,006)	-4.8%
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	130,263	26,871	103,392	-2.0%		(537)		(537)	-0.4%
Total Taplin Gorge	$ 863,702	$ 48,603	$ 815,099	-63.2%		$ (30,719)	$ -	$ (30,719)	-3.6%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	Rate
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
Bemidji									
331.00 Structures and Improvements	$ 211,217	$ 11,412	$ 199,805	-2.1%		$ (240)	$ -	$ (240)	-0.1%
332.00 Reservoirs, Dams and Waterways	665,328	5,535	659,793	-85.8%		(4,749)		(4,749)	-0.7%
333.00 Water Wheels, Turbines & Generators	325,669	2,982	322,687	-1226.3%		(36,568)		(36,568)	-11.2%
334.00 Accessory Electric Equipment	6,839	1,463	5,376	-82.9%		(1,213)		(1,213)	-17.7%
335.00 Miscellaneous Power Plant Equipment	2,375	1,305	1,070	-10.1%		(132)		(132)	-5.5%
Total Bemidji	$ 1,211,428	$ 22,697	$ 1,188,731	-189.0%		$ (42,902)	$ -	$ (42,902)	-3.5%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	$ 266,395	$ 1,223	$ 265,172	-18.5%	-1.4%	$ (226)	$ (3,712)	$ (3,939)	-1.5%
342.00 Fuel Holders and Accessories	599,588	149,841	449,747	-5.4%	-1.4%	(8,091)	(6,296)	(14,388)	-2.4%
343.00 Prime Movers	6,923,561	248,706	6,674,855	-42.7%	-1.4%	(106,193)	(93,448)	(199,641)	-2.9%
344.00 Generators									
345.00 Accessory Electric Equipment	242,133	18,913	223,220	43.4%	-1.4%	8,216	(3,125)	5,090	2.1%
346.00 Miscellaneous Power Plant Equipment	109,578		109,578		-1.4%		(1,534)	(1,534)	-1.4%
Total Jamestown	$ 8,141,255	$ 418,683	$ 7,722,572	-25.4%	-1.4%	$ (106,296)	$ (108,116)	$ (214,412)	-2.6%
Jamestown Unit 1									
341.00 Structures and Improvements	$ 241,542	$ 1,223	$ 240,319	-18.5%	-1.4%	$ (226)	$ (3,364)	$ (3,591)	-1.5%
342.00 Fuel Holders and Accessories	412,978		412,978		-1.4%		(5,782)	(5,782)	-1.4%
343.00 Prime Movers	3,004,562	127,249	2,877,313	-63.6%	-1.4%	(80,930)	(40,282)	(121,213)	-4.0%
344.00 Generators									
345.00 Accessory Electric Equipment	157,825	2,213	155,612	22.6%	-1.4%	500	(2,179)	(1,678)	-1.1%
346.00 Miscellaneous Power Plant Equipment	82,536		82,536		-1.4%		(1,156)	(1,156)	-1.4%
Total Jamestown Unit 1	$ 3,899,443	$ 130,685	$ 3,768,758	-61.7%	-1.4%	$ (80,656)	$ (52,763)	$ (133,419)	-3.4%
Jamestown Unit 2									
341.00 Structures and Improvements	$ 24,853	$ -	$ 24,853		-1.4%	$ -	$ (348)	$ (348)	-1.4%
342.00 Fuel Holders and Accessories	186,610	149,841	36,769	-5.4%	-1.4%	(8,091)	(515)	(8,606)	-4.6%
343.00 Prime Movers	3,918,999	121,457	3,797,542	-20.8%	-1.4%	(25,263)	(53,166)	(78,429)	-2.0%
344.00 Generators									
345.00 Accessory Electric Equipment	84,308	16,700	67,608	46.2%	-1.4%	7,715	(947)	6,769	8.0%
346.00 Miscellaneous Power Plant Equipment	27,042		27,042		-1.4%		(379)	(379)	-1.4%
Total Jamestown Unit 2	$ 4,241,812	$ 287,998	$ 3,953,814	-8.9%	-1.4%	$ (25,639)	$ (55,353)	$ (80,992)	-1.9%
Lake Preston									
341.00 Structures and Improvements	$ 205,566	$ (1)	$ 205,567		-2.4%	$ -	$ (4,934)	$ (4,934)	-2.4%
342.00 Fuel Holders and Accessories	373,513	44,808	328,705	-4.9%	-2.4%	(2,196)	(7,889)	(10,085)	-2.7%
343.00 Prime Movers	3,248,402	76,336	3,172,066	-6.0%	-2.4%	(4,580)	(76,130)	(80,710)	-2.5%
344.00 Generators									
345.00 Accessory Electric Equipment	373,791	4,511	369,280		-2.4%		(8,863)	(8,863)	-2.4%
346.00 Miscellaneous Power Plant Equipment	25,227	3,620	21,607	71.8%	-2.4%	2,599	(519)	2,081	8.2%
Total Lake Preston	$ 4,226,499	$ 129,274	$ 4,097,225	-3.2%	-2.4%	$ (4,177)	$ (98,333)	$ (102,510)	-2.4%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description	Plant Investment			Salvage Rate		Net Salvage			Average
	Additions	Retirements	Survivors	Realized	Future	Realized	Future	Total	Rate
A	B	C	D=B-C	E	F	G=E*C	H=F*D	I=G+H	J=I/B
Ashtabula Wind Generation									
341.00 Structures and Improvements	$ 3,248,290	$ -	$ 3,248,290		-1.2%	$ -	$ (38,979)	$ (38,979)	-1.2%
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	106,510,924		106,510,924		-1.2%		(1,278,131)	(1,278,131)	-1.2%
345.00 Accessory Electric Equipment	6,219,783		6,219,783		-1.2%		(74,637)	(74,637)	-1.2%
346.00 Miscellaneous Power Plant Equipment	18,534		18,534		-1.2%		(222)	(222)	-1.2%
Total Ashtabula Wind Generation	$ 115,997,531	$ -	$ 115,997,531		-1.2%	$ -	$ (1,391,970)	$ (1,391,970)	-1.2%
Langdon Wind Generation									
341.00 Structures and Improvements	$ 2,484,069	$ -	$ 2,484,069		-1.5%	$ -	$ (37,261)	$ (37,261)	-1.5%
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	69,297,707	458,118	68,839,589	-1.3%	-1.5%	(5,956)	(1,032,594)	(1,038,549)	-1.5%
345.00 Accessory Electric Equipment	6,990,877		6,990,877		-1.5%		(104,863)	(104,863)	-1.5%
346.00 Miscellaneous Power Plant Equipment	41,430		41,430		-1.5%		(621)	(621)	-1.5%
Total Langdon Wind Generation	$ 78,814,083	$ 458,118	$ 78,355,965	-1.3%	-1.5%	$ (5,956)	$ (1,175,339)	$ (1,181,295)	-1.5%
Luverne Wind Generation									
341.00 Structures and Improvements	$ 2,266,581	$ -	$ 2,266,581		-2.0%	$ -	$ (45,332)	$ (45,332)	-2.0%
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	65,342,937	203,709	65,139,228	-6.5%	-2.0%	(13,241)	(1,302,785)	(1,316,026)	-2.0%
345.00 Accessory Electric Equipment	4,851,757		4,851,757		-2.0%		(97,035)	(97,035)	-2.0%
346.00 Miscellaneous Power Plant Equipment	43,640		43,640		-2.0%		(873)	(873)	-2.0%
Total Luverne Wind Generation	$ 72,504,915	$ 203,709	$ 72,301,206	-6.5%	-2.0%	$ (13,241)	$ (1,446,024)	$ (1,459,265)	-2.0%
Solway Combustion Turbine									
341.00 Structures and Improvements	$ 4,259,853	$ 8,000	$ 4,251,853	-4.6%	-0.4%	$ (368)	$ (17,007)	$ (17,375)	-0.4%
342.00 Fuel Holders and Accessories	1,003,596		1,003,596		-0.4%		(4,014)	(4,014)	-0.4%
343.00 Prime Movers	21,254,836	34,746	21,220,090	28.7%	-0.4%	9,972	(84,880)	(74,908)	-0.4%
344.00 Generators									
345.00 Accessory Electric Equipment	1,253,141		1,253,141		-0.4%		(5,013)	(5,013)	-0.4%
346.00 Miscellaneous Power Plant Equipment	311,722		311,722		-0.4%		(1,247)	(1,247)	-0.4%
Total Solway Combustion Turbine	$ 28,083,148	$ 42,746	$ 28,040,402	22.5%	-0.4%	$ 9,604	$ (112,162)	$ (102,558)	-0.4%
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	12/31/12 Plant Investment	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate
		Interim	Final	Interim	Final	Interim	Final	Total	
A	B	C	D=B-C	E	F	G=C*E	H=D*F	I=G+H	J=I/B
STEAM PRODUCTION									
Big Stone									
311.00 Structures and Improvements	$ 22,725,586	$ 2,035,002	$ 20,690,584	-5.0%	-12.6%	$ (101,750)	$ (2,613,494)	$ (2,715,244)	-11.9%
312.00 Boiler Plant Equipment	77,450,966	6,797,339	70,653,627	-5.0%	-12.6%	(339,867)	(8,924,486)	(9,264,353)	-12.0%
314.00 Turbogenerator Units	27,188,707	2,353,378	24,835,329	-5.0%	-12.6%	(117,669)	(3,137,030)	(3,254,699)	-12.0%
315.00 Accessory Electric Equipment	9,244,689	821,237	8,423,452	-5.0%	-12.6%	(41,062)	(1,063,993)	(1,105,055)	-12.0%
316.00 Miscellaneous Power Plant Equipment	2,585,789	226,553	2,359,236		-12.6%		(298,003)	(298,003)	-11.5%
Total Big Stone	$ 139,195,737	$ 12,233,508	$ 126,962,229	-4.9%	-12.6%	$ (600,348)	$ (16,037,006)	$ (16,637,354)	-12.0%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	$ 6,116,976	$ 120,133	$ 5,996,843	-5.0%	-14.5%	$ (6,007)	$ (869,028)	$ (875,035)	-14.3%
312.00 Boiler Plant Equipment	35,042,610	648,221	34,394,389	-5.0%	-14.5%	(32,411)	(4,984,239)	(5,016,650)	-14.3%
314.00 Turbogenerator Units	10,706,947	205,932	10,501,015	-5.0%	-14.5%	(10,297)	(1,521,747)	(1,532,044)	-14.3%
315.00 Accessory Electric Equipment	2,360,442	46,831	2,313,611	-5.0%	-14.5%	(2,342)	(335,275)	(337,617)	-14.3%
316.00 Miscellaneous Power Plant Equipment	1,040,383	18,881	1,021,502		-14.5%		(148,030)	(148,030)	-14.2%
Total Hoot Lake Units 2 and 3	$ 55,267,358	$ 1,039,998	$ 54,227,360	-4.9%	-14.5%	$ (51,056)	$ (7,858,319)	$ (7,909,375)	-14.3%
Coyote									
311.00 Structures and Improvements	$ 32,994,866	$ 2,490,964	$ 30,503,902	-5.0%	-9.0%	$ (124,548)	$ (2,756,214)	$ (2,880,762)	-8.7%
312.00 Boiler Plant Equipment	90,366,423	6,781,174	83,585,249	-5.0%	-9.0%	(339,059)	(7,552,438)	(7,891,497)	-8.7%
314.00 Turbogenerator Units	22,694,256	1,670,225	21,024,031	-5.0%	-9.0%	(83,511)	(1,899,650)	(1,983,161)	-8.7%
315.00 Accessory Electric Equipment	11,899,695	890,264	11,009,431	-5.0%	-9.0%	(44,513)	(994,769)	(1,039,283)	-8.7%
316.00 Miscellaneous Power Plant Equipment	1,841,396	135,585	1,705,811		-9.0%		(154,130)	(154,130)	-8.4%
Total Coyote	$ 159,796,636	$ 11,968,211	$ 147,828,425	-4.9%	-9.0%	$ (591,631)	$ (13,357,202)	$ (13,948,834)	-8.7%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	$ 265,172	$ 7,114	$ 258,058		-1.4%	$ -	$ (3,628)	$ (3,628)	-1.4%
342.00 Fuel Holders and Accessories	449,747	11,806	437,941		-1.4%		(6,157)	(6,157)	-1.4%
343.00 Prime Movers	6,674,855	180,729	6,494,126		-1.4%		(91,299)	(91,299)	-1.4%
344.00 Generators									
345.00 Accessory Electric Equipment	223,220	6,018	217,202		-1.4%		(3,054)	(3,054)	-1.4%
346.00 Miscellaneous Power Plant Equipment	109,578	2,873	106,705		-1.4%		(1,500)	(1,500)	-1.4%
Total Jamestown	$ 7,722,572	$ 208,539	$ 7,514,033		-1.4%	$ -	$ (105,637)	$ (105,637)	-1.4%

OTTER TAIL POWER COMPANY
Future Net Salvage
Steam and Other Production

Statement E

Account Description	12/31/12 Plant Investment	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate
		Interim	Final	Interim	Final	Interim	Final	Total	
A	B	C	D=B-C	E	F	G=C*E	H=D*F	I=G+H	J=I/B
Lake Preston									
341.00 Structures and Improvements	$ 205,567	$ 5,589	$ 199,978		-2.5%	$ -	$ (4,973)	$ (4,973)	-2.4%
342.00 Fuel Holders and Accessories	328,705	8,816	319,889		-2.5%		(7,955)	(7,955)	-2.4%
343.00 Prime Movers	3,172,066	86,155	3,085,911		-2.5%		(76,737)	(76,737)	-2.4%
344.00 Generators									
345.00 Accessory Electric Equipment	369,280	10,069	359,211		-2.5%		(8,932)	(8,932)	-2.4%
346.00 Miscellaneous Power Plant Equipment	21,607	585	21,022		-2.5%		(523)	(523)	-2.4%
Total Lake Preston	$ 4,097,225	$ 111,214	$ 3,986,011		-2.5%	$ -	$ (99,119)	$ (99,119)	-2.4%
Solway Combustion Turbine									
341.00 Structures and Improvements	$ 4,251,853	$ 272,111	$ 3,979,742		-0.4%	$ -	$ (16,756)	$ (16,756)	-0.4%
342.00 Fuel Holders and Accessories	1,003,596	64,203	939,393		-0.4%		(3,955)	(3,955)	-0.4%
343.00 Prime Movers	21,220,090	1,358,174	19,861,916		-0.4%		(83,623)	(83,623)	-0.4%
344.00 Generators									
345.00 Accessory Electric Equipment	1,253,141	80,224	1,172,917		-0.4%		(4,938)	(4,938)	-0.4%
346.00 Miscellaneous Power Plant Equipment	311,722	19,901	291,821		-0.4%		(1,229)	(1,229)	-0.4%
Total Solway Combustion Turbine	$ 28,040,402	$ 1,794,613	$ 26,245,789		-0.4%	$ -	$ (110,501)	$ (110,501)	-0.4%
Ashtabula Wind Generation									
341.00 Structures and Improvements	$3,248,290	$164,263	$ 3,084,027		-1.3%	$ -	$ (38,881)	$ (38,881)	-1.2%
342.00 Fuel Holders and Accessories					-1.3%				
343.00 Prime Movers					-1.3%				
344.00 Generators	106,510,924	5,385,966	101,124,958		-1.3%		(1,274,896)	(1,274,896)	-1.2%
345.00 Accessory Electric Equipment	6,219,783	314,528	5,905,255		-1.3%		(74,448)	(74,448)	-1.2%
346.00 Miscellaneous Power Plant Equipment	18,534	928	17,606		-1.3%		(222)	(222)	-1.2%
Total Ashtabula Wind Generation	$ 115,997,531	$ 5,865,685	$ 110,131,846		-1.3%	$ -	$ (1,388,447)	$ (1,388,447)	-1.2%
Langdon Wind Generation									
341.00 Structures and Improvements	$2,484,069	$119,639	$ 2,364,430		-1.5%	$ -	$ (36,364)	$ (36,364)	-1.5%
342.00 Fuel Holders and Accessories					-1.5%				
343.00 Prime Movers					-1.5%				
344.00 Generators	68,839,589	3,315,052	65,524,537		-1.5%		(1,007,736)	(1,007,736)	-1.5%
345.00 Accessory Electric Equipment	6,990,877	336,637	6,654,240		-1.5%		(102,339)	(102,339)	-1.5%
346.00 Miscellaneous Power Plant Equipment	41,430	1,972	39,458		-1.5%		(607)	(607)	-1.5%
Total Langdon Wind Generation	$ 78,355,965	$ 3,773,300	$ 74,582,665		-1.5%	$ -	$ (1,147,046)	$ (1,147,046)	-1.5%

OTTER TAIL POWER COMPANY
Future Net Salvage
Steam and Other Production

Statement E

Account Description	12/31/12 Plant Investment	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate
		Interim	Final	Interim	Final	Interim	Final	Total	
A	B	C	D=B-C	E	F	G=C*E	H=D*F	I=G+H	J=I/B
Luverne Wind Generation									
341.00 Structures and Improvements	$2,266,581	$120,046	$ 2,146,535		-2.1%	$ -	$ (45,784)	$ (45,784)	-2.0%
342.00 Fuel Holders and Accessories					-2.1%				
343.00 Prime Movers					-2.1%				
344.00 Generators	65,139,228	3,449,866	61,689,362		-2.1%		(1,315,802)	(1,315,802)	-2.0%
345.00 Accessory Electric Equipment	4,851,757	256,966	4,594,791		-2.1%		(98,005)	(98,005)	-2.0%
346.00 Miscellaneous Power Plant Equipment	43,640	2,294	41,346		-2.1%		(882)	(882)	-2.0%
Total Luverne Wind Generation	$ 72,301,206	$ 3,829,172	$ 68,472,034		-2.1%	$ -	$ (1,460,473)	$ (1,460,473)	-2.0%
GENERAL PLANT									
390.10 General Office Buildings	$5,536,383	$251,391	$ 5,284,992	-5.0%	53.9%	$ (12,570)	$ 2,846,923	$ 2,834,354	51.2%
390.20 Fleet Service Center Building	815,155	26,523	788,632	-5.0%	40.1%	(1,326)	315,851	314,525	38.6%
390.30 Central Stores Building	3,904,166	233,509	3,670,657	-5.0%	101.9%	(11,675)	3,739,918	3,728,242	95.5%

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
STEAM PRODUCTION												
311.00 Structures and Improvements			43.93	16.95	-7.6	-7.1			52.32	25.98	-11.0	-10.4
312.00 Boiler Plant Equipment			30.99	15.51	-8.9	-7.5			37.79	21.52	-12.1	-10.9
314.00 Turbogenerator Units			30.57	15.85	-5.6	-7.9			40.08	24.51	-8.3	-11.2
315.00 Accessory Electric Equipment			37.69	17.03	-7.2	-7.2			49.55	26.80	-10.7	-10.6
316.00 Miscellaneous Power Plant Equipment			27.41	15.00	-4.0	-7.8			34.13	21.16	-6.2	-11.0
Total Steam Production Plant									40.74	22.93	-11.1	-10.9
HYDRAULIC PRODUCTION												
331.00 Structures and Improvements			18.84	9.39					18.08	8.41	-0.1	
332.00 Reservoirs, Dams and Waterways			20.10	9.38	-0.9				15.76	8.41	-5.6	
333.00 Water Wheels, Turbines & Generators			18.16	9.38	-5.9				18.23	8.41	-7.9	
334.00 Accessory Electric Equipment			20.11	9.38					19.83	8.41	-0.2	
335.00 Miscellaneous Power Plant Equipment			27.60	9.38	-0.1				10.20	8.41	-0.5	
Total Hydraulic Production Plant									15.96	8.41	-4.7	
OTHER PRODUCTION												
341.00 Structures and Improvements			27.65	22.33	-0.1				26.99	20.93	-1.2	-1.2
342.00 Fuel Holders and Accessories			31.87	19.62	-0.9				26.48	16.77	-1.4	-1.0
343.00 Prime Movers			34.06	20.88	-0.6				34.36	20.33	-1.1	-0.8
344.00 Generators			25.00	21.50					24.22	19.96	-1.5	-1.5
345.00 Accessory Electric Equipment			25.62	21.45					24.89	19.88	-1.4	-1.5
346.00 Miscellaneous Power Plant Equipment			29.59	20.29	0.3				27.16	19.57	-0.4	-0.9
Total Other Production Plant									25.15	20.00	-1.4	-1.4
TRANSMISSION PLANT												
353.00 Station Equipment	60.00	R0.5	60.63	49.09	-0.1	-5.0	65.00	R1	65.14	53.06	-0.5	-5.0
354.00 Towers and Fixtures	70.00	R5	70.00	38.90	-10.0	-10.0	70.00	R5	70.00	37.90	-10.0	-10.0
355.00 Poles and Fixtures	65.00	S1.5	65.15	47.58	-44.4	-50.0	70.00	R2	70.31	55.58	-45.3	-50.0
356.00 Overhead Conductors and Devices	60.00	S1.5	60.22	42.29	-24.8	-30.0	70.00	R2	70.25	53.25	-25.2	-30.0
358.00 Underground Conductors and Devices	35.00	S4	37.23	8.34	-7.3	-5.0	40.00	S4	41.13	10.86	-7.3	-5.0
Total Transmission Plant									68.70	53.79	-25.3	-30.2

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
DISTRIBUTION PLANT												
362.00 Station Equipment	38.00	S-.5	38.39	28.76	7.2	5.0	40.00	SC	40.64	32.22	7.2	5.0
364.00 Poles, Towers and Fixtures	65.00	R3	65.12	46.01	-76.1	-75.0	68.00	R3	68.07	48.68	-76.3	-75.0
365.00 Overhead Conductors and Devices	60.00	R3	60.04	38.74	-99.3	-100.0	65.00	R2.5	65.20	44.33	-98.7	-100.0
367.00 Underground Conductors and Devices	35.00	R4	35.06	20.53	-4.9	-5.0	40.00	R4	39.88	24.81	-4.9	-5.0
368.00 Line Transformers	32.00	R0.5	33.58	24.23	48.7	50.0	40.00	R2.5	40.15	28.19	48.7	50.0
369.00 Overhead Services	50.00	S5	50.36	29.33	-153.8	-150.0	55.00	S5	55.18	33.52	-154.2	-150.0
369.10 Underground Services	45.00	R4	45.10	31.19	-20.1	-20.0	45.00	R4	45.11	30.89	-20.1	-20.0
370.00 Meters	32.00	S0.5	33.16	22.00	0.1		28.00	L0.5	29.93	20.64	0.1	
370.10 Load Management Switches	15.00	L3	15.07	8.58			12.00	R5	12.14	4.42		
370.20 Interruption Monitors	5.00	SQ	5.00	1.70			5.00	SQ	5.00	1.00		
371.20 Other Private Lighting	22.00	L0	22.38	16.22	9.8	10.0	23.00	L0	23.23	17.10	9.7	10.0
373.00 Street Lighting and Signal Systems	18.00	L2	18.46	10.28	-3.9	-5.0	22.00	L0.5	22.46	15.43	-3.8	-5.0
Total Distribution Plant									41.42	28.63	-18.0	-20.1
GENERAL PLANT												
Depreciable												
390.00 Structures and Improvements	50.00	L1	50.43	36.38	13.8	10.0	47.00	R1.5	47.47	31.91	13.7	10.0
390.10 General Office Buildings	2030	200-SC	35.84	18.05	-6.5	-5.0	2030	200-SC	35.36	17.10	39.7	51.2
390.20 Fleet Service Center Building	2025	200-SC	38.60	13.26	-9.9	-5.0	2025	200-SC	37.62	12.29	30.1	38.6
390.30 Central Stores Building	2035	200-SC	51.49	22.75	-5.0	-5.0	2035	200-SC	51.56	21.81	94.5	95.5
396.00 Power Operated Equipment	23.00	L0	24.87	16.33	14.6	5.0	24.00	L0	25.93	16.79	23.1	20.0
397.40 Communication Towers	30.00	R4	30.44	15.98	5.5	5.0	40.00	R3	40.23	25.05	5.5	5.0
Total Depreciable									43.89	26.19	27.2	28.3
Amortizable												
391.00 Office Furniture	15.00	SQ	15.00	5.23			15.00	SQ	15.00	5.53		
391.10 Office Equipment	10.00	SQ	10.00	5.02			10.00	SQ	10.00	4.83		
391.20 Duplicating Equipment	10.00	SQ	10.00	4.00			10.00	SQ	10.00	3.15		
391.50 Computer Systems	5.00	SQ	5.00	2.74			5.00	SQ	5.00	2.51		
391.60 Computer Related Equipment	5.00	SQ	5.00	1.87			5.00	SQ	5.00	2.32		
394.00 Tools, Shop and Garage Equipment	15.00	SQ	15.00	9.26			15.00	SQ	15.00	9.23		
394.20 Automated Meter Reading Equipment	15.00	SQ	15.00	10.47			15.00	SQ	15.00	9.50		
397.00 Communication Equipment	15.00	SQ	15.00	9.86			15.00	SQ	15.00	8.94		

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
397.10 Radio Telecommunication Equipment	10.00	SQ	10.00	6.56			10.00	SQ	10.00	5.61		
397.20 Microwave Equipment	15.00	SQ	15.00	8.00			15.00	SQ	15.00	7.63		
397.30 Radio Load Control Equipment	10.00	SQ	10.00	3.39			10.00	SQ	10.00	6.35		
Total Amortizable									9.23	4.78		
Total General Plant									18.80	10.69	10.7	18.3
TOTAL UTILITY									36.88	25.58	-12.4	-14.0
STEAM PRODUCTION												
Big Stone												
311.00 Structures and Improvements	2027	200-SC	41.78	15.18	-8.8	-8.8	2046	200-SC	59.14	31.98	-11.9	-11.9
312.00 Boiler Plant Equipment	2027	200-SC	28.85	15.19	-10.7	-8.8	2046	200-SC	48.76	32.02	-14.1	-12.0
314.00 Turbogenerator Units	2027	200-SC	27.31	15.19	-4.1	-8.8	2046	200-SC	45.63	32.04	-6.9	-12.0
315.00 Accessory Electric Equipment	2027	200-SC	34.71	15.18	-8.7	-8.8	2046	200-SC	53.80	32.01	-12.5	-12.0
316.00 Miscellaneous Power Plant Equipment	2027	200-SC	30.75	15.19	-5.7	-8.6	2046	200-SC	48.77	32.02	-7.9	-11.5
Total Big Stone									49.83	32.02	-12.1	-12.0
Hoot Lake Units 2 and 3												
311.00 Structures and Improvements	2022	200-SC	38.57	10.35	-15.8	-11.2	2020	200-SC	35.48	7.42	-18.8	-14.3
312.00 Boiler Plant Equipment	2022	200-SC	20.69	10.36	-14.2	-11.2	2020	200-SC	17.98	7.43	-16.9	-14.3
314.00 Turbogenerator Units	2022	200-SC	32.56	10.35	-10.1	-11.2	2020	200-SC	29.87	7.43	-12.9	-14.3
315.00 Accessory Electric Equipment	2022	200-SC	46.19	10.35	-13.0	-11.2	2020	200-SC	43.52	7.42	-16.1	-14.3
316.00 Miscellaneous Power Plant Equipment	2022	200-SC	17.88	10.36	-5.6	-11.1	2020	200-SC	16.67	7.43	-8.0	-14.2
Total Hoot Lake Units 2 and 3									21.29	7.43	-16.1	-14.3
Coyote												
311.00 Structures and Improvements	2032	200-SC	46.92	19.93	-5.2	-5.0	2041	200-SC	52.78	27.41	-8.8	-8.7
312.00 Boiler Plant Equipment	2032	200-SC	41.81	19.94	-5.0	-5.0	2041	200-SC	49.35	27.42	-8.4	-8.7
314.00 Turbogenerator Units	2032	200-SC	34.86	19.95	-5.5	-5.0	2041	200-SC	40.71	27.44	-8.1	-8.7
315.00 Accessory Electric Equipment	2032	200-SC	38.99	19.95	-4.9	-5.0	2041	200-SC	47.92	27.42	-8.3	-8.7
316.00 Miscellaneous Power Plant Equipment	2032	200-SC	33.15	19.95	-1.3	-4.7	2041	200-SC	41.15	27.44	-3.6	-8.4
Total Coyote									48.32	27.42	-8.3	-8.7

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
HYDRAULIC PRODUCTION												
Hoot Lake												
331.00 Structures and Improvements	2021	200-SC	58.96	9.37			2021	200-SC	59.08	8.40		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	60.97	9.37			2021	200-SC	29.78	8.40	-0.1	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	35.79	9.38			2021	200-SC	35.86	8.40		
334.00 Accessory Electric Equipment	2021	200-SC	30.45	9.38			2021	200-SC	30.50	8.40		
335.00 Miscellaneous Power Plant Equipment							2021	200-SC	8.90	8.41		
Total Hoot Lake									26.82	8.40		
Wright												
331.00 Structures and Improvements	2021	200-SC	30.47	9.38			2021	200-SC	30.51	8.40		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	19.43	9.38	-1.7		2021	200-SC	19.45	8.41	-1.7	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	18.69	9.38			2021	200-SC	18.72	8.41		
334.00 Accessory Electric Equipment	2021	200-SC	17.68	9.39			2021	200-SC	17.70	8.41		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	31.96	9.38			2021	200-SC	12.20	8.41	-0.7	
Total Wright									17.76	8.41	-0.8	
Pisgah												
331.00 Structures and Improvements	2021	200-SC	38.29	9.38			2021	200-SC	38.36	8.40		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	13.66	9.39			2021	200-SC	13.36	8.41		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	15.79	9.39	-15.0		2021	200-SC	15.81	8.41	-15.0	
334.00 Accessory Electric Equipment	2021	200-SC	17.97	9.38			2021	200-SC	17.97	8.41	-0.3	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	29.28	9.38			2021	200-SC	8.90	8.41	-0.6	
Total Pisgah									13.91	8.41	-3.5	
Dayton Hollow												
331.00 Structures and Improvements	2021	200-SC	47.95	9.38			2021	200-SC	9.91	8.41		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	16.61	9.39	-1.5		2021	200-SC	13.34	8.41	-15.9	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	14.01	9.39	-9.9		2021	200-SC	14.11	8.41	-10.2	
334.00 Accessory Electric Equipment	2021	200-SC	22.42	9.38	0.1		2021	200-SC	21.22	8.41	0.1	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	29.00	9.38			2021	200-SC	8.92	8.41	-0.2	
Total Dayton Hollow									13.57	8.41	-11.3	

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
Taplin Gorge												
331.00 Structures and Improvements	2021	200-SC	73.60	9.36			2021	200-SC	73.76	8.39		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	40.84	9.38			2021	200-SC	16.25	8.41	-4.8	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	81.14	9.36			2021	200-SC	81.33	8.39		
334.00 Accessory Electric Equipment	2021	200-SC	22.02	9.38	-0.3		2021	200-SC	22.05	8.41	-0.3	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	24.58	9.38			2021	200-SC	11.71	8.41	-0.4	
Total Taplin Gorge									16.55	8.41	-3.6	
Bemidji												
331.00 Structures and Improvements	2021	200-SC	13.14	9.39			2021	200-SC	13.13	8.41	-0.1	
332.00 Reservoirs, Dams and Waterways	2021	200-SC	17.75	9.38	-1.0		2021	200-SC	15.27	8.41	-0.7	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	19.62	9.38	-4.5		2021	200-SC	19.53	8.41	-11.2	
334.00 Accessory Electric Equipment	2021	200-SC	69.79	9.37			2021	200-SC	72.85	8.39	-17.7	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	11.83	9.39	-5.5		2021	200-SC	11.84	8.41	-5.5	
Total Bemidji									15.83	8.41	-3.5	
OTHER PRODUCTION												
Jamestown												
341.00 Structures and Improvements			34.60	10.35	-0.7	-0.6			30.77	10.35	-1.5	-1.4
342.00 Fuel Holders and Accessories			34.59	10.35	-2.4	-0.6			17.64	10.36	-2.4	-1.4
343.00 Prime Movers			34.26	10.35	-2.1	-0.6			35.41	10.35	-2.9	-1.4
344.00 Generators												
345.00 Accessory Electric Equipment			33.29	10.36	0.2	-0.6			28.81	10.36	2.1	-1.4
346.00 Miscellaneous Power Plant Equipment			22.41	10.36	-0.6	-0.6			22.13	10.36	-1.4	-1.4
Total Jamestown									32.82	10.35	-2.6	-1.4
Jamestown Unit 1												
341.00 Structures and Improvements	2022	200-SC	35.62	10.35	-0.7	-0.6	2023	200-SC	33.60	10.35	-1.5	-1.4
342.00 Fuel Holders and Accessories	2022	200-SC	36.01	10.35	-0.6	-0.6	2023	200-SC	17.07	10.36	-1.4	-1.4
343.00 Prime Movers	2022	200-SC	31.51	10.35	-3.3	-0.6	2023	200-SC	32.72	10.35	-4.0	-1.4
344.00 Generators												
345.00 Accessory Electric Equipment	2022	200-SC	44.34	10.35	1.5	-0.6	2023	200-SC	46.65	10.35	-1.1	-1.4
346.00 Miscellaneous Power Plant Equipment	2022	200-SC	19.73	10.36	-0.6	-0.6	2023	200-SC	19.55	10.36	-1.4	-1.4
Total Jamestown Unit 1									29.71	10.35	-3.4	-1.4

OTTER TAIL POWER COMPANY
Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
Jamestown Unit 2												
341.00 Structures and Improvements	2022	200-SC	23.78	10.36	-0.6	-0.6	2023	200-SC	16.97	10.36	-1.4	-1.4
342.00 Fuel Holders and Accessories	2022	200-SC	28.17	10.35	-4.5	-0.6	2023	200-SC	28.36	10.35	-4.6	-1.4
343.00 Prime Movers	2022	200-SC	36.69	10.35	-1.2	-0.6	2023	200-SC	37.77	10.35	-2.0	-1.4
344.00 Generators												
345.00 Accessory Electric Equipment	2022	200-SC	29.21	10.36	-0.5	-0.6	2023	200-SC	15.32	10.36	8.0	-1.4
346.00 Miscellaneous Power Plant Equipment	2022	200-SC	36.01	10.35	-0.6	-0.6	2023	200-SC	37.00	10.35	-1.4	-1.4
Total Jamestown Unit 2									36.46	10.35	-1.9	-1.4
Lake Preston												
341.00 Structures and Improvements	2022	200-SC	42.00	10.35	-0.9	-0.9	2023	200-SC	37.50	10.35	-2.4	-2.4
342.00 Fuel Holders and Accessories	2022	200-SC	26.82	10.36	-1.4	-0.9	2023	200-SC	28.17	10.36	-2.7	-2.4
343.00 Prime Movers	2022	200-SC	37.95	10.35	-1.0	-0.9	2023	200-SC	38.99	10.35	-2.5	-2.4
344.00 Generators												
345.00 Accessory Electric Equipment	2022	200-SC	40.78	10.35	-0.9	-0.9	2023	200-SC	41.77	10.35	-2.4	-2.4
346.00 Miscellaneous Power Plant Equipment	2022	200-SC	37.75	10.35	9.5	-0.9	2023	200-SC	38.75	10.35	8.2	-2.4
Total Lake Preston									37.97	10.35	-2.4	-2.4
Ashtabula Wind Generation												
341.00 Structures and Improvements	25.00	S5	25.00	21.50			2033	200-SC	24.24	19.97	-1.2	-1.2
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	25.00	S5	25.00	21.51			2033	200-SC	24.23	19.97	-1.2	-1.2
345.00 Accessory Electric Equipment	25.00	S5	25.00	21.50			2033	200-SC	24.24	19.97	-1.2	-1.2
346.00 Miscellaneous Power Plant Equipment							2033	200-SC	20.45	19.97	-1.2	-1.2
Total Ashtabula Wind Generation									24.23	19.97	-1.2	-1.2
Langdon Wind Generation												
341.00 Structures and Improvements	25.00	S5	25.00	20.50			2032	200-SC	24.26	19.02	-1.5	-1.5
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	25.00	S5	25.00	20.54			2032	200-SC	24.19	19.02	-1.5	-1.5
345.00 Accessory Electric Equipment	25.00	S5	25.00	20.57			2032	200-SC	24.18	19.02	-1.5	-1.5
346.00 Miscellaneous Power Plant Equipment							2032	200-SC	19.89	19.02	-1.5	-1.5
Total Langdon Wind Generation									24.19	19.02	-1.5	-1.5

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	Proposed Parameters P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
Luverne Wind Generation												
341.00 Structures and Improvements	25.00	S5	25.00	22.50			2034	200-SC	24.23	20.92	-2.0	-2.0
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	25.00	S5	25.00	22.51			2034	200-SC	24.22	20.92	-2.0	-2.0
345.00 Accessory Electric Equipment	25.00	S5	25.00	22.50			2034	200-SC	24.23	20.92	-2.0	-2.0
346.00 Miscellaneous Power Plant Equipment							2034	200-SC	21.40	20.92	-2.0	-2.0
Total Luverne Wind Generation									24.22	20.92	-2.0	-2.0
Solway Combustion Turbine												
341.00 Structures and Improvements	2038	200-SC	33.43	25.60	-0.1	-0.1	2038	200-SC	33.41	24.67	-0.4	-0.4
342.00 Fuel Holders and Accessories	2038	200-SC	33.27	25.60	-0.1	-0.1	2038	200-SC	33.29	24.67	-0.4	-0.4
343.00 Prime Movers	2038	200-SC	33.49	25.60	-0.1	-0.1	2038	200-SC	33.46	24.67	-0.4	-0.4
344.00 Generators												
345.00 Accessory Electric Equipment	2038	200-SC	33.56	25.60	-0.1	-0.1	2038	200-SC	33.57	24.67	-0.4	-0.4
346.00 Miscellaneous Power Plant Equipment	2038	200-SC	32.51	25.61	-0.1	-0.1	2038	200-SC	32.53	24.67	-0.4	-0.4
Total Solway Combustion Turbine									33.44	24.67	-0.4	-0.4
Fergus Falls Control Center												
341.00 Structures and Improvements												
342.00 Fuel Holders and Accessories												
343.00 Prime Movers	2030	200-SC	33.81	18.05	0.6		2030	200-SC	33.85	17.10	0.6	
344.00 Generators												
345.00 Accessory Electric Equipment												
346.00 Miscellaneous Power Plant Equipment												
Total Fergus Falls Control Center									33.85	17.10	0.6	

OTTER TAIL POWER COMPANY
Plant Activity for 2008

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	$ 59,036,779	$ 811,947	$ 14,385			$ 59,834,341
312.00 Boiler Plant Equipment	185,525,083	7,409,625	1,197,656			191,737,051
314.00 Turbo Generator Units	58,920,095	376,292	2,395,364			56,901,023
315.00 Accessory Electric Equipment	19,020,077	73,614	3,737			19,089,954
316.00 Misc. Power Plant Equipment	5,155,245	151,770	50,926			5,256,090
Total Steam Production	$ 327,657,279	$ 8,823,248	$ 3,662,068			$ 332,818,460
HYDRAULIC PRODUCTION						
331.00 Structures and Improvements	$ 188,391	$ 52,943				$ 241,334
332.00 Reservoirs, Dams and Waterways	1,452,889	167,857	7,578			1,613,167
333.00 Water Wheels, Turbines and Gen.	917,117	59,384				976,500
334.00 Accessory Electric Equipment	478,134					478,134
335.00 Misc. Power Plant Equipment	147,893					147,893
Total Hydraulic Production	$ 3,184,423	$ 280,183	$ 7,578			$ 3,457,029
OTHER PRODUCTION						
341.00 Structures and Improvements	$ 4,609,976	$ 41,500	$ 8,000			$ 4,643,476
342.00 Fuel Holders and Accessories	1,547,235					1,547,235
343.00 Prime Movers	30,971,081	573,875	82,766			31,462,191
344.00 Generators	65,000,000	128,123,849				193,123,849
345.00 Accessory Electric Equipment	1,594,132					1,594,132
346.00 Misc. Power Plant Equipment	397,248	24,774	3,536			418,486
Total Other Production	$ 104,119,672	$ 128,763,998	$ 94,302			$ 232,789,368
TRANSMISSION PLANT						
353.00 Station Equipment	$ 55,443,997	$ 7,915,842	$ 339,167		$ (451,217)	$ 62,569,455
354.00 Towers and Fixtures	4,692,263					4,692,263
355.00 Poles and Fixtures	67,062,850	9,552,422	194,311			76,420,961
356.00 Overhead Conductors and Devices	63,948,125	3,107,667	169,838			66,885,954
358.00 Underground Conductors and Devices	70,010	10,627				80,637
Total Transmission Plant	$ 191,217,245	$ 20,586,558	$ 703,316		$ (451,217)	$ 210,649,270

OTTER TAIL POWER COMPANY
Plant Activity for 2008

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	$ 45,034,317	$ 5,210,969	$ 587,924		$ 412,602	$ 50,069,964
364.00 Poles, Towers and Fixtures	54,068,827	2,199,448	80,105			56,188,170
365.00 Overhead Conductors and Devices	41,998,498	1,308,066	161,104		(7,200)	43,138,260
366.00 Underground Conduit	10,879				(10,879)	
367.00 Underground Conductors and Devices	51,499,986	2,972,616	209,566			54,263,037
368.00 Line Transformers	53,601,585	6,003,190	483,256		56,694	59,178,214
369.00 Overhead Services	10,608,168	405,342	18,853			10,994,656
369.10 Underground Services	27,660,965	1,551,487	22,079			29,190,373
370.00 Meters	19,758,102	1,214,319	742,355			20,230,067
370.10 Load Management Switches	8,736,815		21,338			8,715,476
370.20 Interruption Monitors	591,169	624,779	591,169			624,779
371.20 Other Private Lighting	3,688,552	210,857	123,885			3,775,524
373.00 Street Lighting and Signal Systems	4,185,545	266,109	110,069			4,341,586
Total Distribution Plant	$ 321,443,409	$ 21,967,182	$ 3,151,703		$ 451,217	$ 340,710,106
GENERAL PLANT						
390.00 Structures and Improvements	$ 16,748,857	$ 2,375,007	$ 130,719			$ 18,993,146
390.10 General Office Buildings	5,589,314	50,469	19,322			5,620,460
390.20 Fleet Service Center Buildings	789,745					789,745
390.30 Central Stores Building	3,888,943					3,888,943
391.00 Office Furniture	2,490,232	102,235	218,369			2,374,098
391.10 Office Equipment	982,607	59,655	41,673			1,000,588
391.20 Duplicating Equipment	1,152,603	11,857	4,208			1,160,253
391.50 Computer Systems	1,494,150	54,761	21,578			1,527,333
391.60 Computer Related Equipment	1,728,867	183,530	76,113			1,836,284
393.00 Stores Equipment	546.00		546.00			
394.00 Tools, Shop and Garage Equipment	2,914,719	308,887	235,053		(29,519)	2,959,034
394.20 Automated Meter Reading Equipment	1,093,497					1,093,497
395.00 Laboratory Equipment	375,625		126,457			249,168

OTTER TAIL POWER COMPANY
Plant Activity for 2008

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
396.00 Power Operated Equipment	496,190	35,288	59,735		81,725	553,468
397.00 Communication Equipment	499,195	150,524	45,425			604,294
397.10 Radio Telecommunications Equipment	888,717	129,200	89,593			928,324
397.20 Microwave Equipment	2,436,920	209,646	2,911			2,643,654
397.30 Radio Load Control Equipment	135,027					135,027
397.40 Communication Equipment - Towers	1,262,172	224,582				1,486,754
Total General Plant	$ 44,967,926	$ 3,895,641	$ 1,071,703		$ 52,207	$ 47,844,071
TOTAL DEPRECIABLE PLANT	$ 992,589,955	$ 184,316,812	$ 8,690,669		$ 52,207	$ 1,168,268,304

OTTER TAIL POWER COMPANY
Plant Activity for 2009

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	$ 59,834,341	$ 475,730	$ 28,805			$ 60,281,267
312.00 Boiler Plant Equipment	191,737,051	6,910,229	2,123,241			196,524,040
314.00 Turbo Generator Units	56,901,023	3,485,172	1,473,812			58,912,382
315.00 Accessory Electric Equipment	19,089,954	646,153	507,485		2,774,055	22,002,677
316.00 Misc. Power Plant Equipment	5,256,090	274,597	82,256			5,448,430
Total Steam Production	$ 332,818,460	$ 11,791,881	$ 4,215,600		$2,774,055	$ 343,168,796
HYDRAULIC PRODUCTION						
331.00 Structures and Improvements	$ 241,334	$ (26,859)	$ 8,530			$ 205,945
332.00 Reservoirs, Dams and Waterways	1,613,167	127,099	3,192			1,737,074
333.00 Water Wheels, Turbines and Gen.	976,500	85,622	5,960			1,056,163
334.00 Accessory Electric Equipment	478,134				110,362	588,496
335.00 Misc. Power Plant Equipment	147,893					147,893
Total Hydraulic Production	$ 3,457,029	$ 185,862	$ 17,682		$110,362	$ 3,735,571
OTHER PRODUCTION						
341.00 Structures and Improvements	$ 4,643,476	$ 5,728,860				$ 10,372,336
342.00 Fuel Holders and Accessories	1,547,235					1,547,235
343.00 Prime Movers	31,462,191	(2,608)	26,746			31,432,837
344.00 Generators	193,123,849	55,690,791				248,814,640
345.00 Accessory Electric Equipment	1,594,132	13,086,443			87,633	14,768,208
346.00 Misc. Power Plant Equipment	418,486	3,499				421,985
Total Other Production	$ 232,789,368	$ 74,506,985	$ 26,746		$87,633	$ 307,357,240
TRANSMISSION PLANT						
353.00 Station Equipment	$ 62,569,455	$ 7,233,529	$ 24,472		$ (5,664,752)	$ 64,113,761
354.00 Towers and Fixtures	4,692,263					4,692,263
355.00 Poles and Fixtures	76,420,961	2,393,716	120,449			78,694,228
356.00 Overhead Conductors and Devices	66,885,954	1,704,766	85,075			68,505,645
358.00 Underground Conductors and Devices	80,637	(7,965)				72,672
Total Transmission Plant	$ 210,649,270	$ 11,324,047	$ 229,995		$ (5,664,752)	$ 216,078,570

OTTER TAIL POWER COMPANY
Plant Activity for 2009

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	$ 50,069,964	$ 3,928,843	$ 821,647		$ 2,688,750	$ 55,865,911
364.00 Poles, Towers and Fixtures	56,188,170	1,578,874	66,357			57,700,687
365.00 Overhead Conductors and Devices	43,138,260	141,399	132,733			43,146,926
366.00 Underground Conduit						
367.00 Underground Conductors and Devices	54,263,037	2,261,047	128,769			56,395,314
368.00 Line Transformers	59,178,214	3,936,418	458,656		3,951	62,659,926
369.00 Overhead Services	10,994,656	502,204	13,281			11,483,579
369.10 Underground Services	29,190,373	1,786,141	21,606			30,954,909
370.00 Meters	20,230,067	1,164,773	753,189			20,641,651
370.10 Load Management Switches	8,715,476	235,352	14,600			8,936,228
370.20 Interruption Monitors	624,779	(16,772)				608,007
371.20 Other Private Lighting	3,775,524	177,226	121,805			3,830,944
373.00 Street Lighting and Signal Systems	4,341,586	167,679	93,767			4,415,498
Total Distribution Plant	$ 340,710,106	$ 15,863,181	$ 2,626,410		$ 2,692,701	$ 356,639,579
GENERAL PLANT						
390.00 Structures and Improvements	$ 18,993,146	$ 349,065	$ 15,414			$ 19,326,797
390.10 General Office Buildings	5,620,460	163,146	61,250			5,722,357
390.20 Fleet Service Center Buildings	789,745					789,745
390.30 Central Stores Building	3,888,943	5,945				3,894,888
391.00 Office Furniture	2,374,098		205,554			2,168,543
391.10 Office Equipment	1,000,588	143,066	95,319			1,048,336
391.20 Duplicating Equipment	1,160,253	70,163	6,794		(32,601)	1,191,021
391.50 Computer Systems	1,527,333	216,694	323,421			1,420,606
391.60 Computer Related Equipment	1,836,284	288,097	756,456			1,367,925
393.00 Stores Equipment						
394.00 Tools, Shop and Garage Equipment	2,959,034	162,515	215,293			2,906,256
394.20 Automated Meter Reading Equipment	1,093,497					1,093,497
395.00 Laboratory Equipment	249,168		126,051			123,117

OTTER TAIL POWER COMPANY
Plant Activity for 2009

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
396.00 Power Operated Equipment	553,468		18,937			534,531
397.00 Communication Equipment	604,294	295,786	20,546			879,534
397.10 Radio Telecommunications Equipment	928,324	69,401	25,139			972,587
397.20 Microwave Equipment	2,643,654	151,758	21,925		32,601	2,806,088
397.30 Radio Load Control Equipment	135,027		7,150			127,877
397.40 Communication Equipment - Towers	1,486,754					1,486,754
Total General Plant	$ 47,844,071	$ 1,915,637	$ 1,899,249		$ 0	$ 47,860,459
TOTAL DEPRECIABLE PLANT	$ 1,168,268,304	$ 115,587,593	$ 9,015,681		$ 0	$ 1,274,840,215

OTTER TAIL POWER COMPANY
Plant Activity for 2010

Statement G

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

OTTER TAIL POWER COMPANY
Plant Activity for 2010

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
DISTRIBUTION PLANT						
362.00 Station Equipment	$ 55,865,911	$ 3,843,672	$ 878,391		$ 61,319	$ 58,892,510
364.00 Poles, Towers and Fixtures	57,700,687	2,473,239	61,692		1,011,755	61,123,989
365.00 Overhead Conductors and Devices	43,146,926	974,457	225,854		526,816	44,422,346
366.00 Underground Conduit						
367.00 Underground Conductors and Devices	56,395,314	1,839,936	150,698			58,084,552
368.00 Line Transformers	62,659,926	5,098,877	731,745			67,027,058
369.00 Overhead Services	11,483,579	133,415	11,147			11,605,847
369.10 Underground Services	30,954,909	1,070,278	23,724			32,001,463
370.00 Meters	20,641,651	1,099,535	706,893			21,034,293
370.10 Load Management Switches	8,936,228		17,061			8,919,167
370.20 Interruption Monitors	608,007					608,007
371.20 Other Private Lighting	3,830,944	171,535	89,329			3,913,151
373.00 Street Lighting and Signal Systems	4,415,498	189,289	77,772			4,527,015
Total Distribution Plant	$ 356,639,579	$ 16,894,234	$ 2,974,307		$ 1,599,890	$ 372,159,396
GENERAL PLANT						
390.00 Structures and Improvements	$ 19,326,797	$ (34,225)	$ 14,971			$ 19,277,601
390.10 General Office Buildings	5,722,357	(31,177)				5,691,180
390.20 Fleet Service Center Buildings	789,745					789,745
390.30 Central Stores Building	3,894,888					3,894,888
391.00 Office Furniture	2,168,543	147,368	224,299			2,091,613
391.10 Office Equipment	1,048,336	10,228	115,483			943,080
391.20 Duplicating Equipment	1,191,021	21,988	182,517			1,030,492
391.50 Computer Systems	1,420,606	1,063,987	17,217		(45,109)	2,422,266
391.60 Computer Related Equipment	1,367,925	385,985	337,197		45,109	1,461,822
393.00 Stores Equipment						
394.00 Tools, Shop and Garage Equipment	2,906,256	403,058	266,908		(32,749)	3,009,657
394.20 Automated Meter Reading Equipment	1,093,497					1,093,497
395.00 Laboratory Equipment	123,117		43,017			80,100

OTTER TAIL POWER COMPANY
Plant Activity for 2010

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
396.00 Power Operated Equipment	534,531	56,720	32,749		32,749	591,251
397.00 Communication Equipment	879,534	10,279	42,500			847,314
397.10 Radio Telecommunications Equipment	972,587	18,644	31,660			959,570
397.20 Microwave Equipment	2,806,088	170,645	79,204			2,897,529
397.30 Radio Load Control Equipment	127,877	30,661				158,538
397.40 Communication Equipment - Towers	1,486,754					1,486,754
Total General Plant	$ 47,860,459	$ 2,254,161	$ 1,387,722		$ -	$ 48,726,898
TOTAL DEPRECIABLE PLANT	$ 1,274,840,215	$ 24,541,831	$ 6,753,319		$ 0	$ 1,292,628,727

OTTER TAIL POWER COMPANY
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
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

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
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
Plant Activity for 2012

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	$ 60,445,815	$ 1,473,608	$ 85,326		$3,331	$ 61,837,428
312.00 Boiler Plant Equipment	204,979,431	1,992,843	3,435,075		(677,199)	202,860,000
314.00 Turbo Generator Units	58,463,517	3,368,504	1,242,112			60,589,909
315.00 Accessory Electric Equipment	23,116,645	192,555	478,242		673,868	23,504,826
316.00 Misc. Power Plant Equipment	5,550,532	6,429	89,393			5,467,569
Total Steam Production	$ 352,555,939	$ 7,033,939	$ 5,330,148		($0)	$ 354,259,730
HYDRAULIC PRODUCTION						
331.00 Structures and Improvements	$ 335,801	$ 16,203	$ 292			$ 351,712
332.00 Reservoirs, Dams and Waterways	2,376,628	838,323	66,127		(48,615)	3,100,209
333.00 Water Wheels, Turbines and Gen.	1,067,510	(7,884)	2,440			1,057,186
334.00 Accessory Electric Equipment	597,919	7,364	12,908			592,375
335.00 Misc. Power Plant Equipment	148,675	308,426	63,764		48,615	441,951
Total Hydraulic Production	$ 4,526,532	$ 1,162,431	$ 145,531			$ 5,543,432
OTHER PRODUCTION						
341.00 Structures and Improvements	$ 12,672,499	$ 49,031				$ 12,721,530
342.00 Fuel Holders and Accessories	1,581,378	200,671				1,782,049
343.00 Prime Movers	31,557,860	100,789				31,658,649
344.00 Generators	240,198,548	571,926	280,734			240,489,740
345.00 Accessory Electric Equipment	19,744,183	125,470	12,089		50,495	19,908,060
346.00 Misc. Power Plant Equipment	435,505	27,969			83,037	546,511
Total Other Production	$ 306,189,973	$ 1,075,855	$ 292,822		$133,533	$ 307,106,538
TRANSMISSION PLANT						
353.00 Station Equipment	$ 66,485,998	$ 8,557,583	$ 152,323		$ 4,944	$ 74,896,201
354.00 Towers and Fixtures	4,692,263					4,692,263
355.00 Poles and Fixtures	84,757,686	18,655,102	237,828		(1,537,489)	101,637,471
356.00 Overhead Conductors and Devices	72,816,757	5,052,923	149,120		(102,660)	77,617,900
358.00 Underground Conductors and Devices	77,461					77,461
Total Transmission Plant	$ 228,830,165	$ 32,265,608	$ 539,271		$ (1,635,205)	$ 258,921,295

OTTER TAIL POWER COMPANY
Plant Activity for 2012

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	$ 64,204,881	$ 3,963,672	$ 624,998		$ (159,851)	$ 67,383,703
364.00 Poles, Towers and Fixtures	62,643,868	2,070,202	126,249		55,425	64,643,246
365.00 Overhead Conductors and Devices	44,956,508	1,160,712	268,776		68,592	45,917,036
366.00 Underground Conduit						
367.00 Underground Conductors and Devices	61,084,291	2,160,128	155,209			63,089,210
368.00 Line Transformers	71,186,693	4,917,618	428,907		21,375	75,696,778
369.00 Overhead Services	11,876,396	242,273	17,224			12,101,446
369.10 Underground Services	33,521,023	1,513,799	29,366			35,005,457
370.00 Meters	21,697,298	1,189,955	727,167			22,160,086
370.10 Load Management Switches	8,895,304	(16,487)	18,425			8,860,392
370.20 Interruption Monitors	607,810	38,053				645,863
371.20 Other Private Lighting	4,015,486	306,110	191,195			4,130,401
373.00 Street Lighting and Signal Systems	4,616,893	236,766	108,713			4,744,947
Total Distribution Plant	$ 389,306,451	$ 17,782,802	$ 2,696,231		$ (14,459)	$ 404,378,564
GENERAL PLANT						
390.00 Structures and Improvements	$ 19,124,449	$ 223,593	$ 85,219		($35,011)	$ 19,227,812
390.10 General Office Buildings	5,470,319	61,952			4,111	5,536,383
390.20 Fleet Service Center Buildings	789,745				25,410	815,155
390.30 Central Stores Building	3,904,166					3,904,166
391.00 Office Furniture	1,883,645	4,076	398,806			1,488,916
391.10 Office Equipment	935,065	113,358	37,784		5,490	1,016,129
391.20 Duplicating Equipment	700,892	5,401	19,051			687,242
391.50 Computer Systems	3,274,994	522,378	584,775			3,212,597
391.60 Computer Related Equipment	1,762,330	372,187	754,597			1,379,920
393.00 Stores Equipment						
394.00 Tools, Shop and Garage Equipment	3,164,974	262,229	170,650			3,256,553
394.20 Automated Meter Reading Equipment	591,354		1,910			589,444
395.00 Laboratory Equipment	18,181		18,181			0

OTTER TAIL POWER COMPANY
Plant Activity for 2012

Statement G

Account Description	Beginning Balance	Additions	Retirements	Adjustments	Transfers	Ending Balance
A	B	C	D	E	F	G
396.00 Power Operated Equipment	591,251	(5,133)				586,118
397.00 Communication Equipment	665,003	2,179	5,092			662,089
397.10 Radio Telecommunications Equipment	1,416,496	12,613	5,302		(68,789)	1,355,018
397.20 Microwave Equipment	3,239,765	233,603	50,789			3,422,579
397.30 Radio Load Control Equipment	158,538	289,238	856			446,920
397.40 Communication Equipment - Towers	1,690,677	1,098				1,691,775
Total General Plant	$ 49,381,844	$ 2,098,772	$ 2,133,011		$ (68,789)	$ 49,278,816
TOTAL DEPRECIABLE PLANT	$ 1,330,790,905	$ 61,419,406	$ 11,137,015		$ (1,584,921)	$ 1,379,488,375

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2008

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 42,554,828	$ 1,159,146		$ 14,385	$ 1,772	$ (116,591)	$ 43,581,227
312.00 Boiler Plant Equipment	110,152,150	5,705,139	61,949	1,197,656	482,120	(457,794)	113,781,668
314.00 Turbo Generator Units	31,765,563	2,107,718	94,887	2,395,364	119,462	394,720	31,848,062
315.00 Accessory Electric Equipment	13,581,439	398,903		3,737	1,609	11,936	13,986,932
316.00 Misc. Power Plant Equipment	2,686,487	190,402	9,387	50,926	1,011	167,729	3,002,069
Total Steam Production	$ 200,740,468	$ 9,561,307	$ 166,222	$ 3,662,068	$ 605,974		$ 206,199,957
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	$ 138,356	$ 3,519				$ (2,668)	$ 139,207
332.00 Reservoirs, Dams and Waterways	1,108,530	24,234		7,578	6,500	214	1,118,899
333.00 Water Wheels, Turbines and Gen.	277,462	44,951				1,832	324,245
334.00 Accessory Electric Equipment	169,611	21,681				751	192,043
335.00 Misc. Power Plant Equipment	83,724	4,509				(129)	88,104
Total Hydraulic Production	$ 1,777,683	$ 98,894	$ -	$ 7,578	$ 6,500		$ 1,862,499
OTHER PRODUCTION							
341.00 Structures and Improvements	$ 933,326	$ 127,206		$ 8,000	$ 366	$ 7,741	$ 1,059,907
342.00 Fuel Holders and Accessories	547,369	39,525				3,129	590,023
343.00 Prime Movers	10,172,207	823,608		82,766	104,615	(15,177)	10,793,258
344.00 Generators		3,414,808					3,414,808
345.00 Accessory Electric Equipment	442,179	42,170				2,814	487,163
346.00 Misc. Power Plant Equipment	98,283	11,288	2,500	3,536		1,493	110,028
Total Other Production	$ 12,193,364	$ 4,458,604	$ 2,500	$ 94,302	$ 104,981		$ 16,455,186
TRANSMISSION PLANT							
353.00 Station Equipment	$ 21,359,674	$ 1,208,871	$24,080	$ 339,167	$ 63,874	$ (86,951)	$ 22,102,633
354.00 Towers and Fixtures	2,569,347	89,664				(43,776)	2,615,236
355.00 Poles and Fixtures	30,430,712	1,461,699	16,912	194,311	327,666	241,259	31,628,604
356.00 Overhead Conductors and Devices	23,735,495	1,213,018	11,157	169,838	210,902	(172,184)	24,406,746
358.00 Underground Conductors and Devices	53,543	1,929				(514)	54,958
Total Transmission Plant	$ 78,148,772	$ 3,975,182	$ 52,148	$ 703,316	$ 602,442	$ (62,166)	$ 80,808,178
DISTRIBUTION PLANT							
362.00 Station Equipment	$ 13,823,718	$ 1,231,638	$527,649	$ 587,924	$ 103,300	$ 655,826	$ 15,547,607
364.00 Poles, Towers and Fixtures	24,311,427	1,352,251	115,581	80,105	185,684	204,976	25,718,447
365.00 Overhead Conductors and Devices	18,434,963	1,008,658	251,866	161,104	179,206	192,128	19,547,305
366.00 Underground Conduit	5,165	154				(5,318)	
367.00 Underground Conductors and Devices	20,804,107	1,530,619	6,249	209,566	15,302	430,273	22,546,379
368.00 Line Transformers	23,297,942	1,366,332	305,526	483,256	199,608	50,913	24,337,850

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2008

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
369.00 Overhead Services	8,878,270	428,296		18,853	55,504	(87,084)	9,145,125
369.10 Underground Services	11,945,172	867,970		22,079		(4,408)	12,786,655
370.00 Meters	7,778,511	509,439	2,930	742,355	96	(761,263)	6,787,166
370.10 Load Management Switches	1,889,649	411,031		21,338	46	(587,781)	1,691,514
370.20 Interruption Monitors	294,179	66,619		591,169		(75,979)	(306,351)
371.20 Other Private Lighting	1,223,019	167,407	16,212	123,885	5,359	7,816	1,285,210
373.00 Street Lighting and Signal Systems	2,243,994	249,181	3,707	110,069	8,042	42,063	2,420,834
Total Distribution Plant	$ 134,930,117	$ 9,189,594	$ 1,229,719	$ 3,151,703	$ 752,147	$ 62,161	$ 141,507,742
GENERAL PLANT							
390.00 Structures and Improvements	$ 3,314,216	$ 364,539		$ 130,719		$ 73,323	$ 3,621,358
390.10 General Office Buildings	2,252,784	252,867		19,322		(145,823)	2,340,506
390.20 Fleet Service Center Buildings	325,467	35,133				3,339	363,938
390.30 Central Stores Building	1,406,538	109,583				(13,313)	1,502,807
391.00 Office Furniture	1,521,781	165,195		218,369		24,181	1,492,788
391.10 Office Equipment	424,902	99,007		41,673		(24,753)	457,483
391.20 Duplicating Equipment	565,246	115,225		4,208		4,923	681,187
391.50 Computer Systems	374,726	294,905		21,578		55,657	703,710
391.60 Computer Related Equipment	834,397	346,154		76,113		(13,778)	1,090,660
393.00 Stores Equipment	(958)	3		546		761	(740)
394.00 Tools, Shop and Garage Equipment	1,466,781	194,421		235,053		(26,798)	1,399,352
394.20 Automated Meter Reading Equipment	399,412	72,900					472,312
395.00 Laboratory Equipment	328,205	23,819		126,457		3,745	229,312
396.00 Power Operated Equipment	195,770	37,406	26,200	59,735		40,464	240,106
397.00 Communication Equipment	323,889	33,656		45,425		1,559	313,679
397.10 Radio Telecommunications Equipment	453,853	88,937		89,593		7,284	460,481
397.20 Microwave Equipment	867,263	162,461		2,911		(205)	1,026,608
397.30 Radio Load Control Equipment	54,064	13,503				1,122	68,689
397.40 Communication Equipment - Towers	530,486	65,354				10,487	606,327
Total General Plant	$ 15,638,821	$ 2,475,069	$ 26,200	$ 1,071,703	$ -	$ 2,175	$ 17,070,562
TOTAL DEPRECIABLE PLANT	$ 443,429,226	$ 29,758,651	$ 1,476,790	$ 8,690,669	$ 2,072,043	$ 2,170	$ 463,904,124

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2009

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 43,581,227	$ 1,179,477		$ 28,805	$ 8,503	($1,117,677)	$ 43,605,719
312.00 Boiler Plant Equipment	113,781,668	5,569,764	13,534	2,123,241	1,308,191	1,194,285	117,127,819
314.00 Turbo Generator Units	31,848,062	1,816,261	11,378	1,473,812	474,945	402,101	32,129,044
315.00 Accessory Electric Equipment	13,986,932	394,294		507,485	14,870	124,338	13,983,209
316.00 Misc. Power Plant Equipment	3,002,069	169,091		82,256		(71,669)	3,017,234
Total Steam Production	$ 206,199,957	$ 9,128,887	$ 24,912	$ 4,215,600	$ 1,806,510	$531,378	$ 209,863,024
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	$ 139,207	$ 5,990		$ 8,530		$ 2,166	$ 138,833
332.00 Reservoirs, Dams and Waterways	1,118,899	38,855		3,192	2,400	(9,706)	1,142,457
333.00 Water Wheels, Turbines and Gen.	324,245	47,932		5,960	28,369	12,235	350,083
334.00 Accessory Electric Equipment	192,043	22,087				24,491	238,621
335.00 Misc. Power Plant Equipment	88,104	4,466				(801)	91,769
Total Hydraulic Production	$ 1,862,499	$ 119,331	$ -	$ 17,682	$ 30,769	$28,385	$ 1,961,763
OTHER PRODUCTION							
341.00 Structures and Improvements	$ 1,059,907	$ 196,219				$ 255,301	$ 1,511,427
342.00 Fuel Holders and Accessories	590,023	39,774				(12,560)	617,236
343.00 Prime Movers	10,793,258	872,499		26,746	340	32,663	11,671,333
344.00 Generators	3,414,808	8,287,210				(897,770)	10,804,248
345.00 Accessory Electric Equipment	487,163	229,335				657,340	1,373,838
346.00 Misc. Power Plant Equipment	110,028	13,168				(777)	122,419
Total Other Production	$ 16,455,186	$ 9,638,205	$ -	$ 26,746	$ 340	$34,197	$ 26,100,502
TRANSMISSION PLANT							
353.00 Station Equipment	$ 22,102,633	$ 1,021,318	$ 31,641	$ 24,472	$ 5,975	$ (7,977,314)	$ 15,147,831
354.00 Towers and Fixtures	2,615,236	69,793				(472,049)	2,212,980
355.00 Poles and Fixtures	31,628,604	1,743,501	7,298	120,449	109,778	3,413,522	36,562,698
356.00 Overhead Conductors and Devices	24,406,746	1,376,550	5,096	85,075	97,774	3,753,653	29,359,196
358.00 Underground Conductors and Devices	54,958	2,881				6,663	64,501
Total Transmission Plant	$ 80,808,178	$ 4,214,042	$ 44,035	$ 229,995	$ 213,528	$ (1,275,525)	$ 83,347,207
DISTRIBUTION PLANT							
362.00 Station Equipment	$ 15,547,607	$ 1,231,414	$ 573,982	$ 821,647	$ 238,975	$ (537,203)	$ 15,755,178
364.00 Poles, Towers and Fixtures	25,718,447	1,488,609	84,064	66,357	168,275	2,998,028	30,054,517
365.00 Overhead Conductors and Devices	19,547,305	1,381,322	95,646	132,733	93,442	10,566,795	31,364,893
366.00 Underground Conduit							
367.00 Underground Conductors and Devices	22,546,379	1,560,542	9,133	128,769	14,177	1,387,152	25,360,261
368.00 Line Transformers	24,337,850	869,551	359,969	458,656	198,593	(15,720,173)	9,189,947

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2009

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
369.00 Overhead Services	9,145,125	529,926	1,997	13,281	37,725	2,278,803	11,904,845
369.10 Underground Services	12,786,655	753,156		21,606		(1,995,745)	11,522,460
370.00 Meters	6,787,166	584,472	1,922	753,189	92	1,178,792	7,799,073
370.10 Load Management Switches	1,691,514	543,691		14,600	15	724,980	2,945,570
370.20 Interruption Monitors	(306,351)	123,548				368,828	186,025
371.20 Other Private Lighting	1,285,210	145,673	11,411	121,805	3,711	(338,233)	978,544
373.00 Street Lighting and Signal Systems	2,420,834	224,784	5,568	93,767	4,656	(230,482)	2,322,281
Total Distribution Plant	$ 141,507,742	$ 9,436,688	$ 1,143,692	$ 2,626,410	$ 759,661	$ 681,541	$ 149,383,592
GENERAL PLANT							
390.00 Structures and Improvements	$ 3,621,358	$ 371,615	$ 2,000	$ 15,414	$ 4,149	$ 200,238	$ 4,175,648
390.10 General Office Buildings	2,340,506	174,352	2,063	61,250	25,472	(270,088)	2,160,112
390.20 Fleet Service Center Buildings	363,938	26,496				6,365	396,799
390.30 Central Stores Building	1,502,807	92,611				133,045	1,728,464
391.00 Office Furniture	1,492,788	156,505		205,554		(8,659)	1,435,079
391.10 Office Equipment	457,483	105,488		95,319		7,148	474,800
391.20 Duplicating Equipment	681,187	119,109		6,794		(15,508)	777,994
391.50 Computer Systems	703,710	291,713		323,421		33,901	705,903
391.60 Computer Related Equipment	1,090,660	328,611		756,456		35,812	698,627
393.00 Stores Equipment	(740)					740	(0)
394.00 Tools, Shop and Garage Equipment	1,399,352	196,701		215,293		2,466	1,383,226
394.20 Automated Meter Reading Equipment	472,312	72,900				6,549	551,760
395.00 Laboratory Equipment	229,312	10,191		126,051		(3,209)	110,243
396.00 Power Operated Equipment	240,106	21,559	744	18,937		(76,166)	167,306
397.00 Communication Equipment	313,679	39,684		20,546		2,292	335,108
397.10 Radio Telecommunications Equipment	460,481	93,807		25,139		2,645	531,794
397.20 Microwave Equipment	1,026,608	180,445		21,925		19,414	1,204,542
397.30 Radio Load Control Equipment	68,689	13,145		7,150		(1)	74,683
397.40 Communication Equipment - Towers	606,327	59,643				(76,984)	588,986
Total General Plant	$ 17,070,562	$ 2,354,575	$ 4,807	$ 1,899,249	$ 29,621	$ -	$ 17,501,074
TOTAL DEPRECIABLE PLANT	$ 463,904,124	$ 34,891,728	$ 1,217,445	$ 9,015,681	$ 2,840,429	$ (24)	$ 488,157,162

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2010

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 43,605,719	$ 1,231,197		$ 199,467	$ 48,040	$ (729,873)	$ 43,859,536
312.00 Boiler Plant Equipment	117,127,819	6,179,518	35,266	1,645,479	98,548	(184,999)	121,413,576
314.00 Turbo Generator Units	32,129,044	1,957,476		31,534	396	490,128	34,544,719
315.00 Accessory Electric Equipment	13,983,209	551,136	(1,400)	8,926	175	413,806	14,937,650
316.00 Misc. Power Plant Equipment	3,017,234	186,417	16,357	114,715	6,348	12,490	3,111,435
Total Steam Production	$ 209,863,024	$ 10,105,745	$ 50,223	$ 2,000,121	$ 153,507	$ 1,552	$ 217,866,917
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	$ 138,833	$ 5,458				$ (1,657)	$ 142,634
332.00 Reservoirs, Dams and Waterways	1,142,457	48,371				(48,973)	1,141,855
333.00 Water Wheels, Turbines and Gen.	350,083	57,406				27,466	434,956
334.00 Accessory Electric Equipment	238,621	28,448				25,758	292,827
335.00 Misc. Power Plant Equipment	91,769	4,557		288		(2,594)	93,444
Total Hydraulic Production	$ 1,961,763	$ 144,241	$ -	$ 288	$ -	$ -	$ 2,105,716
OTHER PRODUCTION							
341.00 Structures and Improvements	$ 1,511,427	$ 353,242				$ 105,828	$ 1,970,498
342.00 Fuel Holders and Accessories	617,236	40,630				(2,742)	655,124
343.00 Prime Movers	11,671,333	867,823				(20,277)	12,518,879
344.00 Generators	10,804,248	9,766,037				(350,498)	20,219,787
345.00 Accessory Electric Equipment	1,373,838	559,447				268,037	2,201,322
346.00 Misc. Power Plant Equipment	122,419	13,259				(349)	135,329
Total Other Production	$ 26,100,502	$ 11,600,438	$ -	$ -	$ -	$ (0)	$ 37,700,940
TRANSMISSION PLANT							
353.00 Station Equipment	$ 15,147,831	$ 1,056,560	$ 2,437	$ 11,420	$ 3,156	$ (98,996)	$ 16,093,256
354.00 Towers and Fixtures	2,212,980	70,389				1,460	2,284,828
355.00 Poles and Fixtures	36,562,698	1,692,778	412,571	198,495	148,055	(695,221)	37,626,276
356.00 Overhead Conductors and Devices	29,359,196	1,381,918	188,276	180,967	88,893	(293,197)	30,366,333
358.00 Underground Conductors and Devices	64,501	1,126				(2,017)	63,611
Total Transmission Plant	$ 83,347,207	$ 4,202,771	$ 603,284	$ 390,882	$ 240,104	$ (1,087,971)	$ 86,434,304
DISTRIBUTION PLANT							
362.00 Station Equipment	$ 15,755,178	$ 1,335,014	$ 449,106	$ 878,391	$ 188,548	$ 333,391	$ 16,805,750
364.00 Poles, Towers and Fixtures	30,054,517	1,543,100	46,735	61,692	196,104	697,442	32,083,999
365.00 Overhead Conductors and Devices	31,364,893	1,376,391	136,263	225,854	292,720	190,042	32,549,015
366.00 Underground Conduit							
367.00 Underground Conductors and Devices	25,360,261	1,600,664	16,404	150,698	15,793	(150,748)	26,660,090
368.00 Line Transformers	9,189,947	935,351	575,266	731,745	217,534	(18,765)	9,732,519

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2010

Statement H

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

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2011

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 43,859,536	$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
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

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2011

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
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
Analysis of Depreciation Reserve for 2012

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	$ 44,965,598	$ 1,168,860		$ 85,326	$ 47,663	$2,448	$ 46,003,918
312.00 Boiler Plant Equipment	123,363,108	6,269,949	53,155	3,435,075	1,239,021	(497,715)	124,514,402
314.00 Turbo Generator Units	35,625,431	1,736,680	21,469	1,242,112	80,996		36,060,473
315.00 Accessory Electric Equipment	15,424,580	556,814		478,242	110,421	495,267	15,887,998
316.00 Misc. Power Plant Equipment	3,086,580	189,805	5,701	89,393	7,614		3,185,079
Total Steam Production	$ 222,465,298	$ 9,922,108	$ 80,325	$ 5,330,148	$ 1,485,714		$ 225,651,869
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	$ 159,684	$ 17,213	$1	$ 292	$ 243		$ 176,363
332.00 Reservoirs, Dams and Waterways	1,213,999	127,107	2	66,127	157,845	(526)	1,116,610
333.00 Water Wheels, Turbines and Gen.	490,787	55,380	111	2,440	21,902		521,937
334.00 Accessory Electric Equipment	314,720	27,328	6	12,908	1,508		327,639
335.00 Misc. Power Plant Equipment	98,319	4,876		63,764	2,251	526	37,706
Total Hydraulic Production	$ 2,277,510	$ 231,905	$ 120	$ 145,531	$ 183,749		$ 2,180,254
OTHER PRODUCTION							
341.00 Structures and Improvements	$ 2,410,709	$ 441,131					$ 2,851,840
342.00 Fuel Holders and Accessories	647,759	46,304					694,063
343.00 Prime Movers	13,359,086	826,970					14,186,057
344.00 Generators	29,185,307	9,389,061		280,734	13,200		38,280,434
345.00 Accessory Electric Equipment	2,944,828	751,444	25,000	12,089	17,288	77,182	3,769,078
346.00 Misc. Power Plant Equipment	149,409	13,870				2,481	165,760
Total Other Production	$ 48,697,098	$ 11,468,781	$ 25,000	$ 292,822	$ 30,488	$79,663	$ 59,947,232
TRANSMISSION PLANT							
353.00 Station Equipment	$ 16,944,140	$ 1,097,523	$8,378	$ 152,323	$ 7,677	$ 583	$ 17,890,625
354.00 Towers and Fixtures	2,355,179	70,351					2,425,530
355.00 Poles and Fixtures	39,458,203	2,035,454	122,116	237,828	250,913	(2,529)	41,124,503
356.00 Overhead Conductors and Devices	31,907,873	1,532,656	84,602	149,120	165,650	(4,512)	33,205,849
358.00 Underground Conductors and Devices	65,328	2,313					67,641
Total Transmission Plant	$ 90,730,723	$ 4,738,298	$ 215,096	$ 539,271	$ 424,240	$ (6,457)	$ 94,714,148
DISTRIBUTION PLANT							
362.00 Station Equipment	$ 17,317,349	$ 1,560,095	$278,713	$ 624,998	$ 139,728	$ (80,346)	$ 18,311,085
364.00 Poles, Towers and Fixtures	33,603,347	1,656,776	70,934	126,249	273,679	3,248	34,934,377
365.00 Overhead Conductors and Devices	33,801,848	1,440,295	183,336	268,776	152,331	3,792	35,008,164
366.00 Underground Conduit							
367.00 Underground Conductors and Devices	28,135,291	1,764,176	21,370	155,209	25,820		29,739,808
368.00 Line Transformers	10,485,393	1,061,335	387,108	428,907	244,508	99	11,260,520

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2012

Statement H

Account Description	Beginning Balance	Credits: Accruals	Credits: Gross Salvage	Debits: Retirements	Debits: Cost of Removal	Other Credits (Debits)	Ending Balance
A	B	C	D	E	F	G	H
369.00 Overhead Services	12,839,796	573,164	(352)	17,224	72,998		13,322,386
369.10 Underground Services	13,020,332	877,731	(0)	29,366	12,875		13,855,822
370.00 Meters	7,871,978	634,642	2,345	727,167			7,781,798
370.10 Load Management Switches	3,989,354	518,943	16	18,425			4,489,887
370.20 Interruption Monitors	385,603	122,723					508,326
371.20 Other Private Lighting	1,018,475	162,520	17,949	191,195	4,941		1,002,808
373.00 Street Lighting and Signal Systems	2,313,504	258,755	8,659	108,713	6,328		2,465,878
Total Distribution Plant	$ 164,782,271	$ 10,631,154	$ 970,078	$ 2,696,231	$ 933,208	$ (73,207)	$ 172,680,858
GENERAL PLANT							
390.00 Structures and Improvements	$ 4,346,262	$ 353,073		$ 85,219		$ (3,896)	$ 4,610,220
390.10 General Office Buildings	2,093,061	192,700				279	2,286,040
390.20 Fleet Service Center Buildings	446,518	27,491				3,617	477,625
390.30 Central Stores Building	1,904,625	92,646					1,997,271
391.00 Office Furniture	1,218,139	118,633		398,806			937,966
391.10 Office Equipment	456,835	92,472		37,784			511,522
391.20 *Duplicating Equipment*	418,435	68,458		19,051			467,842
391.50 Computer Systems	1,082,919	663,228		584,775			1,161,372
391.60 Computer Related Equipment	1,018,509	345,478		754,597			609,391
393.00 Stores Equipment	(0)						(0)
394.00 Tools, Shop and Garage Equipment	1,198,115	216,946		170,650			1,244,412
394.20 Automated Meter Reading Equipment	183,611	39,360		1,910			221,062
395.00 Laboratory Equipment	18,181			18,181			(0)
396.00 Power Operated Equipment	206,625	21,162					227,787
397.00 Communication Equipment	230,546	44,167		5,092			269,621
397.10 Radio Telecommunications Equipment	453,777	137,537		5,302		(23,493)	562,520
397.20 Microwave Equipment	1,489,862	215,722		50,789			1,654,795
397.30 Radio Load Control Equipment	103,325	42,951		856			145,421
397.40 Communication Equipment - Towers	652,544	65,666					718,209
Total General Plant	$ 17,521,891	$ 2,737,690	$ -	$ 2,133,011	$ -	$ (23,493)	$ 18,103,077
TOTAL DEPRECIABLE PLANT	$ 546,474,790	$ 39,729,936	$ 1,290,619	$ 11,137,015	$ 3,057,399	$ (23,493)	$ 573,277,438

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2008

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	$ 59,036,779	-3.1%	$ (1,830,140)	$ 42,554,828	$ 18,312,091		15.51	$ 1,180,664	2.00%
312.00 Boiler Plant Equipment	185,525,083	-3.5%	(6,493,378)	110,152,150	81,866,310		14.68	5,576,724	3.01%
314.00 Turbo Generator Units	58,920,095	-4.1%	(2,415,724)	31,765,563	29,570,255		14.03	2,107,645	3.58%
315.00 Accessory Electric Equipment	19,020,077	-3.3%	(627,663)	13,581,439	6,066,300		14.91	406,861	2.14%
316.00 Misc. Power Plant Equipment	5,155,245	-3.7%	(190,744)	2,686,487	2,659,502		13.93	190,919	3.70%
Total Steam Production	$ 327,657,279	-3.5%	$ (11,557,649)	$ 200,740,468	$ 138,474,459		14.63	$ 9,462,813	2.89%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	$ 188,391		$ -	$ 138,356	$ 50,035		14.22	$ 3,519	1.87%
332.00 Reservoirs, Dams and Waterways	1,452,889			1,108,530	344,359		14.21	24,234	1.67%
333.00 Water Wheels, Turbines and Gen.	917,117			277,462	639,655		14.23	44,951	4.90%
334.00 Accessory Electric Equipment	478,134			169,611	308,523		14.23	21,681	4.53%
335.00 Misc. Power Plant Equipment	147,893			83,724	64,168		14.23	4,509	3.05%
Total Hydraulic Production	$ 3,184,423		$ -	$ 1,777,683	$ 1,406,741		14.22	$ 98,894	3.11%
OTHER PRODUCTION									
341.00 Structures and Improvements	$ 4,609,976		$ -	$ 933,326	$ 3,676,650		28.57	$ 128,689	2.79%
342.00 Fuel Holders and Accessories	1,547,235			547,369	999,866		24.33	41,096	2.66%
343.00 Prime Movers	30,971,081			10,172,207	20,798,873		24.73	841,038	2.72%
344.00 Generators	65,000,000				65,000,000		24.50	2,653,061	4.08%
345.00 Accessory Electric Equipment	1,594,132			442,179	1,151,953		26.65	43,225	2.71%
346.00 Misc. Power Plant Equipment	397,248			98,283	298,965		26.13	11,441	2.88%
Total Other Production	$ 104,119,672		$ -	$ 12,193,364	$ 91,926,308		24.72	$ 3,718,551	3.57%
TRANSMISSION PLANT									
353.00 Station Equipment	$ 55,443,997	-5.0%	$ (2,772,200)	$ 21,359,674	$ 36,856,522	45.00	31.09	$ 1,185,478	2.14%
354.00 Towers and Fixtures	4,692,263	-10.0%	(469,226)	2,569,347	2,592,142	55.00	28.91	89,662	1.91%
355.00 Poles and Fixtures	67,062,850	-25.0%	(16,765,712)	30,430,712	53,397,850	55.00	37.30	1,431,578	2.13%
356.00 Overhead Conductors and Devices	63,948,125	-10.0%	(6,394,812)	23,735,495	46,607,442	55.00	39.10	1,192,006	1.86%
358.00 Underground Conductors and Devices	70,010	-5.0%	(3,501)	53,543	19,968	40.00	11.53	1,732	2.47%
Total Transmission Plant	$ 191,217,245	-13.8%	$ (26,405,452)	$ 78,148,772	$ 139,473,925		35.76	$ 3,900,457	2.04%
DISTRIBUTION PLANT									
362.00 Station Equipment	$ 45,034,317	5.0%	$ 2,251,716	$ 13,823,718	$ 28,958,883	35.00	24.50	$ 1,181,995	2.62%
364.00 Poles, Towers and Fixtures	54,068,827	-50.0%	(27,034,413)	24,311,427	56,791,813	60.00	42.58	1,333,767	2.47%
365.00 Overhead Conductors and Devices	41,998,498	-40.0%	(16,799,399)	18,434,963	40,362,935	58.00	40.28	1,002,059	2.39%
366.00 Underground Conduit	10,879			5,165	5,714	50.00	27.91	205	1.88%
367.00 Underground Conductors and Devices	51,499,986	-5.0%	(2,574,999)	20,804,107	33,270,879	35.00	22.19	1,499,364	2.91%
368.00 Line Transformers	53,601,585	-5.0%	(2,680,079)	23,297,942	32,983,722	40.00	24.96	1,321,463	2.47%
369.00 Overhead Services	10,608,168	-100.0%	(10,608,168)	8,878,270	12,338,065	48.00	28.88	427,218	4.03%
369.10 Underground Services	27,660,965	-30.0%	(8,298,289)	11,945,172	24,014,082	40.00	27.79	864,127	3.12%
370.00 Meters	19,758,102			7,778,511	11,979,591	33.00	23.92	500,819	2.53%
370.10 Load Management Switches	8,736,815			1,889,649	6,847,166	20.00	16.64	411,488	4.71%

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2008

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
370.20 Interruption Monitors	591,169			294,179	296,991	9.00	6.52	45,551	7.71%
371.20 Other Private Lighting	3,688,552	10.0%	368,855	1,223,019	2,096,678	19.00	12.64	165,876	4.50%
373.00 Street Lighting and Signal Systems	4,185,545	-5.0%	(209,277)	2,243,994	2,150,828	16.00	8.74	246,090	5.88%
Total Distribution Plant	$ 321,443,409	-20.4%	$ (65,584,054)	$ 134,930,117	$ 252,097,347		28.01	$ 9,000,023	2.80%
GENERAL PLANT									
390.00 Structures and Improvements	$ 16,748,857	10.0%	$ 1,674,886	$ 3,314,216	$ 11,759,756	45.00	32.30	$ 364,079	2.17%
390.10 General Office Buildings	5,589,314	-0.2%	(11,179)	2,252,784	3,347,708		13.26	252,467	4.52%
390.20 Fleet Service Center Buildings	789,745	-0.2%	(1,579)	325,467	465,858		13.26	35,133	4.45%
390.30 Central Stores Building	3,888,943	-0.3%	(11,667)	1,406,538	2,494,072		22.76	109,581	2.82%
391.00 Office Furniture*	2,490,232			1,521,781	968,452	15.00			
391.10 Office Equipment*	982,607			424,902	557,705	10.00			
391.20 Duplicating Equipment*	1,152,603			565,246	587,357	10.00			
391.50 Computer Systems*	1,494,150			374,726	1,119,424	5.00			
391.60 Computer Related Equipment*	1,728,867			834,397	894,470	5.00			
393.00 Stores Equipment*	546			(958)	1,504	15.00			
394.00 Tools, Shop and Garage Equipment*	2,914,719			1,466,781	1,447,938	15.00			
394.20 Automated Meter Reading Equipment*	1,093,497			399,412	694,085	15.00			
395.00 Laboratory Equipment*	375,625			328,205	47,420	15.00			
396.00 Power Operated Equipment	496,190	20.0%	99,238	195,770	201,182	15.00	5.52	36,446	7.35%
397.00 Communication Equipment*	499,195			323,889	175,307	15.00			
397.10 Radio Telecommunications Equipment*	888,717			453,853	434,865	10.00			
397.20 Microwave Equipment*	2,436,920			867,263	1,569,657	15.00			
397.30 Radio Load Control Equipment*	135,027			54,064	80,963	10.00			
397.40 Communication Equipment - Towers	1,262,172	5.0%	63,109	530,486	668,577	25.00	10.23	65,355	5.18%
Total General Plant	$ 44,967,926	4.0%	$ 1,812,807	$ 15,638,821	$ 27,516,298		31.88	$ 863,060	1.92%
TOTAL DEPRECIABLE PLANT	$ 992,589,955	-10.2%	$ (101,734,347)	$ 443,429,226	$ 650,895,076		24.07	$ 27,043,797	2.72%

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

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2009

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	$ 59,834,341	-7.1%	$ (4,248,238)	$ 43,581,227	$ 20,501,353		18.14	$ 1,130,174	1.89%
312.00 Boiler Plant Equipment	191,737,051	-7.6%	(14,572,016)	113,781,668	92,527,400		17.05	5,426,827	2.83%
314.00 Turbo Generator Units	56,901,023	-8.3%	(4,722,785)	31,848,062	29,775,746		16.43	1,812,279	3.18%
315.00 Accessory Electric Equipment	19,089,954	-7.5%	(1,431,747)	13,986,932	6,534,769		17.63	370,662	1.94%
316.00 Misc. Power Plant Equipment	5,256,090	-7.9%	(415,231)	3,002,069	2,669,253		16.40	162,759	3.10%
Total Steam Production	$ 332,818,460	-7.6%	$ (25,390,017)	$ 206,199,957	$ 152,008,519		17.07	$ 8,902,701	2.67%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	$ 241,334		$ -	$ 139,207	$ 102,127		13.26	$ 7,702	3.19%
332.00 Reservoirs, Dams and Waterways	1,613,167			1,118,899	494,268		13.25	37,303	2.31%
333.00 Water Wheels, Turbines and Gen.	976,500			324,245	652,255		13.27	49,153	5.03%
334.00 Accessory Electric Equipment	478,134			192,043	286,091		13.27	21,559	4.51%
335.00 Misc. Power Plant Equipment	147,893			88,104	59,788		13.26	4,509	3.05%
Total Hydraulic Production	$ 3,457,029		$ -	$ 1,862,499	$ 1,594,530		13.26	$ 120,226	3.48%
OTHER PRODUCTION									
341.00 Structures and Improvements	$ 4,643,476		$ -	$ 1,059,907	$ 3,583,569		27.64	$ 129,652	2.79%
342.00 Fuel Holders and Accessories	1,547,235			590,023	957,212		23.38	40,941	2.65%
343.00 Prime Movers	31,462,191			10,793,258	20,668,933		23.77	869,539	2.76%
344.00 Generators	193,123,849			3,414,808	189,709,041		24.50	7,743,226	4.01%
345.00 Accessory Electric Equipment	1,594,132			487,163	1,106,969		25.71	43,056	2.70%
346.00 Misc. Power Plant Equipment	418,486			110,028	308,458		25.25	12,216	2.92%
Total Other Production	$ 232,789,368		$ -	$ 16,455,186	$ 216,334,182		24.48	$ 8,838,630	3.80%
TRANSMISSION PLANT									
353.00 Station Equipment	$ 62,569,455	-5.0%	$ (3,128,473)	$ 22,102,633	$ 43,595,295	60.00	48.47	$ 899,428	1.44%
354.00 Towers and Fixtures	4,692,263	-10.0%	(469,226)	2,615,236	2,546,254	70.00	42.89	59,367	1.27%
355.00 Poles and Fixtures	76,420,961	-50.0%	(38,210,481)	31,628,604	83,002,837	65.00	45.98	1,805,194	2.36%
356.00 Overhead Conductors and Devices	66,885,954	-30.0%	(20,065,786)	24,406,746	62,544,993	60.00	43.04	1,453,183	2.17%
358.00 Underground Conductors and Devices	80,637	-5.0%	(4,032)	54,958	29,711	35.00	7.37	4,031	5.00%
Total Transmission Plant	$ 210,649,270	-29.4%	$ (61,877,998)	$ 80,808,178	$ 191,719,090		45.42	$ 4,221,204	2.00%
DISTRIBUTION PLANT									
362.00 Station Equipment	$ 50,069,964	5.0%	$ 2,503,498	$ 15,547,607	$ 32,018,858	38.00	27.51	$ 1,163,899	2.32%
364.00 Poles, Towers and Fixtures	56,188,170	-75.0%	(42,141,128)	25,718,447	72,610,851	65.00	47.17	1,539,344	2.74%
365.00 Overhead Conductors and Devices	43,138,260	-100.0%	(43,138,260)	19,547,305	66,729,216	60.00	40.73	1,638,331	3.80%
366.00 Underground Conduit									
367.00 Underground Conductors and Devices	54,263,037	-5.0%	(2,713,152)	22,546,379	34,429,809	35.00	21.35	1,612,637	2.97%
368.00 Line Transformers	59,178,214	50.0%	29,589,107	24,337,850	5,251,257	32.00	23.47	223,743	0.38%
369.00 Overhead Services	10,994,656	-150.0%	(16,491,984)	9,145,125	18,341,515	50.00	30.58	599,788	5.46%
369.10 Underground Services	29,190,373	-20.0%	(5,838,075)	12,786,655	22,241,793	45.00	32.34	687,749	2.36%
370.00 Meters	20,230,067			6,787,166	13,442,900	32.00	21.77	617,497	3.05%
370.10 Load Management Switches	8,715,476			1,691,514	7,023,962	15.00	12.12	579,535	6.65%

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2009

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
370.20 Interruption Monitors	624,779			(306,351)	931,130	5.00	1.67	557,563	89.24%
371.20 Other Private Lighting	3,775,524	10.0%	377,552	1,285,210	2,112,762	22.00	16.74	126,210	3.34%
373.00 Street Lighting and Signal Systems	4,341,586	-5.0%	(217,079)	2,420,834	2,137,831	18.00	10.31	207,355	4.78%
Total Distribution Plant	$ 340,710,106	-22.9%	$ (78,069,520)	$ 141,507,742	$ 277,271,885		29.02	$ 9,553,651	2.80%
GENERAL PLANT									
390.00 *Structures and Improvements*	$ 18,993,146	10.0%	$ 1,899,315	$ 3,621,358	$ 13,472,473	50.00	36.34	$ 370,734	1.95%
390.10 General Office Buildings	5,620,460	-5.0%	(281,023)	2,340,506	3,560,977		21.84	163,048	2.90%
390.20 Fleet Service Center Buildings	789,745	-5.0%	(39,487)	363,938	465,294		38.53	12,076	1.53%
390.30 Central Stores Building	3,888,943	-5.0%	(194,447)	1,502,807	2,580,582		26.49	97,417	2.50%
391.00 Office Furniture*	2,374,098			1,492,788	881,310	15.00			
391.10 Office Equipment*	1,000,588			457,483	543,105	10.00			
391.20 Duplicating Equipment*	1,160,253			681,187	479,066	10.00			
391.50 Computer Systems*	1,527,333			703,710	823,623	5.00			
391.60 Computer Related Equipment*	1,836,284			1,090,660	745,624	5.00			
393.00 Stores Equipment*				(740)	740	15.00			
394.00 Tools, Shop and Garage Equipment*	2,959,034			1,399,352	1,559,682	15.00			
394.20 Automated Meter Reading Equipment*	1,093,497			472,312	621,185	15.00			
395.00 Laboratory Equipment*	249,168			229,312	19,856	15.00			
396.00 Power Operated Equipment	553,468	5.0%	27,673	240,106	285,689	23.00	16.02	17,833	3.22%
397.00 Communication Equipment*	604,294			313,679	290,615	15.00			
397.10 Radio Telecommunications Equipment*	928,324			460,481	467,844	10.00			
397.20 Microwave Equipment*	2,643,654			1,026,608	1,617,047	15.00			
397.30 Radio Load Control Equipment*	135,027			68,689	66,338	10.00			
397.40 Communication Equipment - Towers	1,486,754	5.0%	74,338	606,327	806,089	30.00	14.48	55,669	3.74%
Total General Plant	$ 47,844,071	3.1%	$ 1,486,368	$ 17,070,562	$ 29,287,140		40.86	$ 716,778	1.50%
TOTAL DEPRECIABLE PLANT	$ 1,168,268,304	-14.0%	$ (163,851,166)	$ 463,904,124	$ 868,215,346		26.84	$ 32,353,190	2.77%

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

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2010

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	$ 60,281,267	-7.0%	$ (4,219,689)	$ 43,605,719	$ 20,895,237		17.12	$ 1,220,516	2.02%
312.00 Boiler Plant Equipment	196,524,040	-7.5%	(14,739,303)	117,127,819	94,135,524		15.59	6,038,199	3.07%
314.00 Turbo Generator Units	58,912,382	-8.0%	(4,712,991)	32,129,044	31,496,328		15.45	2,038,597	3.46%
315.00 Accessory Electric Equipment	22,002,677	-7.4%	(1,628,198)	13,983,209	9,647,666		16.64	579,788	2.64%
316.00 Misc. Power Plant Equipment	5,448,430	-7.7%	(419,529)	3,017,234	2,850,726		15.37	185,473	3.40%
Total Steam Production	$ 343,168,796	-7.5%	$ (25,719,709)	$ 209,863,024	$ 159,025,481		15.80	$ 10,062,574	2.93%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	$ 205,945		$ -	$ 138,833	$ 67,113		12.29	$ 5,461	2.65%
332.00 Reservoirs, Dams and Waterways	1,737,074			1,142,457	594,618		12.29	48,382	2.79%
333.00 Water Wheels, Turbines and Gen.	1,056,163			350,083	706,079		12.30	57,405	5.44%
334.00 Accessory Electric Equipment	588,496			238,621	349,875		12.30	28,445	4.83%
335.00 Misc. Power Plant Equipment	147,893			91,769	56,123		12.30	4,563	3.09%
Total Hydraulic Production	$ 3,735,571		$ -	$ 1,961,763	$ 1,773,808		12.30	$ 144,256	3.86%
OTHER PRODUCTION									
341.00 Structures and Improvements	$ 10,372,336		$ -	$ 1,511,427	$ 8,860,908		26.74	$ 331,373	3.19%
342.00 Fuel Holders and Accessories	1,547,235			617,236	929,998		22.44	41,444	2.68%
343.00 Prime Movers	31,432,837			11,671,333	19,761,503		22.44	880,637	2.80%
344.00 Generators	248,814,640			10,804,248	238,010,392		24.10	9,875,950	3.97%
345.00 Accessory Electric Equipment	14,768,208			1,373,838	13,394,370		24.78	540,531	3.66%
346.00 Misc. Power Plant Equipment	421,985			122,419	299,566		22.25	13,464	3.19%
Total Other Production	$ 307,357,240		$ -	$ 26,100,502	$ 281,256,738		24.07	$ 11,683,399	3.80%
TRANSMISSION PLANT									
353.00 Station Equipment	$ 64,113,761	-5.0%	$ (3,205,688)	$ 15,147,831	$ 52,171,618	60.00	49.36	$ 1,056,961	1.65%
354.00 Towers and Fixtures	4,692,263	-10.0%	(469,226)	2,212,980	2,948,510	70.00	41.89	70,387	1.50%
355.00 Poles and Fixtures	78,694,228	-50.0%	(39,347,114)	36,562,698	81,478,644	65.00	47.61	1,711,377	2.17%
356.00 Overhead Conductors and Devices	68,505,645	-30.0%	(20,551,694)	29,359,196	59,698,143	60.00	43.04	1,387,039	2.02%
358.00 Underground Conductors and Devices	72,672	-5.0%	(3,634)	64,501	11,805	35.00	10.48	1,126	1.55%
Total Transmission Plant	$ 216,078,570	-29.4%	$ (63,577,356)	$ 83,347,207	$ 196,308,719		46.44	$ 4,226,890	1.96%
DISTRIBUTION PLANT									
362.00 Station Equipment	$ 55,865,911	5.0%	$ 2,793,296	$ 15,755,178	$ 37,317,437	38.00	28.13	$ 1,326,606	2.37%
364.00 Poles, Towers and Fixtures	57,700,687	-75.0%	(43,275,515)	30,054,517	70,921,685	65.00	47.02	1,508,330	2.61%
365.00 Overhead Conductors and Devices	43,146,926	-100.0%	(43,146,926)	31,364,893	54,928,960	60.00	40.45	1,357,947	3.15%
366.00 Underground Conduit									
367.00 Underground Conductors and Devices	56,395,314	-5.0%	(2,819,766)	25,360,261	33,854,819	35.00	21.27	1,591,670	2.82%
368.00 Line Transformers	62,659,926	50.0%	31,329,963	9,189,947	22,140,016	32.00	23.90	926,360	1.48%
369.00 Overhead Services	11,483,579	-150.0%	(17,225,368)	11,904,845	16,804,102	50.00	30.41	552,585	4.81%
369.10 Underground Services	30,954,909	-20.0%	(6,190,982)	11,522,460	25,623,431	45.00	32.10	798,238	2.58%
370.00 Meters	20,641,651			7,799,073	12,842,578	32.00	21.94	585,350	2.84%
370.10 Load Management Switches	8,936,228			2,945,570	5,990,658	15.00	11.16	536,797	6.01%

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2010

Statement I

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

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

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2011

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D=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%
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%

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2011

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D=B*C	E	F=B-D-E	G	H	I=F/H	J=I/B
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
Summary of Annual Depreciation Accruals for 2012

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	$ 60,445,815	-7.1%	$ (4,291,653)	$ 44,965,598	$ 19,771,869		16.94	$ 1,167,171	1.93%
312.00 Boiler Plant Equipment	204,979,431	-7.5%	(15,373,457)	123,363,108	96,989,779		15.55	6,237,285	3.04%
314.00 Turbo Generator Units	58,463,517	-8.0%	(4,677,081)	35,625,431	27,515,167		15.84	1,737,069	2.97%
315.00 Accessory Electric Equipment	23,116,645	-7.2%	(1,664,398)	15,424,580	9,356,463		17.22	543,349	2.35%
316.00 Misc. Power Plant Equipment	5,550,532	-7.9%	(438,492)	3,086,580	2,902,444		15.26	190,199	3.43%
Total Steam Production	$ 352,555,939	-7.5%	$ (26,445,082)	$ 222,465,298	$ 156,535,723		15.85	$ 9,875,072	2.80%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	$ 335,801		$ -	$ 159,684	$ 176,116		10.36	$ 17,000	5.06%
332.00 Reservoirs, Dams and Waterways	2,376,628			1,213,999	1,162,629		10.36	112,223	4.72%
333.00 Water Wheels, Turbines and Gen.	1,067,510			490,787	576,722		10.36	55,668	5.21%
334.00 Accessory Electric Equipment	597,919			314,720	283,199		10.36	27,336	4.57%
335.00 Misc. Power Plant Equipment	148,675			98,319	50,355		10.36	4,861	3.27%
Total Hydraulic Production	$ 4,526,532		$ -	$ 2,277,510	$ 2,249,023		10.36	$ 217,087	4.80%
OTHER PRODUCTION									
341.00 Structures and Improvements	$ 12,672,499		$ -	$ 2,410,709	$ 10,261,790		23.27	$ 440,988	3.48%
342.00 Fuel Holders and Accessories	1,581,378			647,759	933,619		21.37	43,688	2.76%
343.00 Prime Movers	31,557,860			13,359,086	18,198,774		21.42	849,616	2.69%
344.00 Generators	240,198,548			29,185,307	211,013,241		22.48	9,386,710	3.91%
345.00 Accessory Electric Equipment	19,744,183			2,944,828	16,799,356		22.41	749,637	3.80%
346.00 Misc. Power Plant Equipment	435,505			149,409	286,096		20.70	13,821	3.17%
Total Other Production	$ 306,189,973		$ -	$ 48,697,098	$ 257,492,875		22.42	$ 11,484,460	3.75%
TRANSMISSION PLANT									
353.00 Station Equipment	$ 66,485,998	-5.0%	$ (3,324,300)	$ 16,944,140	$ 52,866,158	60.00	49.54	$ 1,067,141	1.61%
354.00 Towers and Fixtures	4,692,263	-10.0%	(469,226)	2,355,179	2,806,310	70.00	39.89	70,351	1.50%
355.00 Poles and Fixtures	84,757,686	-50.0%	(42,378,843)	39,458,203	87,678,326	65.00	46.81	1,873,068	2.21%
356.00 Overhead Conductors and Devices	72,816,757	-30.0%	(21,845,027)	31,907,873	62,753,912	60.00	42.18	1,487,765	2.04%
358.00 Underground Conductors and Devices	77,461	-5.0%	(3,873)	65,328	16,005	35.00	6.92	2,313	2.99%
Total Transmission Plant	$ 228,830,165	-29.7%	$ (68,021,269)	$ 90,730,723	$ 206,120,711		45.80	$ 4,500,638	1.97%
DISTRIBUTION PLANT									
362.00 Station Equipment	$ 64,204,881	5.0%	$ 3,210,244	$ 17,317,349	$ 43,677,288	38.00	28.38	$ 1,539,016	2.40%
364.00 Poles, Towers and Fixtures	62,643,868	-75.0%	(46,982,901)	33,603,347	76,023,422	65.00	46.33	1,640,911	2.62%
365.00 Overhead Conductors and Devices	44,956,508	-100.0%	(44,956,508)	33,801,848	56,111,169	60.00	39.22	1,430,677	3.18%
366.00 Underground Conduit									
367.00 Underground Conductors and Devices	61,084,291	-5.0%	(3,054,215)	28,135,291	36,003,214	35.00	20.59	1,748,578	2.86%
368.00 Line Transformers	71,186,693	50.0%	35,593,346	10,485,393	25,107,953	32.00	24.16	1,039,236	1.46%
369.00 Overhead Services	11,876,396	-150.0%	(17,814,595)	12,839,796	16,851,195	50.00	29.73	566,808	4.77%
369.10 Underground Services	33,521,023	-20.0%	(6,704,205)	13,020,332	27,204,896	45.00	31.46	864,746	2.58%
370.00 Meters	21,697,298			7,871,978	13,825,320	32.00	21.97	629,282	2.90%
370.10 Load Management Switches	8,895,304			3,989,354	4,905,950	15.00	9.44	519,698	5.84%

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2012

Statement I

Account Description	Beginning Plant Balance	Est. Future Net Salvage Percent	Est. Future Net Salvage Amount	Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B
370.20 Interruption Monitors	607,810			385,603	222,207	5.00	2.50	88,883	14.62%
371.20 Other Private Lighting	4,015,486	10.0%	401,549	1,018,475	2,595,462	22.00	16.25	159,721	3.98%
373.00 Street Lighting and Signal Systems	4,616,893	-5.0%	(230,845)	2,313,504	2,534,234	18.00	9.96	254,441	5.51%
Total Distribution Plant	$ 389,306,451	-20.7%	$ (80,538,129)	$ 164,782,271	$ 305,062,309		29.10	$ 10,481,997	2.69%
GENERAL PLANT									
390.00 Structures and Improvements	$ 19,124,449	10.0%	$ 1,912,445	$ 4,346,262	$ 12,865,743	50.00	36.49	$ 352,583	1.84%
390.10 General Office Buildings	5,470,319	-5.0%	(273,516)	2,093,061	3,650,775		19.00	192,146	3.51%
390.20 Fleet Service Center Buildings	789,745	-5.0%	(39,487)	446,518	382,715		14.22	26,914	3.41%
390.30 Central Stores Building	3,904,166	-5.0%	(195,208)	1,904,625	2,194,749		23.69	92,645	2.37%
391.00 Office Furniture*	1,883,645			1,218,139	665,506	15.00			
391.10 Office Equipment*	935,065			456,835	478,230	10.00			
391.20 Duplicating Equipment*	700,892			418,435	282,457	10.00			
391.50 Computer Systems*	3,274,994			1,082,919	2,192,075	5.00			
391.60 Computer Related Equipment*	1,762,330			1,018,509	743,820	5.00			
393.00 Stores Equipment*				(0)	0	15.00			
394.00 Tools, Shop and Garage Equipment*	3,164,974			1,198,115	1,966,858	15.00			
394.20 Automated Meter Reading Equipment*	591,354			183,611	407,742	15.00			
395.00 Laboratory Equipment*	18,181			18,181	0	15.00			
396.00 Power Operated Equipment	591,251	5.0%	29,563	206,625	355,063	23.00	16.73	21,223	3.59%
397.00 Communication Equipment*	665,003			230,546	434,456	15.00			
397.10 Radio Telecommunications Equipment*	1,416,496			453,777	962,719	10.00			
397.20 Microwave Equipment*	3,239,765			1,489,862	1,749,903	15.00			
397.30 Radio Load Control Equipment*	158,538			103,325	55,213	10.00			
397.40 Communication Equipment - Towers	1,690,677	5.0%	84,534	652,544	953,600	30.00	14.53	65,630	3.88%
Total General Plant	$ 49,381,844	3.1%	$ 1,518,330	$ 17,521,891	$ 30,341,624		40.39	$ 751,140	1.52%
TOTAL DEPRECIABLE PLANT	$ 1,330,790,905	-13.0%	$ (173,486,150)	$ 546,474,790	$ 957,802,266		25.67	$ 37,310,394	2.80%

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

ANALYSIS

INTRODUCTION

This section provides an explanation of the supporting schedules developed in the OTP 2013 depreciation study to estimate appropriate projection curves, projection lives and net salvage statistics for each rate category. The form and content of the schedules developed for an account depend upon the method of analysis adopted for the category.

This section also includes an example of the supporting schedules developed for Account 368.00 – Line Transformers. Documentation for all other plant accounts is contained in the study work papers. Supporting schedules developed in the OTP study include:

Schedule A – Generation Arrangement;
Schedule B – Age Distribution;
Schedule C – Plant History;
Schedule D – Actuarial Life Analysis;
Schedule E – Graphics Analysis; and
Schedule F – Historical Net Salvage Analysis.

The format and content of these schedules are briefly described below.

SCHEDULE A – GENERATION ARRANGEMENT

The purpose of this schedule is to obtain appropriate weighted–average life statistics for a rate category. A weighted–average remaining–life is the sum of Column H divided by the sum of Column I. A weighted average life is the sum of Column C divided by the sum of Column I. Table 4 below provides a description of each column in the generation arrangement.

It should be noted that the generation arrangement does not include parameters for net salvage. Computed Net Plant (Column C) and Accruals (Column I) must be adjusted for net salvage to obtain a correct measurement of theoretical reserves and annualized depreciation accruals.

SCHEDULE B – AGE DISTRIBUTION

This schedule provides the age distribution and realized life of surviving plant shown in Column C of the Generation Arrangement (Schedule A). The format of the schedule depends upon the availability of either aged or unaged data. Derived additions for vintage years older than the earliest activity year in an account for unaged data are obtained from the age distribution of surviving plant at the beginning of the earliest activity year. The amount surviving from these vintages is shown in Column D. The realized life (Column G) is derived from the dollar years of service provided by a vintage over the period of years the vintage has been in service. Plant additions for vintages older than the earliest activity year in an account are represented by the opening balances shown in Column D.

The computed proportion surviving (Column D) for unaged data is derived

Column	Title	Description
A	Vintage	Vintage or placement year of surviving plant.
B	Age	Age of surviving plant at beginning of study year.
C	Surviving Plant	Actual dollar amount of surviving plant.
D	Average Life	Estimated average life of each vintage. This statistic is the sum of the realized life and the unrealized life, which is the product of the remaining life (Column E) and the theoretical proportion surviving.
E	Remaining Life	Estimated remaining life of each vintage.
F	Net Plant Ratio	Theoretical net plant ratio of each vintage.
G	Allocation Factor	A pivotal ratio which determines the amortization period of the difference between the recorded and computed reserve.
H	Computed Net Plant	Plant in service less theoretical reserve for each vintage.
I	Accrual	Ratio of computed net plant (Column H) and remaining life (Column E).

Table 4. Generation Arrangement

from a computed mortality analysis. The average service life displayed in the title block is the life statistic derived for the most recent activity year, given the derived age distribution at the start of the year and the specified retirement dispersion. The realized life (Column F) is obtained by finding the slope of an SC retirement dispersion, which connects the computed survivors of a vintage (Column E) to the recorded vintage addition (Column B). The realized life is the area bounded by the SC dispersion, the computed proportion surviving and the age of the vintage.

SCHEDULE C – PLANT HISTORY

An Unadjusted Plant History schedule provides a summary of recorded plant data extracted from the continuing property records maintained by the Company. Activity year total amounts shown on this schedule for aged data are obtained from a historical arrangement of the database in which all plant accounting transactions are identified by vintage and activity year. Activity year totals for unaged data are obtained from a transaction file without vintage identification. Information displayed in the unadjusted plant history is consistent with regulated investments reported internally by the Company.

An Adjusted Plant History schedule provides a summary of recorded plant data extracted from the continuing property records maintained by the Company with sales, transfers, and adjustments appropriately aged for depreciation study purposes. Activity year total amounts shown on this schedule for aged data are obtained from a historical arrangement of the database in which all plant accounting transactions are identified by vintage and activity year. Ageing of adjusting transactions is achieved using transaction codes that identify an adjusting year as-

sociated with the dollar amount of a transaction. Adjusting transactions processed in the adjusted plant history are not aged in the Company's records or in the unadjusted plant history.

SCHEDULE D – ACTUARIAL LIFE ANALYSIS

These schedules provide a summary of the dispersion and life indications obtained from an actuarial life analysis for a specified placement band. The observation band (Column A) is specified to produce a rolling–band, shrinking–band, or progressive–band analysis depending upon the movement of the end points of the band. The degree of censoring (or point of truncation) of the observed life table is shown in Column B for each observation band. The estimated average service life, best fitting Iowa dispersion, and a statistical measure of the goodness of fit are shown for each degree polynomial (First, Second, and Third) fitted to the estimated hazard rates. Options available in the analysis include the width and location of both the placement and observation bands; the interval of years included in a selected rolling, shrinking, or progressive band analysis; the estimator of the hazard rate (actuarial, conditional proportion retired, or maximum likelihood); the elements to include on the diagonal of a weight matrix (exposures, inverse of age, inverse of variance, or unweighted); and the age at which an observed life table is truncated.

Estimated projection lives (Columns C, F, and I) are flagged with an asterisk if negative hazard rates are indicated by the fitted polynomial. All negative hazard rates are set equal to zero in the calculation of the graduated survivor curve. The Conformance Index (Columns E, H, and K) is the square root of the mean sum–of–squared differences between the graduated survivor curve and the best fitting Iowa curve. A Conformance Index of zero would indicate a perfect fit.

SCHEDULE E – GRAPHICS ANALYSIS

This schedule provides a graphics plot of a) the observed proportion surviving for a selected placement and observation band; b) the statistically best fitting Iowa dispersion and derived average service life; and c) the projection curve and projection life selected to describe future forces of mortality.

The graphics analysis also provides a plot of the observed hazard rates and graduated hazard function for a selected placement and observation band. The estimator of the hazard rates and weighting used in fitting orthogonal polynomials to the observed data are displayed in the title block of the displayed graph.

SCHEDULE F – HISTORICAL NET SALVAGE ANALYSIS

This schedule provides a moving average analysis of the ratio of realized net salvage (Column I) to the associated retirements (Column B). The schedule also provides a moving average analysis of the components of net salvage related to retirements. The ratio of gross salvage to retirements is shown in Column D and the ratio of cost of removal to retirements is shown in Column G.

Schedule A
Page 1 of 2

OTTER TAIL POWER COMPANY

Distribution Plant
Account: 368.00 Line Transformers

Dispersion: 40 - R2.5
Procedure: Vintage Group

Generation Arrangement

	December 31, 2012				Net			
Vintage	Age	Surviving Plant	Avg. Life	Rem. Life	Plant Ratio	Alloc. Factor	Computed Net Plant	Accrual
A	B	C	D	E	F	G	H=C*F*G	I=H/E
2012	0.5	3,985,664	40.00	39.53	0.9883	1.0000	3,938,885	99,649
2011	1.5	5,454,457	40.00	38.59	0.9646	1.0000	5,261,487	136,356
2010	2.5	5,039,585	40.00	37.65	0.9411	1.0000	4,742,932	125,975
2009	3.5	4,340,657	40.01	36.72	0.9177	1.0000	3,983,597	108,491
2008	4.5	4,383,134	40.01	35.79	0.8945	1.0000	3,920,832	109,544
2007	5.5	4,406,612	40.02	34.87	0.8714	1.0000	3,840,040	110,116
2006	6.5	4,773,452	40.02	33.96	0.8486	1.0000	4,050,916	119,289
2005	7.5	2,861,747	40.00	33.05	0.8263	1.0000	2,364,579	71,542
2004	8.5	2,920,075	39.96	32.15	0.8046	1.0000	2,349,561	73,078
2003	9.5	1,320,544	40.01	31.26	0.7812	1.0000	1,031,629	33,003
2002	10.5	884,959	39.76	30.37	0.7639	1.0000	676,020	22,257
2001	11.5	1,561,521	39.33	29.50	0.7500	1.0000	1,171,085	39,702
2000	12.5	1,967,814	39.21	28.63	0.7302	1.0000	1,436,807	50,188
1999	13.5	1,489,600	39.46	27.77	0.7037	1.0000	1,048,194	37,747
1998	14.5	1,181,987	40.20	26.92	0.6697	1.0000	791,534	29,405
1997	15.5	1,700,695	39.22	26.08	0.6650	1.0000	1,130,931	43,367
1996	16.5	1,781,364	39.07	25.25	0.6462	1.0000	1,151,177	45,596
1995	17.5	1,193,609	37.86	24.43	0.6451	1.0000	770,030	31,524
1994	18.5	1,425,423	38.33	23.62	0.6161	1.0000	878,194	37,185
1993	19.5	1,155,997	40.18	22.82	0.5680	1.0000	656,565	28,774
1992	20.5	622,348	38.64	22.03	0.5702	1.0000	354,861	16,108
1991	21.5	767,059	39.65	21.25	0.5360	1.0000	411,133	19,344
1990	22.5	778,883	38.73	20.49	0.5290	1.0000	412,057	20,110
1989	23.5	2,134,570	40.39	19.74	0.4887	1.0000	1,043,080	52,846
1988	24.5	1,417,899	40.37	19.00	0.4706	1.0000	667,330	35,125
1987	25.5	795,071	40.63	18.27	0.4497	1.0000	357,572	19,569
1986	26.5	658,413	40.57	17.56	0.4328	1.0000	284,944	16,227
1985	27.5	732,796	38.48	16.86	0.4382	1.0000	321,101	19,045
1984	28.5	680,902	40.42	16.18	0.4002	1.0000	272,524	16,848
1983	29.5	1,943,138	40.63	15.51	0.3816	1.0000	741,579	47,824
1982	30.5	501,992	39.61	14.85	0.3750	1.0000	188,251	12,675
1981	31.5	1,546,202	40.88	14.22	0.3477	1.0000	537,663	37,823
1980	32.5	979,568	41.33	13.60	0.3290	1.0000	322,235	23,702
1979	33.5	979,562	41.46	12.99	0.3134	1.0000	307,009	23,629
1978	34.5	1,098,095	41.15	12.41	0.3016	1.0000	331,143	26,685
1977	35.5	898,494	41.28	11.85	0.2869	1.0000	257,803	21,765
1976	36.5	868,436	40.86	11.30	0.2766	1.0000	240,200	21,255

Schedule A
Page 2 of 2

OTTER TAIL POWER COMPANY

Distribution Plant
Account: 368.00 Line Transformers

Dispersion: 40 - R2.5
Procedure: Vintage Group

Generation Arrangement

	December 31, 2012				Net			
Vintage	Age	Surviving Plant	Avg. Life	Rem. Life	Plant Ratio	Alloc. Factor	Computed Net Plant	Accrual
A	B	C	D	E	F	G	H=C*F*G	I=H/E
1975	37.5	745,502	42.51	10.78	0.2536	1.0000	189,030	17,539
1974	38.5	677,933	42.09	10.28	0.2441	1.0000	165,490	16,105
1973	39.5	463,094	43.30	9.80	0.2262	1.0000	104,768	10,696
1972	40.5	210,156	41.15	9.34	0.2269	1.0000	47,680	5,107
1971	41.5	257,348	41.22	8.90	0.2159	1.0000	55,568	6,243
1970	42.5	313,412	42.45	8.49	0.1999	1.0000	62,641	7,382
1969	43.5	264,701	44.72	8.09	0.1809	1.0000	47,897	5,919
1968	44.5	397,474	46.28	7.72	0.1668	1.0000	66,292	8,588
1967	45.5	108,169	44.73	7.37	0.1647	1.0000	17,815	2,419
1966	46.5	37,595	43.14	7.03	0.1630	1.0000	6,127	871
1965	47.5	261,590	45.92	6.71	0.1462	1.0000	38,250	5,696
1964	48.5	188,910	47.58	6.41	0.1348	1.0000	25,468	3,971
1963	49.5	161,363	47.63	6.13	0.1286	1.0000	20,757	3,388
1962	50.5	149,905	47.80	5.85	0.1225	1.0000	18,356	3,136
1961	51.5	191,323	48.19	5.59	0.1160	1.0000	22,192	3,970
1960	52.5	33,303	45.24	5.34	0.1179	1.0000	3,928	736
1957	55.5	2,677	40.61	4.61	0.1136	1.0000	304	66
Total	14.2	$75,696,778	40.15	28.19	0.7020	1.0000	$53,138,041	$1,885,198

Schedule B
Page 1 of 3

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

Age Distribution

Vintage	Age as of 12/31/2012	Derived Additions	1985 Opening Balance	Experience to 12/31/2012 Amount Surviving	Proportion Surviving	Realized Life
A	B	C	D	E	F=E/(C+D)	G
2012	0.5	4,010,421		3,985,664	0.9938	0.4969
2011	1.5	5,455,573		5,454,457	0.9998	1.4999
2010	2.5	5,039,585		5,039,585	1.0000	2.5000
2009	3.5	4,340,657		4,340,657	1.0000	3.5000
2008	4.5	4,390,643		4,383,134	0.9983	4.4965
2007	5.5	4,416,586		4,406,612	0.9977	5.4927
2006	6.5	4,797,929		4,773,452	0.9949	6.4795
2005	7.5	2,905,228		2,861,747	0.9850	7.4509
2004	8.5	2,985,750		2,920,075	0.9780	8.3917
2003	9.5	1,337,634		1,320,544	0.9872	9.4262
2002	10.5	917,178		884,959	0.9649	10.1514
2001	11.5	1,705,596		1,561,521	0.9155	10.6938
2000	12.5	2,187,118		1,967,814	0.8997	11.5403
1999	13.5	1,608,929		1,489,600	0.9258	12.7582
1998	14.5	1,187,240		1,181,987	0.9956	14.4518
1997	15.5	1,917,933		1,700,695	0.8867	14.4241
1996	16.5	2,024,994		1,781,364	0.8797	15.2240
1995	17.5	1,692,309		1,193,609	0.7053	14.9604
1994	18.5	1,884,752		1,425,423	0.7563	16.3641
1993	19.5	1,206,437		1,155,997	0.9582	19.1322
1992	20.5	775,758		622,348	0.8022	18.5113
1991	21.5	862,077		767,059	0.8898	20.4382
1990	22.5	991,037		778,883	0.7859	20.4138
1989	23.5	2,252,341		2,134,570	0.9477	22.9633
1988	24.5	1,549,766		1,417,899	0.9149	23.8154
1987	25.5	829,595		795,071	0.9584	24.9420
1986	26.5	700,775		658,413	0.9396	25.7390
1985	27.5	921,085		732,796	0.7956	24.4798
1984	28.5		777,419	680,902	0.8758	27.2400
1983	29.5		2,199,895	1,943,138	0.8833	28.2616
1982	30.5		683,158	501,992	0.7348	28.0255
1981	31.5		1,826,717	1,546,202	0.8464	30.0694
1980	32.5		1,127,386	979,568	0.8689	31.2676
1979	33.5		1,271,335	979,562	0.7705	32.1245
1978	34.5		1,600,819	1,098,095	0.6860	32.5253
1977	35.5		1,375,280	898,494	0.6533	33.3406
1976	36.5		1,340,737	868,436	0.6477	33.5741
1975	37.5		939,316	745,502	0.7937	35.8522

Schedule B
Page 2 of 3

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

Age Distribution

Vintage	Age as of 12/31/2012	Derived Additions	1985 Opening Balance	Experience to 12/31/2012 Amount Surviving	Proportion Surviving	Realized Life
A	B	C	D	E	F=E/(C+D)	G
1974	38.5		926,024	677,933	0.7321	36.0444
1973	39.5		576,492	463,094	0.8033	37.8210
1972	40.5		410,594	210,156	0.5118	36.2199
1971	41.5		462,558	257,348	0.5564	36.7987
1970	42.5		433,009	313,412	0.7238	38.5147
1969	43.5		334,896	264,701	0.7904	41.2267
1968	44.5		499,879	397,474	0.7951	43.2040
1967	45.5		434,220	108,169	0.2491	42.0306
1966	46.5		314,667	37,595	0.1195	40.7990
1965	47.5		383,139	261,590	0.6828	43.8959
1964	48.5		266,056	188,910	0.7100	45.8364
1963	49.5		285,699	161,363	0.5648	46.1501
1962	50.5		282,057	149,905	0.5315	46.5472
1961	51.5		348,979	191,323	0.5482	47.1396
1960	52.5		352,519	33,303	0.0945	44.3665
1959	53.5		304,806		0.0000	42.8919
1958	54.5		298,158		0.0000	42.2956
1957	55.5		236,760	2,677	0.0113	40.1303
1956	56.5		204,474		0.0000	37.3813
1955	57.5		158,927		0.0000	36.4333
1954	58.5		81,363		0.0000	37.0255
1953	59.5		75,984		0.0000	37.2813
1952	60.5		37,957		0.0000	37.5770
1951	61.5		34,661		0.0000	38.7383
1950	62.5		18,494		0.0000	39.8341
1949	63.5		37,345		0.0000	40.4566
1948	64.5		30,069		0.0000	40.4386
1947	65.5		17,197		0.0000	41.2486
1946	66.5		9,863		0.0000	41.7799
1945	67.5		12,516		0.0000	42.5908
1944	68.5		4,559		0.0000	43.5769
1943	69.5		1,349		0.0000	44.6412
1942	70.5		2,154		0.0000	45.2841
1941	71.5		1,542		0.0000	46.9728
1940	72.5		910		0.0000	47.5747
1939	73.5		908		0.0000	49.4229
1938	74.5		1,116		0.0000	50.3665
1937	75.5		990		0.0000	51.5121

Schedule B
Page 3 of 3

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

Age Distribution

Vintage	Age as of 12/31/2012	Derived Additions	1985 Opening Balance	Experience to 12/31/2012 Amount Surviving	Proportion Surviving	Realized Life
A	B	C	D	E	F=E/(C+D)	G
1936	76.5		716		0.0000	52.0377
1935	77.5		612		0.0000	53.0033
1934	78.5		330		0.0000	54.1212
1933	79.5		163		0.0000	55.1779
1932	80.5		408		0.0000	56.2549
1931	81.5		602		0.0000	57.3455
1930	82.5		959		0.0000	58.1470
1929	83.5		770		0.0000	58.8130
1928	84.5		699		0.0000	59.5579
1927	85.5		500		0.0000	60.0000
1926	86.5		321		0.0000	61.0000
1925	87.5		297		0.0000	62.0000
1924	88.5		497		0.0000	63.0000
1923	89.5		49		0.0000	64.0000
1922	90.5		55		0.0000	65.0000
1921	91.5		87		0.0000	66.0000
1920	92.5		33		0.0000	67.0000
1919	93.5		40		0.0000	68.0000
1918	94.5		27		0.0000	69.0000
1917	95.5		522		0.0000	70.0000
Total	14.2	$64,894,924	$21,032,638	$75,696,778	0.8809	

Schedule C
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

Unadjusted Plant History

Year	Beginning Balance	Additions	Retirements	Sales, Transfers & Adjustments	Ending Balance
A	B	C	D	E	F=B+C-D+E
1985	21,234,969	771,030			22,005,999
1986	22,005,999	683,682			22,689,681
1987	22,689,681	820,432	195,920		23,314,193
1988	23,314,193	1,551,868	226,995	5,242	24,644,308
1989	24,644,308	2,263,122	117,996	(5,527)	26,783,907
1990	26,783,907	991,037	326,221	4,616	27,453,339
1991	27,453,339	862,078	207,646	(12,467)	28,095,304
1992	28,095,304	786,675	150,570	(9,787)	28,721,622
1993	28,721,622	1,192,241	195,536	4,252	29,722,579
1994	29,722,579	1,886,432	149,575		31,459,436
1995	31,459,436	1,686,752	314,072	10,338	32,842,454
1996	32,842,454	2,027,115	147,983	4,510	34,726,096
1997	34,726,096	1,912,324	55,522	(1)	36,582,897
1998	36,582,897	1,187,240	153,733		37,616,404
1999	37,616,404	1,609,327	156,027	(208)	39,069,497
2000	39,069,497	2,188,835	166,433		41,091,899
2001	41,091,899	1,705,596	192,474		42,605,021
2002	42,605,021	916,851	277,076	317	43,245,113
2003	43,245,113	1,337,634	2,873,659	32	41,709,120
2004	41,709,120	2,985,750	441,561	(15,540)	44,237,769
2005	44,237,769	2,896,827	432,818	3	46,701,781
2006	46,701,781	3,131,711	360,187	(448)	49,472,857
2007	49,472,857	4,655,291	486,133	(40,432)	53,601,583
2008	53,601,583	6,003,190	483,256	56,694	59,178,212
2009	59,178,212	3,936,418	458,656	3,951	62,659,924
2010	62,659,924	5,098,877	731,745		67,027,056
2011	67,027,056	4,566,114	500,083	93,606	71,186,693
2012	71,186,693	4,917,618	428,907	21,375	75,696,778

Schedule C
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

Adjusted Plant History

Year	Beginning Balance	Additions	Retirements	Sales, Transfers & Adjustments	Ending Balance
A	B	C	D	E	F=B+C-D+E
1985	21,056,142	924,236			21,980,378
1986	21,980,378	718,377			22,698,755
1987	22,698,755	825,004	195,920		23,327,839
1988	23,327,839	1,550,708	226,995	5,242	24,656,794
1989	24,656,794	2,263,122	117,996	(5,527)	26,796,393
1990	26,796,393	991,037	326,221	4,616	27,465,826
1991	27,465,826	862,078	207,646	(12,467)	28,107,791
1992	28,107,791	776,714	150,570	(9,787)	28,724,147
1993	28,724,147	1,192,241	195,536	4,252	29,725,105
1994	29,725,105	1,886,432	149,575		31,461,962
1995	31,461,962	1,686,752	314,072	10,338	32,844,980
1996	32,844,980	2,024,994	147,983	4,510	34,726,500
1997	34,726,500	1,912,324	55,522	(1)	36,583,301
1998	36,583,301	1,187,240	153,733		37,616,809
1999	37,616,809	1,608,602	156,027	(208)	39,069,177
2000	39,069,177	2,188,835	166,433		41,091,579
2001	41,091,579	1,705,596	192,474		42,604,701
2002	42,604,701	917,178	277,076	317	43,245,119
2003	43,245,119	1,337,634	2,873,659	32	41,709,127
2004	41,709,127	2,985,750	441,561	(15,542)	44,237,775
2005	44,237,775	2,905,228	432,818		46,710,184
2006	46,710,184	4,798,378	360,187	(449)	51,147,926
2007	51,147,926	4,416,586	486,133	(40,432)	55,037,948
2008	55,037,948	4,349,925	483,256	56,694	58,961,311
2009	58,961,311	4,335,839	458,656	3,951	62,842,445
2010	62,842,445	4,997,275	731,745		67,107,974
2011	67,107,974	5,413,769	500,083	93,604	72,115,264
2012	72,115,264	3,989,047	428,907	21,375	75,696,778

Schedule D
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

T-Cut: None
Placement Band: 1917-2012
Hazard Function: Proportion Retired
Weighting: Exposures

Rolling Band Life Analysis

Observation Band	Censoring	First Degree			Second Degree			Third Degree		
		Average Life	Dispersion	Conf. Index	Average Life	Dispersion	Conf. Index	Average Life	Dispersion	Conf. Index
A	B	C	D	E	F	G	H	I	J	K
1985-1989	0.0	47.8	L2 *	23.04	37.3	R3 *	7.91	37.8	R4 *	5.67
1986-1990	0.0	40.4	L2 *	16.76	34.4	R3 *	6.89	35.5	R4 *	4.54
1987-1991	0.0	38.1	L2 *	14.55	33.4	R3 *	6.53	34.5	R4 *	3.60
1988-1992	0.0	40.3	L2 *	17.19	34.7	R3 *	7.67	34.9	R4 *	3.82
1989-1993	0.0	41.9	L2 *	18.51	36.1	R3 *	8.80	35.4	R4 *	4.28
1990-1994	0.0	43.1	L2 *	19.76	36.8	R3 *	10.53	35.8	R4 *	5.49
1991-1995	0.0	46.5	L2 *	19.77	39.0	R3 *	13.97	36.8	R4 *	8.22
1992-1996	0.0	49.0	L2 *	19.32	40.2	R3 *	14.73	37.6	R4 *	9.86
1993-1997	0.0	53.9	L1.5 *	15.87	43.1	R3 *	13.27	39.4	R4 *	10.32
1994-1998	15.0	58.2	L1.5 *	14.55	44.5	R3 *	11.60	40.7	R4 *	8.76
1995-1999	6.1	61.8	L1.5 *	16.68	46.7	S2	13.88	42.3	R4 *	11.20
1996-2000	15.7	64.7	L1.5 *	16.59	46.9	S3 *	12.83	43.3	R4 *	10.21
1997-2001	7.6	64.6	L1.5 *	18.87	46.9	S3 *	14.63	43.3	R4 *	11.58
1998-2002	20.8	58.6	L1.5 *	13.92	44.4	R3 *	10.29	41.9	R4 *	7.74
1999-2003	10.3	46.4	O2	9.87	34.1	R0.5	7.34	32.3	R0.5	4.62
2000-2004	2.1	41.1	O2	10.78	33.0	R0.5	7.84	31.9	R0.5	5.31
2001-2005	0.6	38.1	L0	10.78	32.3	R0.5	7.64	31.6	R0.5	5.41
2002-2006	0.9	37.5	L0	9.89	32.5	R0.5	6.87	31.6	R0.5	4.88
2003-2007	9.9	37.0	L0	7.01	33.0	R0.5	4.73	31.6	R0.5	3.50
2004-2008	18.9	45.1	L2 *	9.07	41.7	S3 *	4.99	41.2	R4 *	4.74
2005-2009	23.0	45.8	L2 *	8.75	42.7	S3 *	4.36	42.3	R4	4.32
2006-2010	0.0	45.5	L2 *	7.88	43.3	S3 *	4.68	43.2	S3 *	4.72
2007-2011	0.0	45.5	L2 *	7.81	43.8	S2 *	3.90	44.1	S2 *	3.95
2008-2012	27.8	46.6	L2 *	6.93	44.7	S2 *	2.77	45.0	S2 *	2.72

Schedule D
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

T-Cut: None
Placement Band: 1917-2012
Hazard Function: Proportion Retired
Weighting: Exposures

Shrinking Band Life Analysis

Observation Band	Censoring	First Degree			Second Degree			Third Degree		
		Average Life	Dispersion	Conf. Index	Average Life	Dispersion	Conf. Index	Average Life	Dispersion	Conf. Index
A	B	C	D	E	F	G	H	I	J	K
1985-2012	0.0	46.5	L1.5 *	11.80	41.2	R2.5	3.10	40.3	R2.5	2.23
1987-2012	0.0	46.1	L1.5 *	12.00	41.0	R2.5	3.38	40.0	R2.5	1.99
1989-2012	0.0	46.3	L1.5 *	10.89	41.2	R2.5	4.12	40.2	R2.5	2.45
1991-2012	18.6	46.7	L1.5 *	7.91	41.4	R2.5	3.30	40.3	R2.5	3.06
1993-2012	18.8	46.8	L1.5 *	7.84	41.5	R2.5	3.38	40.3	R2.5	3.10
1995-2012	19.0	46.6	L1.5 *	7.64	41.5	R2.5	3.44	40.2	R2.5	3.15
1997-2012	19.4	46.4	L1.5 *	7.45	41.5	R2.5	3.46	40.1	R2.5	3.23
1999-2012	19.1	45.2	L1.5 *	6.94	41.0	R2.5	3.46	39.6	R2.5	3.22
2001-2012	18.8	44.0	L1.5 *	6.41	40.3	R2	3.31	39.0	R2	3.14
2003-2012	18.9	42.7	L1 *	5.65	39.7	R2	3.04	38.4	R2	2.92
2005-2012	23.6	46.0	L2 *	7.69	43.8	S3 *	2.99	43.5	S3	3.04
2007-2012	27.5	46.5	L2 *	6.66	44.5	S2 *	2.62	44.7	S2 *	2.56
2009-2012	28.3	46.5	L2 *	7.00	44.9	S2 *	2.91	45.3	S2 *	2.86
2011-2012	34.0	49.6	L2 *	6.66	46.8	S3 *	2.31	46.5	S3 *	2.38

Schedule D
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

T-Cut: None
Placement Band: 1917-2012
Hazard Function: Proportion Retired
Weighting: Exposures

Progressing Band Life Analysis

Observation Band	Censoring	First Degree			Second Degree			Third Degree		
		Average Life	Dispersion	Conf. Index	Average Life	Dispersion	Conf. Index	Average Life	Dispersion	Conf. Index
A	B	C	D	E	F	G	H	I	J	K
1985-1986	100.0				No Retirements					
1985-1988	0.0	48.5	L1.5 *	23.81	37.4	R3 *	8.09	37.9	R4 *	6.49
1985-1990	0.0	42.8	L2 *	18.80	35.6	R3 *	7.27	36.4	R4 *	5.16
1985-1992	0.0	43.2	L2 *	18.81	36.1	R3 *	7.54	36.6	R4 *	4.55
1985-1994	0.0	44.8	L2 *	20.25	37.0	R3 *	8.67	37.1	R4 *	5.17
1985-1996	0.0	45.6	L2 *	21.14	37.9	R3 *	10.08	37.4	R4 *	6.22
1985-1998	0.0	49.3	L1.5 *	23.63	40.0	R3 *	11.12	38.9	R4 *	6.70
1985-2000	0.0	51.5	L1.5 *	24.35	41.4	R3 *	11.39	40.0	R4 *	6.69
1985-2002	0.0	51.9	L1.5 *	23.27	41.7	R3 *	10.10	40.4	R4 *	5.38
1985-2004	0.0	47.6	L1	19.63	38.8	R2	8.69	37.7	R2.5	4.62
1985-2006	0.0	46.7	L1.5 *	17.96	38.9	R2.5	7.63	38.0	R3 *	4.17
1985-2008	0.0	46.6	L1.5 *	15.12	39.6	R2.5	4.90	38.6	R3 *	2.11
1985-2010	0.0	46.0	L1.5 *	12.44	40.2	R2.5	3.28	39.2	R2.5	2.28
1985-2012	0.0	46.5	L1.5 *	11.80	41.2	R2.5	3.10	40.3	R2.5	2.23

Schedule E
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

T-Cut: None

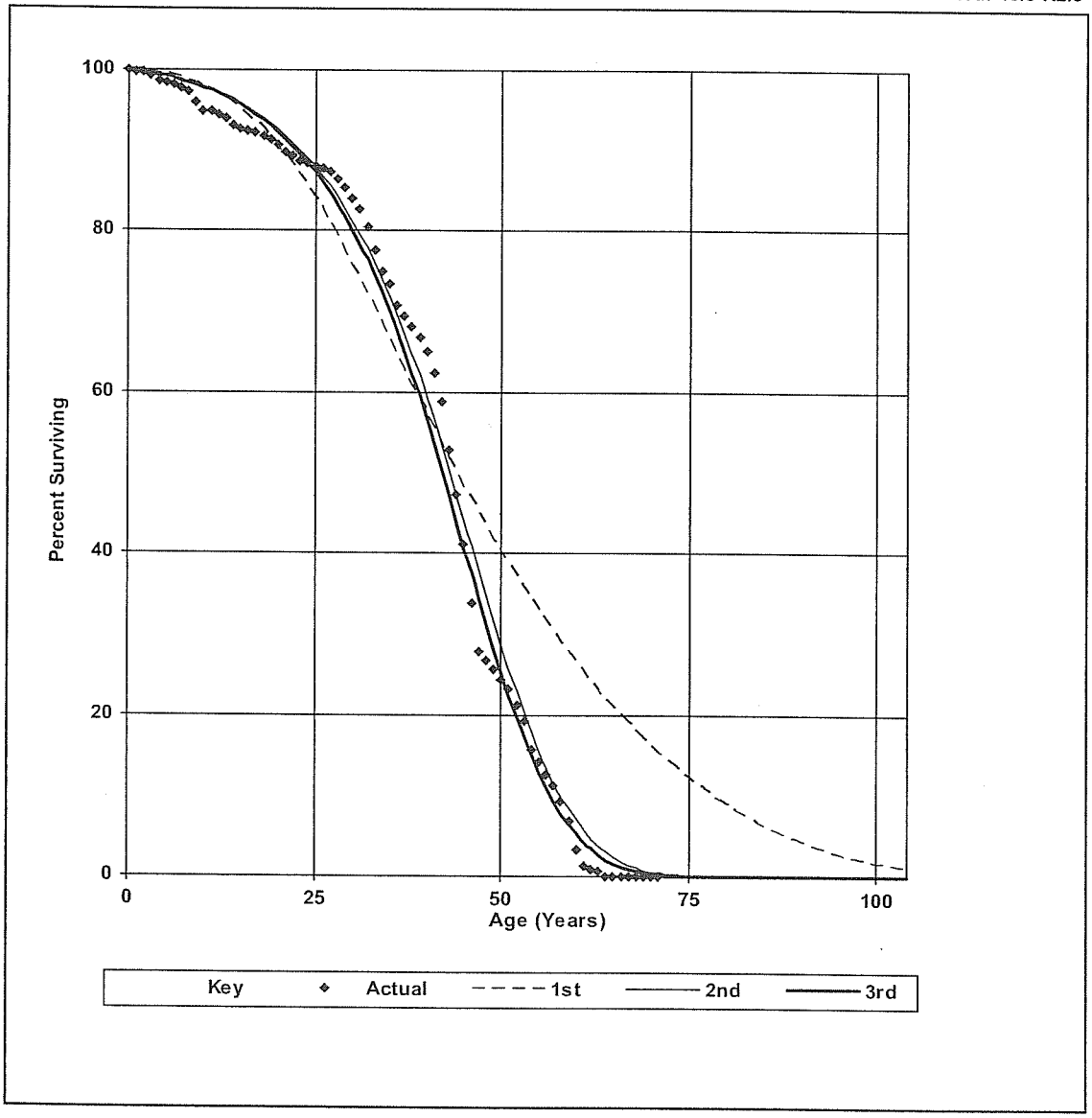
Placement Band: 1917-2012 Observation Band: 1985-2012

Hazard Function: Proportion Retired

Weighting: Exposures

1st: 46.5-L1.5 2nd: 41.2-R2.5 3rd: 40.3-R2.5

Graphics Analysis



Schedule E
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

T-Cut: None

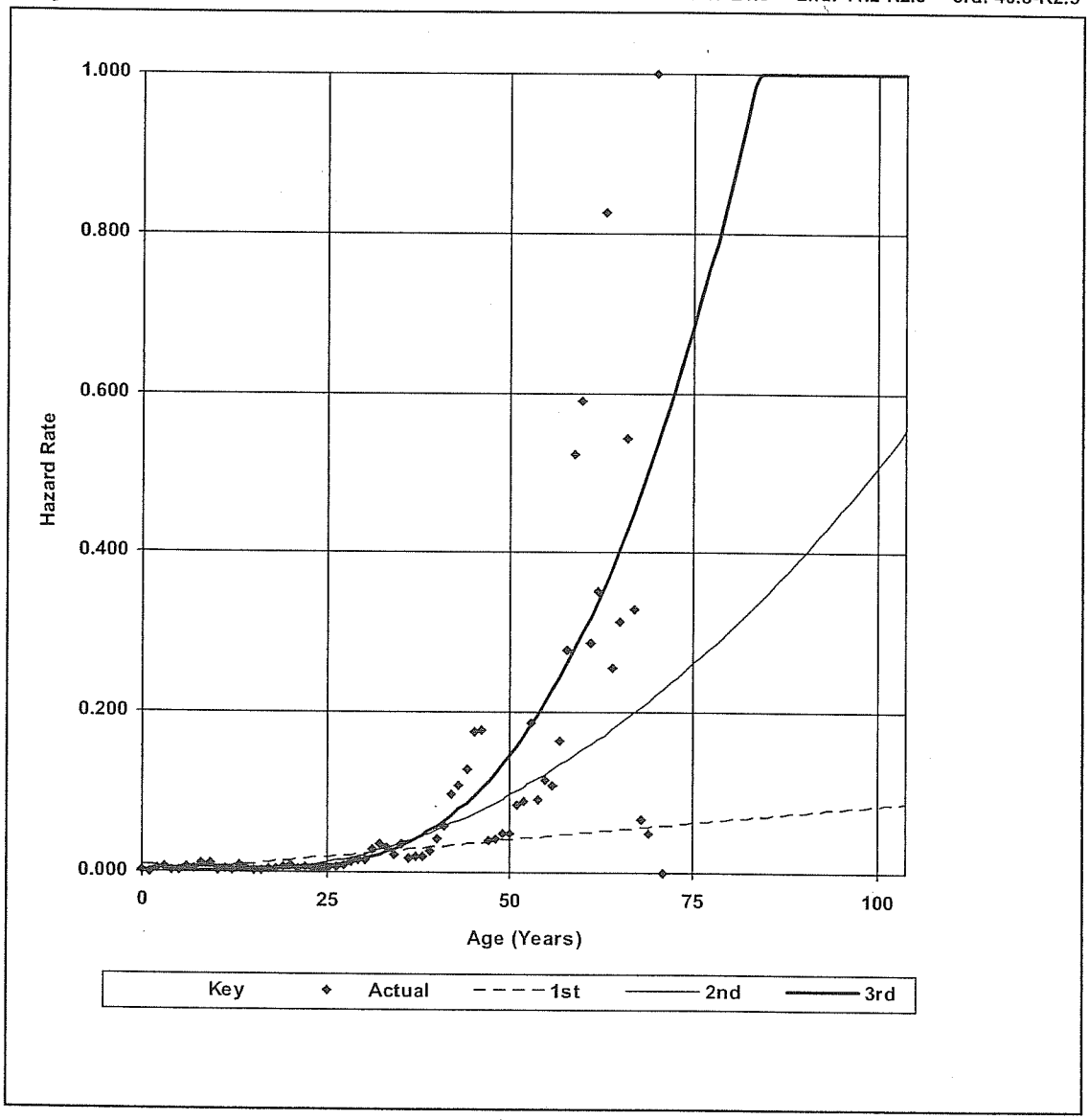
Placement Band: 1917-2012 Observation Band: 1985-2012

Hazard Function: Proportion Retired

Weighting: Exposures

Polynomial Hazard Function

1st: 46.5-L1.5 2nd: 41.2-R2.5 3rd: 40.3-R2.5



Schedule E
Page 1 of 1

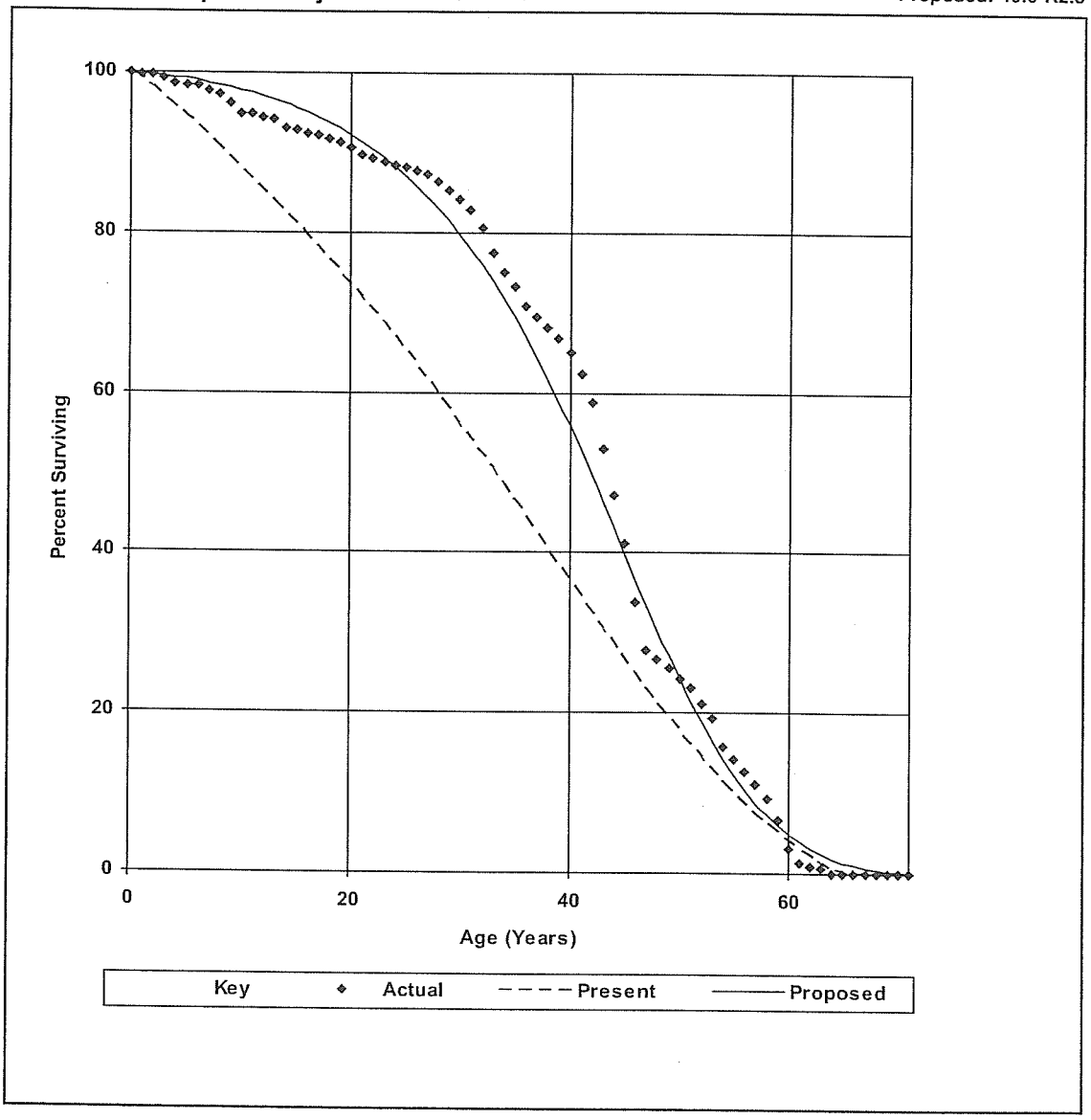
OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

T-Cut: None
Placement Band: 1917-2012
Observation Band: 1985-2012

Current and Proposed Projection Life Curves Present: 32.0-R0.5 Proposed: 40.0-R2.5



Schedule F
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

Unadjusted Net Salvage History

		Gross Salvage			Cost of Retiring			Net Salvage		
Year	Retirements	Amount	Pct.	5-Yr Avg.	Amount	Pct.	5-Yr Avg.	Amount	Pct.	5-Yr Avg.
A	B	C	D=C/B	E	F	G=F/B	H	I=C-F	J=I/B	K
1987	195,920	26,552	13.6		25,567	13.0		985	0.5	
1988	226,995	64,590	28.5		42,690	18.8		21,900	9.6	
1989	117,996	20,394	17.3		40,916	34.7		(20,522)	-17.4	
1990	326,221	33,556	10.3		59,450	18.2		(25,894)	-7.9	
1991	207,646	43,368	20.9	17.5	46,287	22.3	20.0	(2,919)	-1.4	-2.5
1992	150,570	2,382	1.6	16.0	19,879	13.2	20.3	(17,497)	-11.6	-4.4
1993	195,536	45,604	23.3	14.6	60,610	31.0	22.8	(15,006)	-7.7	-8.2
1994	149,575	46,593	31.2	16.7	49,442	33.1	22.9	(2,849)	-1.9	-6.2
1995	314,072	118,479	37.7	25.2	45,387	14.5	21.8	73,092	23.3	3.4
1996	147,983	35,303	23.9	25.9	47,380	32.0	23.3	(12,077)	-8.2	2.7
1997	55,522	17,579	31.7	30.6	24,969	45.0	26.4	(7,390)	-13.3	4.1
1998	153,733	52,665	34.3	33.0	36,001	23.4	24.8	16,664	10.8	8.2
1999	156,027	40,610	26.0	32.0	22,692	14.5	21.3	17,917	11.5	10.7
2000	166,433	12,099	7.3	23.3	53,237	32.0	27.1	(41,138)	-24.7	-3.8
2001	192,474	10,157	5.3	18.4	38,952	20.2	24.3	(28,795)	-15.0	-5.9
2002	277,076	15,305	5.5	13.8	49,415	17.8	21.2	(34,110)	-12.3	-7.3
2003	2,873,659	1,860,919	64.8	52.9	51,659	1.8	5.9	1,809,260	63.0	47.0
2004	441,561	641,255	145.2	64.3	187,379	42.4	9.6	453,876	102.8	54.6
2005	432,818	702,627	162.3	76.6	178,290	41.2	12.0	524,337	121.1	64.6
2006	360,187	217,533	60.4	78.4	126,295	35.1	13.5	91,238	25.3	64.9
2007	486,133	380,721	78.3	82.8	190,333	39.2	16.0	190,388	39.2	66.8
2008	483,256	305,526	63.2	102.0	199,608	41.3	40.0	105,918	21.9	62.0
2009	458,656	359,969	78.5	88.5	198,593	43.3	40.2	161,376	35.2	48.3
2010	731,745	575,266	78.6	73.0	217,534	29.7	37.0	357,732	48.9	36.0
2011	500,083	518,716	103.7	80.5	275,914	55.2	40.7	242,802	48.6	39.8
2012	428,907	387,108	90.3	82.5	244,508	57.0	43.7	142,600	33.2	38.8
Total	10,230,784	6,534,876	63.9		2,532,988	24.8		4,001,889	39.1	

Schedule F
Page 1 of 1

OTTER TAIL POWER COMPANY

Distribution Plant

Account: 368.00 Line Transformers

Adjusted Net Salvage History

		Gross Salvage			Cost of Retiring			Net Salvage		
Year	Retirements	Amount	Pct.	5-Yr Avg.	Amount	Pct.	5-Yr Avg.	Amount	Pct.	5-Yr Avg.
A	B	C	D=C/B	E	F	G=F/B	H	I=C-F	J=I/B	K
1987	195,920	26,552	13.6		25,567	13.0		985	0.5	
1988	226,995	64,590	28.5		42,690	18.8		21,900	9.6	
1989	117,996	20,394	17.3		40,916	34.7		(20,522)	-17.4	
1990	326,221	33,556	10.3		59,450	18.2		(25,894)	-7.9	
1991	207,646	43,368	20.9	17.5	46,287	22.3	20.0	(2,919)	-1.4	-2.5
1992	150,570	2,382	1.6	16.0	19,879	13.2	20.3	(17,497)	-11.6	-4.4
1993	195,536	45,604	23.3	14.6	60,610	31.0	22.8	(15,006)	-7.7	-8.2
1994	149,575	46,593	31.2	16.7	49,442	33.1	22.9	(2,849)	-1.9	-6.2
1995	314,072	118,479	37.7	25.2	45,387	14.5	21.8	73,092	23.3	3.4
1996	147,983	35,303	23.9	25.9	47,380	32.0	23.3	(12,077)	-8.2	2.7
1997	55,522	17,579	31.7	30.6	24,969	45.0	26.4	(7,390)	-13.3	4.1
1998	153,733	52,665	34.3	33.0	36,001	23.4	24.8	16,664	10.8	8.2
1999	156,027	40,610	26.0	32.0	22,692	14.5	21.3	17,917	11.5	10.7
2000	166,433	12,099	7.3	23.3	53,237	32.0	27.1	(41,138)	-24.7	-3.8
2001	192,474	10,157	5.3	18.4	38,952	20.2	24.3	(28,795)	-15.0	-5.9
2002	277,076	15,305	5.5	13.8	49,415	17.8	21.2	(34,110)	-12.3	-7.3
2003	2,873,659	1,860,919	64.8	52.9	51,659	1.8	5.9	1,809,260	63.0	47.0
2004	441,561	638,141	144.5	64.2	187,379	42.4	9.6	450,762	102.1	54.6
2005	432,818	702,277	162.3	76.5	178,290	41.2	12.0	523,987	121.1	64.5
2006	360,187	216,058	60.0	78.3	126,295	35.1	13.5	89,763	24.9	64.8
2007	486,133	380,721	78.3	82.7	190,333	39.2	16.0	190,388	39.2	66.7
2008	483,256	305,526	63.2	101.8	199,608	41.3	40.0	105,918	21.9	61.7
2009	458,656	299,778	65.4	85.7	198,593	43.3	40.2	101,185	22.1	45.5
2010	731,745	538,669	73.6	69.1	217,534	29.7	37.0	321,134	43.9	32.1
2011	500,083	525,674	105.1	77.1	275,914	55.2	40.7	249,760	49.9	36.4
2012	428,907	356,176	83.0	77.8	244,508	57.0	43.7	111,668	26.0	34.2
Total	10,230,784	6,409,174	62.6		2,532,988	24.8		3,876,187	37.9	

OTTER TAIL POWER COMPANY
2013 FIVE-YEAR REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2014

Account Number	Class of Utility Plant	Remaining Life (Yrs)	Net Salvage (%)	Amortization Period (Yrs)
STEAM PRODUCTION				
	Big Stone Plant			
311-101	Structures & Improvements	31.98	-11.9%	
312-101	Boiler Plant Equipment	32.02	-12.0%	
314-101	Turbogenerator Units	32.04	-12.0%	
315-101	Accessory Electric Equipment	32.01	-12.0%	
316-101	Misc. Power Plant Equipment	32.02	-11.5%	
	Hoot Lake Plant - Units 2 & 3			
311-102	Structures & Improvements	7.42	-14.3%	
312-102	Boiler Plant Equipment	7.43	-14.3%	
314-102	Turbogenerator Units	7.43	-14.3%	
315-102	Accessory Electric Equipment	7.42	-14.3%	
316-102	Misc. Power Plant Equipment	7.43	-14.2%	
	Coyote Station			
311-103	Structures & Improvements	27.41	-8.7%	
312-103	Boiler Plant Equipment	27.42	-8.7%	
314-103	Turbogenerator Units	27.44	-8.7%	
315-103	Accessory Electric Equipment	27.42	-8.7%	
316-103	Misc. Power Plant Equipment	27.44	-8.3%	
HYDRAULIC PRODUCTION				
	Hoot Lake Hydro Unit			
331-131	Structures & Improvements	8.40	0.0%	
332-131	Reservoirs, Dams & Waterways	8.40	0.0%	
333-131	Water Wheels, Turbines & Gen.	8.40	0.0%	
334-131	Accessory Electric Equipment	8.40	0.0%	
335-131	Misc. Power Plant Equipment	8.41	0.0%	
	Wright Hydro Unit			
331-132	Structures & Improvements	8.40	0.0%	
332-132	Reservoirs, Dams & Waterways	8.41	0.0%	
333-132	Water Wheels, Turbines & Gen.	8.41	0.0%	
334-132	Accessory Electric Equipment	8.41	0.0%	
335-132	Misc. Power Plant Equipment	8.41	0.0%	
	Pisgah Hydro Unit			
331-133	Structures & Improvements	8.40	0.0%	
332-133	Reservoirs, Dams & Waterways	8.41	0.0%	
333-133	Water Wheels, Turbines & Gen.	8.41	0.0%	
334-133	Accessory Electric Equipment	8.41	0.0%	
335-133	Misc. Power Plant Equipment	8.41	0.0%	
	Dayton Hollow Hydro Unit			
331-134	Structures & Improvements	8.41	0.0%	
332-134	Reservoirs, Dams & Waterways	8.41	0.0%	
333-134	Water Wheels, Turbines & Gen.	8.41	0.0%	
334-134	Accessory Electric Equipment	8.41	0.0%	
335-134	Misc. Power Plant Equipment	8.41	0.0%	
	Taplin Gorge Hydro Unit			
331-135	Structures & Improvements	8.39	0.0%	
332-135	Reservoirs, Dams & Waterways	8.41	0.0%	
333-135	Water Wheels, Turbines & Gen.	8.39	0.0%	

OTTER TAIL POWER COMPANY
2013 FIVE-YEAR REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2014

Account Number	Class of Utility Plant	Remaining Life (Yrs)	Net Salvage (%)	Amortization Period (Yrs)
334-135	Accessory Electric Equipment	8.41	0.0%	
335-135	Misc. Power Plant Equipment	8.41	0.0%	
	Bemidji Hydro Unit			
331-138	Structures & Improvements	8.41	0.0%	
332-138	Reservoirs, Dams & Waterways	8.41	0.0%	
333-138	Water Wheels, Turbines & Gen.	8.41	0.0%	
334-138	Accessory Electric Equipment	8.39	0.0%	
335-138	Misc. Power Plant Equipment	8.41	0.0%	
OTHER PRODUCTION				
	Jamestown Unit 1			
341-140	Structures & Improvements	10.35	-1.4%	
342-140	Fuel Holders & Accessories	10.36	-1.4%	
343-140	Prime Movers	10.35	-1.4%	
345-140	Accessory Electric Equipment	10.35	-1.4%	
346-140	Misc. Power Plant Equipment	10.36	-1.4%	
	Jamestown Unit 2			
341-142	Structures & Improvements	10.36	-1.4%	
342-142	Fuel Holders & Accessories	10.35	-1.4%	
343-142	Prime Movers	10.35	-1.4%	
345-142	Accessory Electric Equipment	10.36	-1.4%	
346-142	Misc. Power Plant Equipment	10.35	-1.4%	
	Lake Preston			
341-141	Structures & Improvements	10.35	-2.4%	
342-141	Fuel Holders & Accessories	10.36	-2.4%	
343-141	Prime Movers	10.35	-2.4%	
345-141	Accessory Electric Equipment	10.35	-2.4%	
346-141	Misc. Power Plant Equipment	10.35	-2.4%	
	Fergus Falls Control Center			
343-143	Prime Movers	17.10	0.0%	
	Solway Combustion Turbine Plant			
341-144	Structures & Improvements	24.67	-0.4%	
342-144	Fuel Holders & Accessories	24.67	-0.4%	
343-144	Prime Movers	24.67	-0.4%	
345-144	Accessory Electric Equipment	24.67	-0.4%	
346-144	Misc. Power Plant Equipment	24.67	-0.4%	
	Langdon Wind Energy Center			
341-160	Structures & Improvements	19.02	-1.5%	
344-160	Generators	19.02	-1.5%	
345-160	Accessory Electric Equipment	19.02	-1.5%	
346-160	Misc. Power Plant Equipment	19.02	-1.5%	
	Ashtabula Wind Energy Center			
341-161	Structures & Improvements	19.97	-1.2%	
344-161	Generators	19.97	-1.2%	
345-161	Accessory Electric Equipment	19.97	-1.2%	
346-161	Misc. Power Plant Equipment	19.97	-1.2%	
	Luverne Wind Energy Center			

OTTER TAIL POWER COMPANY
2013 FIVE-YEAR REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2014

Account Number	Class of Utility Plant	Remaining Life (Yrs)	Net Salvage (%)	Amortization Period (Yrs)
341-162	Structures & Improvements	20.92	-2.0%	
344-162	Generators	20.92	-2.0%	
345-162	Accessory Electric Equipment	20.92	-2.0%	
346-162	Misc. Power Plant Equipment	20.92	-2.0%	
TRANSMISSION				
353	Station Equipment	53.06	-5.0%	
354	Towers & Fixtures	37.90	-10.0%	
355	Poles & Fixtures	55.58	-50.0%	
356	Overhead Conductor & Devices	53.25	-30.0%	
358	Underground Conductor & Devices	10.86	-5.0%	
DISTRIBUTION				
362	Station Equipment	32.22	5.0%	
364	Poles, Towers & Fixtures	48.68	-75.0%	
365	Overhead Conductor & Devices	44.33	-100.0%	
367	Underground Conductor & Devices	24.81	-5.0%	
368	Line Transformers	28.19	50.0%	
369	Overhead Services	33.52	-150.0%	
369.1	Underground Services	30.89	-20.0%	
370	Meters	20.64	0.0%	
370.1	Load Management Switches	4.42	0.0%	
370.20	Interruption Monitors			5
371.20	Other Private Lighting	17.10	10.0%	
373	Street Lighting & Signal System	15.43	-5.0%	
GENERAL PLANT				
	Depreciable			
390	Structures & Improvements	31.91	10.0%	
390.1	General Office Buildings	17.10	51.2%	
390.2	Fleet Service Center Buildings	12.29	38.6%	
390.3	Central Stores Building	21.81	95.5%	
396	Power Operated Equipment	16.79	20.0%	
397.4	Communication Towers	25.05	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
393	Stores Equipment			15
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
FIVE-YEAR REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

Future Additions and Retirements

As indicated in the 2013 Five-year Depreciation Study (Attachment 1):
"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." (See page 17 of the Study). Otter Tail Power Company ("Otter Tail" or "the Company") is unaware of any major future additions that would materially affect the current certification results. The Company is actively investing in the CapX 2020 projects. As was explained in last annual depreciation filing, two CapX 2020 project segments went into service in 2012-- the Bemidji – Grand Rapids 230 kV project and a portion of the Fargo – Monticello 345 kV project. No CapX2020 project segments have or are expected to go into service in 2013. With respect to retirements, Otter Tail has identified new expected remaining lives for its three baseload generating units. Otter Tail has identified Hoot Lake's remaining life based upon a planned retirement in 2020, consistent with the outcome of the baseload diversification study for the plant; Otter Tail has identified the Big Stone Plant's remaining life based upon the retirement assumed in the last integrated resource planning proceeding in which the plan selected a conversion alternative (addition of Air Quality Control System) of this resource in 2016 using a remaining life of 30 years; and Otter Tail has identified Coyote Station's remaining life based upon the term of the coal supply agreement entered into in 2013 by the Coyote owners and Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation which has a term expiring in 2041. Other changes to the remaining lives of other generation plant, transmission, distribution and general plant accounts have been identified in the Depreciation Study.

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 2012 depreciation Technical Update provided some discussion of potential projects and we provide below additional updates on the current projects being considered.

Otter Tail continues participation in the Fargo – Monticello 345 kV project, and the Brookings – Twin Cities 345 kV CapX2020 transmission projects. The construction period for the remaining portions of these projects is expected to last through early 2015, with portions of these projects going into service throughout this time period. As identified above, no segments of these projects are scheduled to go into service in 2013.

In addition, Otter Tail is actively participating in the development of 345 kV transmission projects in the Big Stone area. We are working closely with MISO and area utilities on these projects, which are part of MISO's Multi-Value Project (MVP) portfolio. Two 345 kV projects in the Big Stone area have been identified and are being developed; Big Stone South – Brookings and Big Stone South – Ellendale. These projects are eligible for regional cost sharing under

OTTER TAIL POWER COMPANY
FIVE-YEAR REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

MISO's FERC-approved MVP cost allocation methodology. These projects are in the development and permitting stages.

Otter Tail and the other owners of the Big Stone Plant are in the process of constructing an Air Quality Control System (AQCS) for the Plant. The AQCS project is required to comply with the EPA's Regional Haze Rule and it has received an Advance Determination of Prudence from the MPUC. The Big Stone Plant is subject to the Regional Haze Rule, which was promulgated by the Environmental Protection Agency to protect the visibility in 156 designated national parks and wilderness areas. The rule requires states to identify sources within their state that might adversely affect visibility in the designated areas and to require installation of Best Available Retrofit Technology ("BART") that would reduce the visibility impact. Otter Tail submitted a BART study to the South Dakota Department of Environment and Natural Resources ("SDDENR") that identified the need for installation of technology to reduce sulfur dioxide ("SO_2") and oxides of nitrogen ("NOx") emissions at Big Stone Plant. The SDDENR has adopted a Regional Haze State Implementation Plan, which includes Regional Haze Rules that 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 but no later than five years following EPA approval of the South Dakota State Implementation Plan, which was approved on April 26, 2012. The Big Stone Plant entered the construction phase of the AQCS in 2013 and expects the $405 million project to be completed in late 2015.

On January 31, 2013 the Minnesota Public Utilities Commission ("MPUC") held a hearing to review the Hoot Lake Plant Base Load Diversification study, and on March 25, 2013 the MPUC issued an order approving Otter Tail's proposal to retrofit the plant to comply with EPA's Mercury and Air Toxics Standards ("MATS"). The main components of the project consist of upgrades to Hoot Lake Plant's electrostatic precipitators to reduce particulate emissions and the installation of an activated carbon injection system to reduce mercury emissions. The entire project is expected to cost less than $10 million and expected to be in service by 2015.

OTTER TAIL POWER COMPANY
2013 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Comparison of Resource Plan to Five-Year Depreciation Study

	Retirement Dates			
Generating Unit	**Resource Plan 2014 - 2028, (prior to capacity expansion analysis)**	**2013 Depreciation Study (Attachment No. 1)**	**Difference**	**Comments**
BASE LOAD				
➢ Hoot Lake Plant Units 2 & 3	Dec-2020	Jun-2020	None, other than program assumption differences	The IRP adopts December of the year of retirement as its retirement month. The Depreciation Study adopts a mid-year convention where all assets are assumed to be acquired and retired on June 30th of their respective activity years, whether that activity is a plant addition or plant retirement.
➢ Big Stone Plant	Dec-2046	Jun-2046	None, other than program assumption differences	The IRP adopts December of the year of retirement as its retirement month. The Depreciation Study adopts a mid-year convention where all assets are assumed to be acquired and retired on June 30th of their respective activity years, whether that activity is a plant addition or plant retirement. The prior resource plan selected a conversion alternative (addition of Air Quality Control System ("AQCS")) of this resource in 2016 which created a new retirement date of 2046 for this resource. This AQCS project affects the retirement of this plant as reflected in the IRP and Five-year Depreciation filings.
➢ Coyote Station	Dec-2041	Jun-2041	None, other than program assumption differences	The IRP adopts December of the year of retirement as its retirement month. The Depreciation Study adopts a mid-year convention where all assets are assumed to be acquired and retired on June 30th of their respective activity years, whether that activity is a plant addition or plant retirement. Coyote Station recently entered into a new 25 year coal contract resulting in a new plant remaining life calculation as reflected in the IRP and Five-year Depreciation Filings.
WIND				
➢ Langdon Wind Energy Center	Dec-2032	Jun-2032	None, other than program assumption differences	The IRP adopts December of the year of retirement as its retirement month. The Depreciation Study adopts a mid-year convention where all assets are assumed to be acquired and retired on June 30th of their respective activity years, whether that activity is a plant addition or plant retirement.
➢ Ashtabula Wind Energy Center	Dec-2033	Jun-2033	None, other than program assumption differences	The IRP adopts December of the year of retirement as its retirement month. The Depreciation Study adopts a mid-year convention where all assets are assumed to be acquired and retired on June 30th of their respective activity years, whether that activity is a plant addition or plant retirement.
➢ Luverne Wind Energy Center	Dec-2034	Jun-2034	None, other than program assumption differences	The IRP adopts December of the year of retirement as its retirement month. The Depreciation Study adopts a mid-year convention where all assets are assumed to be acquired and retired on June 30th of their respective activity years, whether that activity is a plant addition or plant retirement.
HYDRO				
➢ 6 units in 5 dams on the Otter Tail River, FERC licensed	No retirement date discussed - IRP assumes operating perpetually	Jun-2021	Program assumption differences	IRP assumes permanent hydro dam structures operate perpetually until a final retirement date is established. Depreciation Studies tie retirement date to end of the current active FERC hydro operating license. This is the latest date these facilities can operate as generation resources unless a license renewal is granted pursuant to the satisfaction of its stated conditions.
➢ 2 units on outlet of Lake Bemidji – not subject to FERC jurisdiction	No retirement date discussed - IRP assumes operating perpetually	Jun-2021	Program assumption differences	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 hydro structures which are of a similar vintage.
PEAKING				
➢ Jamestown Combustion Turbines - 2 units	Dec-2029	Jun-2023	6 years	The resource plan assumes operation of this low cost resources through the entire IRP time line. The Depreciation filing extends the plant life an additional year per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➢ Lake Preston Combustion Turbine	Dec-2029	Jun-2023	6 years	The resource plan assumes operation of this low cost resources through the entire IRP time line. The Depreciation filing extends the plant life an additional year per policy to maintain a 10 year minimum operating window until unit is no longer prudent to operate.
➢ Solway Combustion Turbine	Dec-2038	Jun-2038	None, other than program assumption differences	The IRP adopts December of the year of retirement as its retirement month. The Depreciation Study adopts a mid-year convention where all assets are assumed to be acquired and retired on June 30th of their respective activity years, whether that activity is a plant addition or plant retirement.
➢ Fergus Control Center Diesel	No retirement date discussed - beyond study period	Jun-2030	Program assumption differences	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 Company's current working version of the Resource Plan (RP) is scheduled to be filed on December 1, 2013 rather than the normal July 1st sequence which is customarily reconciled to for Depreciation Study purposes. This RP is for a 15-year analysis covering the 2014-2028 time frame coinciding with this Five-year depreciation study. 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. The depreciation study is intended to be an exact forecast to be used for appropriate depreciation expense allocation over the remaining plant life. The RP is far less exact in the long-term, so, there is a natural potential difference between the purpose of the two filings.

Sheet No. 705

POLICY MANUAL
11/17/2008

SUBJECT: DETERMINATION OF GENERATION ASSETS REMAINING LIVES

This policy defines how Otter Tail Power Company will establish the remaining lives of its generating assets as they approach the later portion of their existing depreciation lives.

PURPOSE: Regulated accounting depreciation procedures determine annual depreciation rates for each functional asset class at the FERC account level and down to the generating plant location when applicable. Plant generating assets that share the same FERC account but are independent of each other can and do have different depreciation parameters and thus different depreciation rates The operating lives' of these generating assets are determined by economic considerations and not just the physical life of the plant's components. The end of the operating life is determined when economic considerations make it more economical to discontinue using the generating assets than to continue to use them.

The Company policy regarding remaining depreciation periods for base load plants contain the following main points:

- Economic considerations for large scale capital intensive generating assets tend to encourage a series of later life interdependent investments which over time tend to lengthen the relevant operating life span of these assets. Based on the existing facilities infrastructure, synergistic economic efficiencies are realized from these additional incremental investments only after an additional correlating incremental time span is added to the existing assets remaining life.

- Plants operating with economic benefits and that remain in service within ten years of their existing estimated life will have a minimum of 10-year remaining depreciation period. Ten years is believed to be a reasonable period to recover existing invested costs, and systematically develop replacement capacity and energy resources, while minimizing the financial risk of an unplanned retirement.

- Base load steam plants will maintain a 5-year separation in remaining operating life with other base load plants. This is to ensure that we never have too much baseload generating assets retiring simultaneously.

- For plants that remain economically viable an additional year of depreciation life will be added to all plants each year. This will maintain the 10 year minimum and the 5-year separation for base load steam plants as stated above reflecting the real economic relevant range for ongoing incremental generating plant investments.

- Once an asset reaches the minimum 10-year depreciation life, an annual internal evaluation of the plants physical condition will be made. The purpose of the evaluation will be to make an assessment that the plant can be operational for the

remaining depreciation period. This assessment assumes normal maintenance and equipment replacement. If at any time, there are factors that would indicate that that generating facility is not expected to be operable for the remaining depreciation period; the depreciation period will be modified accordingly.

- Under this policy the remaining depreciable life for steam plants are as follows:

	Hoot Lake #2	Hoot Lake #3	Big Stone 1	Coyote
Year In Service	1959	1964	1975	1981
Depreciation life				
Current	2017	2017	2020	2025
Proposed	2019	2019	2024	2029
Remaining Depreciation Period	10	10	15	20

The company policy regarding the remaining depreciation periods for peaking generation is the same as stated above, with the exception of the 5-year separation referenced for the base load steam plants. The in-service dates for the two Jamestown and one Lake Preston peaking facilities are within two years of one another. Depending on the size of replacement resource(s), all three units may all be retired at the same time if one larger resource replaces them collectively. Alternately, if multiple units replace these units, a review of the condition of each unit will be used to identify a staggered schedule for their retirements that would match the schedule of the replacement resources.

The remaining depreciation lives for the Otter Tail River hydros will be determined by the FERC license. The Bemidji Hydro is not under FERC jurisdiction, but is of a similar vintage, so it is assumed it will have a similar depreciation life.

Wind generation assets will initially start out with a 25 year expected life. This initial life expectancy will be modified as needed if indications point to a needed change.

- Under this policy the remaining depreciable life for other generation are as follows:

	Jamestown #1	Jamestown #2	Lake Preston	Solway 2003	Hydros early 1900s
Year In Service	1976	1978	1978		
Depreciation life					
Current	2019	2019	2019	2038	2021
Proposed	2019	2019	2019	2038	2021
Remaining Depreciation Period	10	10	10	29	12

The depreciable life allows for the cost recovery of capital expenditures over the expected useful life of those investments (the operating relevant range). At some point for each generating asset, a final retirement date must be set. The determination of a generating asset's eventual operational life and the reconciliation of that to the

depreciable life will be a cooperative effort that will include the plant engineering staff, the Resource Planning Department, the Accounting Department, Environmental Services, and other interested areas. This evaluation will give due consideration of each unit's age, operating characteristics, ongoing capital replacement requirements, expected future usage, and economic and environmental constraints. Recommendations regarding a generating asset's final retirement date will be given to management prior to June 1st each year.

There are external and internal factors that could reduce the remaining depreciable life and accelerate the depreciation for any asset.

Senior Vice President

APPROVED:

Vice President, Finance

CERTIFICATE OF SERVICE

RE: Otter Tail Power Company
2013 Five-Year Review of Depreciation Certification
Docket No. E017/D-13-_____

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
2013 Five-Year Review of Depreciation Certification

Dated this **3rd** day of **September 2013**.

/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_GENERAL SERVICE LIST
Michael	Bradley	bradleym@moss-barnett.com	Moss & Barnett	4800 Wells Fargo Ctr 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Gary	Chesnut	gchesnut@agp.com	AG Processing Inc. a cooperative	12700 West Dodge Road PO Box 2047 Omaha, NE 681032047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
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_GENERAL SERVICE LIST
Bruce	Gerhardson	bgerhardson@otpco.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_GENERAL SERVICE LIST
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_GENERAL SERVICE LIST
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_GENERAL SERVICE LIST
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
James D.	Larson	N/A	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Paper Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
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_GENERAL SERVICE LIST

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
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_GENERAL SERVICE LIST
Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST

Estimated Impact on North Dakota

Statement B

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual North Dakota	Proposed Annual Accrual Total	Proposed Annual Accrual North Dakota	Difference Total	Difference North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
311.00 Structures and Improvements	$ 61,837,428	0.40524972	$ 1,192,017	$ 483,064	$ 1,140,784	$ 462,302	$ (51,233)	$ (20,762)
312.00 Boiler Plant Equipment	202,859,999	0.40524972	6,235,012	2,526,737	6,526,804	2,644,985	291,792	118,248
314.00 Turbogenerator Units	60,589,910	0.40524972	1,782,955	722,542	1,831,578	742,246	48,623	19,704
315.00 Accessory Electric Equipment	23,504,826	0.40524972	554,182	224,583	518,653	210,184	(35,529)	(14,399)
316.00 Miscellaneous Power Plant Equipment	5,467,568	0.40524972	189,296	76,711	192,243	77,907	2,947	1,196
Total Steam Production Plant	$ 354,259,731		$ 9,953,462	$ 4,033,637	$ 10,210,062	$ 4,137,624	$ 256,600	$ 103,987
HYDRAULIC PRODUCTION								
331.00 Structures and Improvements	$ 351,712	0.40524972	$ 19,170	$ 7,769	$ 20,849	$ 8,449	$ 1,679	$ 680
332.00 Reservoirs, Dams and Waterways	3,100,209	0.40524972	158,574	64,262	235,817	95,565	77,243	31,303
333.00 Water Wheels, Turbines & Generators	1,057,186	0.40524972	60,754	24,621	63,643	25,792	2,889	1,171
334.00 Accessory Electric Equipment	592,375	0.40524972	29,855	12,099	31,482	12,760	1,627	661
335.00 Miscellaneous Power Plant Equipment	441,951	0.40524972	15,358	6,225	48,066	19,479	32,708	13,254
Total Hydraulic Production Plant	$ 5,543,433		$ 283,711	$ 114,976	$ 399,857	$ 162,045	$ 116,146	$ 47,069
OTHER PRODUCTION								
341.00 Structures and Improvements	$ 12,721,532	0.40524972	$ 460,218	$ 185,934	$ 478,417	$ 193,282	$ 18,199	$ 7,348
342.00 Fuel Holders and Accessories	1,782,048	0.40524972	51,858	21,015	65,983	26,739	14,125	5,724
343.00 Prime Movers	31,658,649	0.40524972	849,903	344,424	843,142	341,684	(6,761)	(2,740)
344.00 Generators	240,489,741	0.40524972	9,833,744	3,967,997	10,312,962	4,161,366	479,218	193,369
345.00 Accessory Electric Equipment	19,908,058	0.40524972	784,507	316,636	826,427	333,561	41,920	16,925
346.00 Miscellaneous Power Plant Equipment	546,511	0.40524972	18,473	7,479	19,450	7,872	977	393
Total Other Production Plant	$ 307,106,539		$ 11,998,703	$ 4,843,485	$ 12,546,381	$ 5,064,504	$ 547,678	$ 221,019
TRANSMISSION PLANT								
353.00 Station Equipment	$ 74,896,201	0.41209666	$ 1,213,318	$ 500,004	$ 1,145,912	$ 472,227	$ (67,406)	$ (27,777)
354.00 Towers and Fixtures	4,692,263	0.41209666	72,261	29,779	72,261	29,779		
355.00 Poles and Fixtures	101,637,471	0.41209666	2,205,533	908,893	2,002,258	825,124	(203,275)	(83,769)
356.00 Overhead Conductors and Devices	77,617,900	0.41209666	1,583,405	652,516	1,272,934	524,572	(310,471)	(127,944)
358.00 Underground Conductors and Devices	77,461	0.41209666	1,921	792	1,263	520	(658)	(272)
Total Transmission Plant	$ 258,921,296		$ 5,076,438	$ 2,091,984	$ 4,494,628	$ 1,852,222	$ (581,810)	$ (239,762)
DISTRIBUTION PLANT								
362.00 Station Equipment	$ 67,383,703	0.45430765	$ 1,596,994	$ 725,527	$ 1,421,796	$ 645,933	$ (175,198)	$ (79,594)
364.00 Poles, Towers and Fixtures	64,643,246	0.45430765	1,706,582	775,313	1,603,153	728,325	(103,429)	(46,988)
365.00 Overhead Conductors and Devices	45,917,041	0.45430765	1,478,529	671,707	1,281,085	582,007	(197,444)	(89,700)
367.00 Underground Conductors and Devices	63,089,210	0.45430765	1,810,660	822,597	1,469,979	667,823	(340,681)	(154,774)
368.00 Line Transformers	75,696,778	0.45430765	1,105,173	502,089	946,210	429,870	(158,963)	(72,219)

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual North Dakota	Proposed Annual Accrual Total	Proposed Annual Accrual North Dakota	Difference Total	Difference North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
369.00 Overhead Services	12,101,446	0.45430765	585,710	266,093	504,630	229,257	(81,080)	(36,836)
369.10 Underground Services	35,005,457	0.45430765	910,142	413,484	910,142	413,484		
370.00 Meters	22,160,086	0.45430765	642,642	291,957	695,827	316,120	53,185	24,163
370.10 Load Management Switches	8,860,392	0.45430765	569,723	258,830	988,820	449,228	419,097	190,398
370.20 Interruption Monitors	645,863	0.45430765	72,372	32,879	72,372	32,879		
371.20 Other Private Lighting	4,130,401	0.45430765	164,803	74,871	158,607	72,056	(6,196)	(2,815)
373.00 Street Lighting and Signal Systems	4,744,947	0.45430765	253,380	115,112	163,226	74,155	(90,154)	(40,957)
Total Distribution Plant	$ 404,378,570		$ 10,896,710	$ 4,950,459	$ 10,215,847	$ 4,641,137	$ (680,863)	$ (309,322)
GENERAL PLANT								
Depreciable								
390.00 Structures and Improvements	$ 19,227,812	0.42773923	$ 355,715	$ 152,153	$ 398,016	$ 170,247	$ 42,301	$ 18,094
390.10 General Office Buildings	5,536,383	0.42773923	204,846	87,621	24,360	10,420	(180,486)	(77,201)
390.20 Fleet Service Center Building	815,155	0.42773923	29,753	12,727	1,875	802	(27,878)	(11,925)
390.30 Central Stores Building	3,904,166	0.42773923	96,433	41,248	(83,549)	(35,737)	(179,982)	(76,985)
396.00 Power Operated Equipment	586,118	0.42773923	21,569	9,226	14,360	6,142	(7,209)	(3,084)
397.40 Communication Towers	1,691,775	0.42773923	59,720	25,545	35,527	15,196	(24,193)	(10,349)
Total Depreciable	$ 31,761,409		$ 768,036	$ 328,520	$ 390,589	$ 167,070	$ (377,447)	$ (161,450)
Amortizable								
391.00 Office Furniture	$ 1,488,916	0.42773923	$ 94,243	$ 40,311	$ 94,243	$ 40,311	$ -	$ -
391.10 Office Equipment	1,016,129	0.42773923	101,079	43,235	101,079	43,235		
391.20 Duplicating Equipment	687,242	0.42773923	68,448	29,278	68,448	29,278		
391.50 Computer Systems	3,212,597	0.42773923	608,217	260,158	608,217	260,158		
391.60 Computer Related Equipment	1,379,920	0.42773923	249,892	106,889	249,892	106,889		
394.00 Tools, Shop and Garage Equipment	3,256,553	0.42773923	213,509	91,326	213,509	91,326		
394.20 Automated Meter Reading Equipment	589,444	0.42773923	39,296	16,808	39,296	16,808		
397.00 Communication Equipment	662,089	0.42773923	42,288	18,088	42,288	18,088		
397.10 Radio Telecommunication Equipment	1,355,018	0.42773923	129,267	55,293	129,267	55,293		
397.20 Microwave Equipment	3,422,579	0.42773923	227,701	97,397	227,701	97,397		
397.30 Radio Load Control Equipment	446,920	0.42773923	42,602	18,223	42,602	18,223		
Total Amortizable	$ 17,517,407		$ 1,816,542	$ 777,006	$ 1,816,542	$ 777,006	$ -	$ -
Total General Plant	$ 49,278,816		$ 2,584,578	$ 1,105,526	$ 2,207,131	$ 944,076	$ (377,447)	$ (161,450)
TOTAL UTILITY	$ 1,379,488,385		$ 40,793,602	$ 17,140,067	$ 40,073,906	$ 16,801,608	$ (719,696)	$ (338,459)

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 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	$ 22,725,586	0.40524972	$ 449,967	$ 182,349	$ 443,149	$ 179,586	$ (6,818)	$ (2,763)
312.00 Boiler Plant Equipment	77,450,966	0.40524972	2,695,294	1,092,267	2,780,490	1,126,793	85,196	34,526
314.00 Turbogenerator Units	27,188,707	0.40524972	924,416	374,619	924,416	374,619		
315.00 Accessory Electric Equipment	9,244,689	0.40524972	241,286	97,781	254,229	103,026	12,943	5,245
316.00 Miscellaneous Power Plant Equipment	2,585,789	0.40524972	81,452	33,008	83,780	33,952	2,328	944
Total Big Stone	$ 139,195,737		$ 4,392,415	$ 1,780,024	$ 4,486,064	$ 1,817,976	$ 93,649	$ 37,952
Hoot Lake Units 2 and 3								
311.00 Structures and Improvements	$ 6,116,976	0.40524972	$ 138,244	$ 56,023	$ 199,413	$ 80,812	$ 61,169	$ 24,789
312.00 Boiler Plant Equipment	35,042,610	0.40524972	1,632,986	661,767	2,246,231	910,284	613,245	248,517
314.00 Turbogenerator Units	10,706,947	0.40524972	273,027	110,644	389,733	157,939	116,706	47,295
315.00 Accessory Electric Equipment	2,360,442	0.40524972	36,823	14,923	56,179	22,767	19,356	7,844
316.00 Miscellaneous Power Plant Equipment	1,040,383	0.40524972	56,285	22,809	68,873	27,911	12,588	5,102
Total Hoot Lake Units 2 and 3	$ 55,267,358		$ 2,137,365	$ 866,166	$ 2,960,429	$ 1,199,713	$ 823,064	$ 333,547
Coyote								
311.00 Structures and Improvements	$ 32,994,866	0.40524972	$ 603,806	$ 244,692	$ 498,222	$ 201,904	$ (105,584)	$ (42,788)
312.00 Boiler Plant Equipment	90,366,423	0.40524972	1,906,732	772,703	1,500,083	607,908	(406,649)	(164,795)
314.00 Turbogenerator Units	22,694,256	0.40524972	585,512	237,279	517,429	209,688	(68,083)	(27,591)
315.00 Accessory Electric Equipment	11,899,695	0.40524972	276,073	111,879	208,245	84,391	(67,828)	(27,488)
316.00 Miscellaneous Power Plant Equipment	1,841,396	0.40524972	51,559	20,894	39,590	16,044	(11,969)	(4,850)
Total Coyote	$ 159,796,636		$ 3,423,682	$ 1,387,447	$ 2,763,569	$ 1,119,935	$ (660,113)	$ (267,512)
HYDRAULIC PRODUCTION								
Hoot Lake								
331.00 Structures and Improvements	$ 69,354	0.40524972	$ 180	$ 73	$ 187	$ 76	$ 7	$ 3
332.00 Reservoirs, Dams and Waterways	297,674	0.40524972	595	241	7,472	3,028	6,877	2,787
333.00 Water Wheels, Turbines & Generators	104,195	0.40524972	1,667	676	1,678	680	11	4
334.00 Accessory Electric Equipment	34,651	0.40524972	762	309	769	312	7	3
335.00 Miscellaneous Power Plant Equipment	48,615	0.40524972	1,070	434	5,717	2,317	4,647	1,883
Total Hoot Lake	$ 554,489		$ 4,274	$ 1,733	$ 15,823	$ 6,413	$ 11,549	$ 4,680
Wright								
331.00 Structures and Improvements	$ 19,026	0.40524972	$ 632	$ 256	$ 637	$ 258	$ 5	$ 2
332.00 Reservoirs, Dams and Waterways	382,677	0.40524972	20,358	8,250	20,511	8,312	153	62
333.00 Water Wheels, Turbines & Generators	228,711	0.40524972	12,396	5,023	12,488	5,061	92	38
334.00 Accessory Electric Equipment	200,524	0.40524972	11,430	4,632	11,530	4,673	100	41
335.00 Miscellaneous Power Plant Equipment	114,979	0.40524972	3,633	1,472	10,452	4,236	6,819	2,764
Total Wright	$ 945,917		$ 48,449	$ 19,633	$ 55,618	$ 22,540	$ 7,169	$ 2,907

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 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
Pisgah								
331.00 Structures and Improvements	$ 12,118	0.40524972	$ 321	$ 130	$ 324	$ 131	$ 3	$ 1
332.00 Reservoirs, Dams and Waterways	341,275	0.40524972	26,176	10,608	27,234	11,037	1,058	429
333.00 Water Wheels, Turbines & Generators	159,732	0.40524972	11,772	4,771	11,868	4,810	96	39
334.00 Accessory Electric Equipment	99,812	0.40524972	5,629	2,281	6,358	2,577	729	296
335.00 Miscellaneous Power Plant Equipment	62,505	0.40524972	2,163	877	8,257	3,346	6,094	2,469
Total Pisgah	$ 675,442		$ 46,061	$ 18,667	$ 54,041	$ 21,901	$ 7,980	$ 3,234
Dayton Hollow								
331.00 Structures and Improvements	$ 16,269	0.40524972	$ 439	$ 178	$ 1,900	$ 770	$ 1,461	$ 592
332.00 Reservoirs, Dams and Waterways	816,003	0.40524972	53,367	21,627	84,130	34,094	30,763	12,467
333.00 Water Wheels, Turbines & Generators	226,751	0.40524972	16,780	6,800	16,598	6,726	(182)	(74)
334.00 Accessory Electric Equipment	193,342	0.40524972	9,280	3,761	9,860	3,996	580	235
335.00 Miscellaneous Power Plant Equipment	111,390	0.40524972	4,355	1,765	13,567	5,498	9,212	3,733
Total Dayton Hollow	$ 1,363,755		$ 84,221	$ 34,131	$ 126,055	$ 51,084	$ 41,834	$ 16,953
Taplin Gorge								
331.00 Structures and Improvements	$ 35,140	0.40524972	$ 355	$ 144	$ 358	$ 145	$ 3	$ 1
332.00 Reservoirs, Dams and Waterways	602,787	0.40524972	13,080	5,301	41,773	16,928	28,693	11,627
333.00 Water Wheels, Turbines & Generators	15,110	0.40524972	133	54	133	54		
334.00 Accessory Electric Equipment	58,670	0.40524972	2,599	1,053	2,617	1,061	18	8
335.00 Miscellaneous Power Plant Equipment	103,392	0.40524972	4,022	1,630	9,957	4,035	5,935	2,405
Total Taplin Gorge	$ 815,099		$ 20,189	$ 8,182	$ 54,838	$ 22,223	$ 34,649	$ 14,041
Bemidji								
331.00 Structures and Improvements	$ 199,805	0.40524972	$ 17,243	$ 6,988	$ 17,443	$ 7,069	$ 200	$ 81
332.00 Reservoirs, Dams and Waterways	659,793	0.40524972	44,998	18,235	54,697	22,166	9,699	3,931
333.00 Water Wheels, Turbines & Generators	322,687	0.40524972	18,006	7,297	20,878	8,461	2,872	1,164
334.00 Accessory Electric Equipment	5,376	0.40524972	155	63	348	141	193	78
335.00 Miscellaneous Power Plant Equipment	1,070	0.40524972	115	47	116	47	1	
Total Bemidji	$ 1,188,731		$ 80,517	$ 32,630	$ 93,482	$ 37,884	$ 12,965	$ 5,254
OTHER PRODUCTION								
Jamestown								
341.00 Structures and Improvements	$ 265,172	0.40524972	$ 6,234	$ 2,527	$ 7,282	$ 2,951	$ 1,048	$ 424
342.00 Fuel Holders and Accessories	449,747	0.40524972	10,390	4,210	25,104	10,173	14,714	5,963
343.00 Prime Movers	6,674,855	0.40524972	154,777	62,724	145,041	58,778	(9,736)	(3,946)
344.00 Generators								
345.00 Accessory Electric Equipment	223,220	0.40524972	4,371	1,771	9,651	3,911	5,280	2,140
346.00 Miscellaneous Power Plant Equipment	109,578	0.40524972	4,516	1,831	4,533	1,837	17	6
Total Jamestown	$ 7,722,572		$ 180,288	$ 73,063	$ 191,611	$ 77,650	$ 11,323	$ 4,587

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual Total	Current Annual Accrual North Dakota	Proposed Annual Accrual Total	Proposed Annual Accrual North Dakota	Difference Total	Difference North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
Jamestown Unit 1								
341.00 Structures and Improvements	$ 240,319	0.40524972	$ 5,359	$ 2,172	$ 5,816	$ 2,357	$ 457	$ 185
342.00 Fuel Holders and Accessories	412,978	0.40524972	9,375	3,799	24,159	9,790	14,784	5,991
343.00 Prime Movers	2,877,313	0.40524972	77,687	31,483	72,508	29,384	(5,179)	(2,099)
344.00 Generators								
345.00 Accessory Electric Equipment	155,612	0.40524972	2,552	1,034	5,540	2,245	2,988	1,211
346.00 Miscellaneous Power Plant Equipment	82,536	0.40524972	3,962	1,606	4,011	1,625	49	19
Total Jamestown Unit 1	$ 3,768,758		$ 98,935	$ 40,094	$ 112,034	$ 45,401	$ 13,099	$ 5,307
Jamestown Unit 2								
341.00 Structures and Improvements	$ 24,853	0.40524972	$ 875	$ 355	$ 1,466	$ 594	$ 591	$ 239
342.00 Fuel Holders and Accessories	36,769	0.40524972	1,015	411	945	383	(70)	(28)
343.00 Prime Movers	3,797,542	0.40524972	77,090	31,241	72,533	29,394	(4,557)	(1,847)
344.00 Generators								
345.00 Accessory Electric Equipment	67,608	0.40524972	1,819	737	4,111	1,666	2,292	929
346.00 Miscellaneous Power Plant Equipment	27,042	0.40524972	554	225	522	212	(32)	(13)
Total Jamestown Unit 2	$ 3,953,814		$ 81,353	$ 32,969	$ 79,577	$ 32,249	$ (1,776)	$ (720)
Lake Preston								
341.00 Structures and Improvements	$ 205,567	0.40524972	$ 3,310	$ 1,341	$ 4,235	$ 1,716	$ 925	$ 375
342.00 Fuel Holders and Accessories	328,705	0.40524972	12,063	4,889	11,373	4,609	(690)	(280)
343.00 Prime Movers	3,172,066	0.40524972	59,635	24,167	58,366	23,653	(1,269)	(514)
344.00 Generators								
345.00 Accessory Electric Equipment	369,280	0.40524972	5,945	2,409	5,908	2,394	(37)	(15)
346.00 Miscellaneous Power Plant Equipment	21,607	0.40524972	350	142	348	141	(2)	(1)
Total Lake Preston	$ 4,097,225		$ 81,303	$ 32,948	$ 80,230	$ 32,513	$ (1,073)	$ (435)
Ashtabula Wind Generation								
341.00 Structures and Improvements	$ 3,248,290	0.40350828	$ 132,855	$ 53,608	$ 138,702	$ 55,967	$ 5,847	$ 2,359
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	106,510,924	0.40350828	4,345,646	1,753,504	4,537,365	1,830,864	191,719	77,360
345.00 Accessory Electric Equipment	6,219,783	0.40350828	254,389	102,648	265,585	107,166	11,196	4,518
346.00 Miscellaneous Power Plant Equipment	18,534	0.40350828	758	306	923	372	165	66
Total Ashtabula Wind Generation	$ 115,997,531		$ 4,733,648	$ 1,910,066	$ 4,942,575	$ 1,994,369	$ 208,927	$ 84,303
Langdon Wind Generation								
341.00 Structures and Improvements	$ 2,484,069	0.40350828	$ 102,095	$ 41,196	$ 107,063	$ 43,201	$ 4,968	$ 2,005
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	68,839,589	0.40350828	2,849,959	1,149,982	2,987,638	1,205,537	137,679	55,555
345.00 Accessory Electric Equipment	6,990,877	0.40350828	287,325	115,938	302,006	121,862	14,681	5,924
346.00 Miscellaneous Power Plant Equipment	41,430	0.40350828	1,703	687	2,142	864	439	177
Total Langdon Wind Generation	$ 78,355,965		$ 3,241,082	$ 1,307,803	$ 3,398,849	$ 1,371,464	$ 157,767	$ 63,661

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/12 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
Luverne Wind Generation								
341.00 Structures and Improvements	$ 2,266,581	0.40350828	$ 91,570	$ 36,949	$ 96,556	$ 38,961	$ 4,986	$ 2,012
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	65,139,228	0.40350828	2,638,139	1,064,511	2,787,959	1,124,965	149,820	60,454
345.00 Accessory Electric Equipment	4,851,757	0.40350828	196,011	79,092	206,685	83,399	10,674	4,307
346.00 Miscellaneous Power Plant Equipment	43,640	0.40350828	1,763	711	2,090	843	327	132
Total Luverne Wind Generation	$ 72,301,206		$ 2,927,483	$ 1,181,263	$ 3,093,290	$ 1,248,168	$ 165,807	$ 66,905
Solway Combustion Turbine								
341.00 Structures and Improvements	$ 4,251,853	0.40524972	$ 124,154	$ 50,313	$ 124,579	$ 50,486	$ 425	$ 173
342.00 Fuel Holders and Accessories	1,003,596	0.40524972	29,405	11,916	29,506	11,957	101	41
343.00 Prime Movers	21,220,090	0.40524972	617,505	250,244	621,749	251,964	4,244	1,720
344.00 Generators								
345.00 Accessory Electric Equipment	1,253,141	0.40524972	36,466	14,778	36,592	14,829	126	51
346.00 Miscellaneous Power Plant Equipment	311,722	0.40524972	9,383	3,802	9,414	3,815	31	13
Total Solway Combustion Turbine	$ 28,040,402		$ 816,913	$ 331,053	$ 821,840	$ 333,051	$ 4,927	$ 1,998
Fergus Falls Control Center								
341.00 Structures and Improvements	$ -		$ -	$ -	$ -	$ -	$ -	$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers	591,638	0.40524972	17,986	7,289	17,986	7,289		
344.00 Generators								
345.00 Accessory Electric Equipment								
346.00 Miscellaneous Power Plant Equipment								
Total Fergus Falls Control Center	$ 591,638		$ 17,986	$ 7,289	$ 17,986	$ 7,289	$ -	$ -