

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com



February 25, 2015

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 January 30, 2015, 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 depreciation study. A summary of key decision items is provided on the first page of the Order. Of special note is the 19 year life extension, to 2046, of Big Stone Plant which is due primarily to capital investments in the Air Quality Control System. The rates are effective January 1, 2015. A copy of Otter Tail's initial Annual Review of Depreciation Certification filing ("Initial Filing") submitted to the MPUC on August 29, 2014 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 \$783,519.

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 218-739-8385 or bhaugen@otpc.com.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bryce C. Haugen".

Bryce C. Haugen
Rates Analyst, Regulatory Administration

jce
Enclosures
By electronic filing and U.S. Mail

Minnesota Public Utilities
Commission Order
Dated January 30, 2015

Docket No. E017/D-14-732

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
Dan Lipschultz
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

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

SERVICE DATE: January 30, 2015

DOCKET NO. E-017/D-14-732

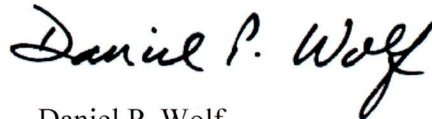
In the Matter of Otter Tail Power Company's (OTP) 2014 Annual Review of Depreciation Certification

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

- **Approved the proposed remaining lives, salvage values and depreciation rates in OTP's 2014 Depreciation Petition;**
- **Required OTP to compare, in its first depreciation filing that includes new peaking generators, the short-term peaking capacity costs in its last rate case to the peaking capacity costs of the new generators;**
- **Required OTP to include in future depreciation filings a table comparing asset lives used for the purpose of the Company's resource planning with the remaining lives proposed in the depreciation filings, explaining any differences; and**
- **Required OTP to file its next annual depreciation study by September 1, 2015.**

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



Daniel P. Wolf
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.



85 7TH PLACE EAST, SUITE 500
SAINT PAUL, MINNESOTA 55101-2198
MN.GOV/COMMERCE
651.539.1500 FAX: 651.539.1547
AN EQUAL OPPORTUNITY EMPLOYER

September 29, 2014

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E017/D-14-732

Dear Dr. Haar:

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

Otter Tail Power Company's (OTP's) 2014 Annual Review of Depreciation Certification.

The petition was filed on August 29, 2014 by:

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

The Department recommends that the Minnesota Public Utilities Commission (Commission) approve OTP's proposed depreciation parameters, pending the submittal of additional information in Reply Comments.

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst
651-539-1820

AB/lt
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. E017/D-14-732

I. SUMMARY OF FILING

On August 29, 2014, Otter Tail Power Company (OTP or the Company) filed its *2014 Annual Review of Depreciation Certification* (2014 Depreciation Petition or Petition). OTP is requesting approval of changes to the lives and salvage rates of a number of property accounts. The net effect of the proposed changes is a reduction in annual depreciation expense of \$1.9 million, or 4.71 percent, as summarized in Table 1.

**Table 1:
Summary of Proposed Depreciation Rates and Resulting Accruals**

Function	Accrual Rate			Annual Accrual		
	Current	Proposed	Difference	Current	Proposed	Difference
[A]	[B]	[C]	[D] = [C] - [B]	[E]	[F]	[G] = [F] - [E]
Production						
Steam	2.88%	2.29%	-0.59%	\$ 10,321,680	\$ 8,191,348	\$ (2,130,332)
Hydraulic	7.47%	7.91%	0.44%	\$ 459,833	\$ 486,456	\$ 26,623
Other	4.09%	4.12%	0.03%	\$ 12,600,444	\$ 12,710,004	\$ 109,560
Transmission	1.72%	1.71%	-0.01%	\$ 4,596,633	\$ 4,566,054	\$ (30,579)
Distribution	2.49%	2.52%	0.03%	\$ 10,495,611	\$ 10,613,271	\$ 117,660
General Plant	4.57%	4.55%	-0.02%	\$ 2,349,576	\$ 2,335,322	\$ (14,254)
Total Utility	2.89%	2.76%	-0.13%	\$ 40,823,777	\$ 38,902,455	\$ (1,921,322)

Source: Petition, Attachment 1, Page 4.

The Company requested an effective date of January 1, 2015 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

In its *2013 Five-Year Review of Depreciation Certification* petition,¹ 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 of 2046. The co-owners of Big Stone are currently installing an Air Quality Control System (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

¹ See Docket No. E017/D-13-795.

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 was \$405 million. Given that cost estimate, OTP's share of the project was estimated to be \$221.5 million and the Minnesota jurisdictional share was estimated to be \$112 million. OTP expected the project to be placed in service in late 2015. The proposed life extension in the 2013 depreciation certification filing would have lowered Minnesota's share of OTP's depreciation expense by approximately \$1.1 million per year.³

In its Comments in OTP's 2013 depreciation certification proceeding, the Department agreed that the AQCS project would result in a life extension for Big Stone, but questioned whether that extension should take place in the 2013 filing or in the future. The Department stated that it generally 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 the 2013 docket, the depreciation parameters the Commission would eventually approve would take effect January 1, 2014, nearly two years before the AQCS project was expected to be placed in service, and therefore nearly two years before OTP's ratepayers would receive any operational benefits from the project. The Department recommended that the Commission require OTP 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 OTP could propose a life extension for Big Stone in its 2014 depreciation study, at which time the Department and the Commission could reevaluate the progress of the AQCS project and its expected in-service date.⁴

In its current Petition, OTP again proposed to extend the remaining life of its Big Stone plant, with an anticipated year of final retirement of 2046, due to the AQCS project. OTP stated that the expected in-service date for the AQCS project at this plant has not changed from late 2015.⁵ This proposed life extension would lower Minnesota's share of OTP's depreciation expense by approximately \$1.16 million per year.⁶

Since OTP's proposed depreciation parameters in this docket would take effect January 1, 2015, and since the AQCS project's expected in-service date of late 2015 has not changed, it is now appropriate to extend the remaining life of the Big Stone plant. The Department notes that ratepayers will not benefit from the related reduction in depreciation expense until OTP files its next rate case. However, the negative impact on ratepayers was mitigated by delaying the life extension until 2015, the year the AQCS project is scheduled to be placed into service. Based on the discussion in the previous depreciation filing, and on the information provided by OTP in its current Petition, the Department concludes that it is reasonable to extend the remaining life of the Big Stone plant in this docket.

² See Docket No. E017/M-13-648

³ Attachment 1, Statement B of OTP's petition in Docket No. E017/D-13-795.

⁴ Pages 2-4 of the Department's January 17, 2014 Comments in Docket No. E107/D-13-795.

⁵ Petition, page 4.

⁶ Petition, Attachment 1, Statement B.

For its hydraulic and other production units, OTP proposed remaining life reductions of one year to reflect the passage of time. The Department concludes that these reductions are reasonable.

b. Salvage Rates

OTP proposed a significant change to the salvage rate for the Big Stone plant, which decreased the negative salvage rate from approximately 8.1 percent to 11.8 percent (the salvage rate is more negative, which has the effect of increasing depreciation expense). This change is due to the extension of Big Stone's remaining life, with an anticipated year of final retirement of 2046, as discussed above. The Department concludes that the proposed salvage rate is reasonable.

OTP proposed only minimal or no changes to the salvage rates of its remaining production plants. The Department concludes that the proposed salvage rates for all other production facilities are reasonable.

c. Comparison of 2014 Depreciation Study and OTP's Resource Plan

The Commission's Order in Docket No. E017/D-13-795 (the 2013 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.

2. Transmission, Distribution, and General Plant

a. Remaining Lives

The Department notes that OTP proposed only one significant change to the remaining lives of its transmission, distribution, and general plant (TD&G) accounts, summarized in Statement A of Attachment 1 to its petition. The proposed change would extend the remaining life of the 354.00 – Towers and Fixtures Transmission Plant account from 37.90 years to 55.88 years. OTP did not provide discussion regarding this change. However, the Department notes that Statement G of OTP's filing shows approximately \$7.6 million of additions to account 354.00 in 2013, which could be directly related to the increase in remaining life. The Department requests that OTP explain in Reply Comments how the proposed remaining life of 55.88 years was derived and what project(s) are represented in the \$7.6 million of plant additions.

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

b. Salvage Rates

OTP proposed no significant changes to its currently approved TD&G salvage rates. The Department concludes that the proposed salvage rates are reasonable.

C. OTP'S REMAINING LIFE POLICY

OTP's Remaining Life Policy maintains a ten-year minimum remaining life for generating assets (unless a retirement date has been set), and a five-year window between the retirement dates of baseload plants. In its 2012 Depreciation Docket, OTP proposed one-year life extensions for five of its generating assets pursuant to the Remaining Life Policy. In that docket, the Department raised several concerns, specifically 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.⁷ As a result, the Commission required OTP to include in its next five-year depreciation study a defense of its Remaining Life Policy to address the Department's concerns, or a showing that the Company amended its Policy to eliminate the default one-year life extensions.

As required by the Commission, OTP included a defense of its Remaining Life Policy in 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 3,⁸ the Remaining Life Policy would now impact only the Company's peaking resources at Jamestown and Lake Preston. OTP noted that 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.⁹

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 agreed with OTP that, due to the decision to shorten Hoot Lake's remaining life to less than 10 years, the impact of the Remaining Life Policy was much smaller than in past depreciation filings, and that it will be many years before the Remaining Life Policy has any effect 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

⁷ Pages 4-6 of the DOC's Comments filed January 29, 2013 in Docket No. E017/D-12-933.

⁸ The Commission's March 25, 2013 Order in Docket No. E017/RP-10-623 approved OTP's proposal to retrofit the Hoot Lake plant in 2015 and retire it in 2020.

⁹ Pages 3-6 of OTP's 2013 Five-Year Review of Depreciation Certification filed September 3, 2013 in Docket No. E017/D-13-795.

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.¹⁰

To further illustrate our concerns, the Department noted 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 the 2013 Depreciation filing, following the Commission's Order on OTP's Baseload Diversification Study. 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.

Similarly, the Commission has approved one-year life extensions for OTP's Jamestown and Lake Preston plants in each of the Company's last three depreciation dockets. In OTP's 2014 Integrated Resource Plan (IRP), the Department concluded that retiring the Jamestown and Lake Preston peaker plants is slightly more cost effective than not.¹¹ The Department recommended that OTP include an analysis of the effects of retiring its Jamestown and Lake Preston peaking units in its next IRP.¹² This docket is still in progress and has not yet been heard by the Commission. Thus, it is possible that the remaining lives of OTP's Jamestown and Lake Preston plants may be shortened pursuant to a Commission decision in the Company's current or future IRP after having been extended numerous times as a result of the Company's Remaining Life Policy. Further, on page 5 of its current petition, OTP discussed its Jamestown and Lake Preston peaking facilities,

...the 2014 plant assessment for these three Frame 5 Peaking units resulted in a recommendation of no change for the plants' remaining lives this year. Plans have been made to upgrade the existing control equipment which are at or near their functional obsolescence, but have not yet been implemented. Otter Tail will re-evaluate the status of these facilities during next year's depreciation filing.

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, or the Jamestown and Lake Preston peakers, at this time. However, the Department will continue to monitor the effects the Remaining Life Policy has on OTP's depreciation expense in light of decisions made through the Commission's IRP process.

D. PLANT BALANCES, ADDITIONS, AND RETIREMENTS

Table 2 shows the changes to OTP's plant balances during 2013. The net effect of additions and retirements during the year is an increase in total plant of approximately \$32 million, the majority of which was concentrated in the Company's transmission and distribution plant accounts.

¹⁰ Page 12 of the DOC's Comments filed January 17, 2014 in Docket No. E017/D-13-795.

¹¹ Pages 29-30 of the DOC's Comments filed May 2, 2014 in Docket No. E017/RP-13-961.

¹² *Id.*, Page 51.

**Table 2:
 Primary Plant Account Balances**

Primary Plant Assets	Balance		Additions	Retirements	Transfers	Balance	
	12/31/2012					12/31/2013	
Steam Production	354,259,730		8,719,787	5,000,367	-	357,979,150	
Hydraulic Production	5,543,432		609,769	-	-	6,153,201	
Other Production	307,106,538		2,255,966	939,461	-	308,423,043	
Transmission Plant	258,921,295		8,691,412	526,669	126,444	267,212,482	
Distribution Plant	404,378,564		18,887,975	2,440,987	(129,860)	420,695,692	
General Plant	49,278,816		3,476,876	1,383,409	-	51,372,283	
Totals	1,379,488,375		42,641,785	10,290,893	(3,416)	1,411,835,851	

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 its Air Quality Control System (AQCS) at its Big Stone plant impacts this filing because the project is planning to go into service in 2015, the year in which depreciation parameters set in this docket will be effective. The Big Stone plant entered the construction phase of the AQCS in 2013 and OTP expects the project, now estimated to cost \$384.2 million (\$207.1 million OTP share), to be completed in late 2015, as discussed above.

Regarding future retirements, OTP stated that it is “unaware of any major future retirements that would materially affect the current certification results.”

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

- Two CapX2020 projects placed into service in 2014 (the Fargo Phase II from St. Cloud Quarry sub to Alexandria sub and the Helena sub to Lyon County sub portion of the Brookings to Twin Cities transmission lines);
- Two CapX2020 projects expected to be placed into service in 2015 (Fargo Phase III from Alexandria sub to the MN/ND border and the remaining of the Brookings to South Twin Cities line segments)
- The Hoot Lake plant Mercury and Air Toxics Standards project; and
- 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).

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 five of its Petition, OTP stated:

This filing does not include any new peaking generators so 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, 2015. 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 the proposed remaining life of 55.88 years was derived and what project(s) are represented in the \$7.6 million of plant additions for account 354.00 – Towers and Fixtures. 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

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



October 9, 2014

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

**Re: Otter Tail Power Company
2014 Annual Review of Depreciation Certification
Docket No. E017/D-14-732
REPLY COMMENTS**

Dear Dr. Haar:

Otter Tail Power Company ("Otter Tail") hereby submits Reply Comments in Docket No. E017/D-14-732. Also enclosed is a Certificate of Service.

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

Sincerely,

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

jce
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 Petition for Approval of its
2014 Annual Review of
Depreciation Certification

Docket No. E017/D-14-732

**OTTER TAIL POWER COMPANY'S
REPLY COMMENTS**

I. INTRODUCTION AND BACKGROUND

These Reply Comments respond to the September 29, 2014 Comments filed by Minnesota Department of Commerce, Division of Energy Resources ("Department") in the above-captioned matter. Otter Tail Power Company ("Otter Tail") agrees with the Department's recommendations as stated in their Comments. As requested, Otter Tail provides explanations for Transmission Plant Account 354.00 – Towers and Fixtures on how the proposed remaining life of 55.88 years was derived and what project(s) are represented in the \$7.6 million of plant additions.

**II. EXPLANATIONS FOR ACCOUNT 354.00 – TOWERS AND
FIXTURES**

**A. How was the proposed remaining life of 55.88 years derived for
account 354.00 – Towers and Fixtures?**

In its Initial Filing in this docket, Otter Tail (in Attachment 1, Statement F, Page 33) indicates for Transmission Plant Account 354.00 – Towers and Fixtures, that the Vintage Group Average Service Life ("VG ASL") parameter is 70.00 years. Additionally in this table, Otter Tail notes that the currently approved Remaining Life parameter for this account is 37.90 years while the proposed Remaining Life Parameter is 55.88 years representing an increase of 17.98 years.

Otter Tail includes in these Reply Comments Attachment 1 which illustrates the changes in the Remaining Life calculations for this Account and provides this explanation on the calculations. Using the mid-year convention (all assets are assumed to be placed in service or retired mid-year) each vintage from the account is compared with its VG ASL resulting in a calculated Remaining Life for that vintage. Each individual vintage Remaining Life is then

weighted by that vintage's Plant in Service balance. The summation of this balance is then divided by the total Plant In Service balance for that account resulting in the account's weighted average Remaining Life.

In the case of Transmission Plant Account 354.00 Towers and Fixtures as pointed out by the Department, a large vintage addition (2011) was added to Otter Tail's Continuing Property Records ("CPR") during 2013 (it was moved from account 106, Completed Construction not Classified to account 354.00 during 2013). This single vintage actually represented a 163.4 percent addition to account 354.00's previous year-end balance. Further, this large addition represented a vintage Remaining Life of 67.50 years, which when weighted with its large vintage balance resulted in the 17.98 year increase in the account's Remaining Life from 37.90 to 55.88 years.

B. What project(s) are represented in the \$7.6 million of plant additions for account 354.00 – Towers and Fixtures?

Otter Tail along with several other utilities is actively investing in the CAPX2020 transmission build out, primarily in Minnesota. Portions of these projects are going into service as reflected in the large addition to Transmission Plant Account 354.00 – Towers and Fixtures. In 2013, Otter Tail placed into service in this account \$7.6 million for the Fargo Phase 1 – Monticello to St. Cloud 345kV line segment (see Attachment 2 to these Reply Comments).

The vast majority of Otter Tail's previous transmission line structure investments consisted of single or H-frame wooden or steel transmission structures directly embedded into the ground. For those types of structures, Otter Tail utilized the Transmission Plant Account 355.00 – Poles and Fixtures. Conversely, Otter Tail utilizes the Transmission Plant Account 354.00 – Towers and Fixtures when the majority of a Transmission Line uses poured concrete foundations rather than the directly embedded technique. The large towers associated with the majority of the CAPX2020 projects in Minnesota utilize the poured concrete foundation technique.

When a large investment is made (new vintage) to an account that historically has had smaller, older vintage balances, the significance of the change in Remaining Life as noted in Transmission Plant Account 354.00 – Towers and Fixtures is observed. Otter Tail expects further large investments in Transmission Plant Account 354.00 – Towers and Fixtures as more segments of the CAPX2020 projects go into service.

Everything else held constant, increasing the Remaining Life of an account would tend to lower the depreciation rate and thus the corresponding depreciation expense. In this instance both the expected depreciation rate and the corresponding depreciation expense are actually expected to increase slightly from 1.54 percent to 1.60 percent and by \$7,414 (\$3,548 – Minnesota Jurisdiction) based on plant balance as of December 31, 2013 (see Attachment 1, Statement A, Page 7 and Statement B, page 12 from the Initial Filing in this docket). The large investment in this account is driving the modest increase in the depreciation rate and the corresponding increase in depreciation expense, despite the large increase in the account's Remaining Life.

III. CONCLUSION

Otter Tail agrees with the Department's recommendations made in its September 29, 2014 Comments. Otter Tail also has included in these Reply Comments the requested explanation of the proposed remaining life and projects represented in the plant additions to Transmission Plant Account 354.00.

For these reasons, Otter Tail requests an Order from the Commission authorizing its proposed remaining lives and salvage percentages for 2015.

Dated: October 9, 2014

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ LOYAL K. DEMMER

Loyal K. Demmer, CMA

Depreciation Accountant

Otter Tail Power Company

215 S. Cascade Street

Fergus Falls, MN 56537

(218) 739-8659

ldemmer@otpc.com

Otter Tail Power Company
 Plant Additions Analysis for Transmission Plant Account 354.00 - Towers and Fixtures
 December 31, 2013 vs. December 31, 2012

	<u>Average</u> <u>Service</u>	December, 2012		December, 2013		change	
		<u>Plant In Service</u>	<u>Remaining</u> <u>Life</u>	<u>Plant In Service</u>	<u>Remaining</u> <u>Life</u>	<u>Plant In Service</u>	<u>Remaining</u> <u>Life</u>
Vintage	<u>Life</u>						
1944	70	\$ 2,413.00	1.50	\$ 2,413.00	0.50	\$ -	(1.00)
1964	70	19,546.82	21.50	19,546.82	20.50	-	(1.00)
1977	70	1,119,489.36	34.50	1,119,489.36	33.50	-	(1.00)
1981	70	2,658,526.00	38.50	2,658,526.00	37.50	-	(1.00)
1982	70	313,130.00	39.50	313,130.00	38.50	-	(1.00)
1983	70	29,716.35	40.50	29,716.35	39.50	-	(1.00)
1984	70	549,441.72	41.50	549,441.72	40.50	-	(1.00)
2011	70			7,664,852.81	67.50	7,664,852.81	67.50
		\$ 4,692,263.25	37.89	\$ 12,357,116.06	55.88	\$ 7,664,852.81	17.99

Otter Tail Power Company

Company	Business Segment		
Asset Location			
Utility Account	Sub Account		Cost
Otter Tail Power	Transmission	1710 Plant In Service	
Fargo Phase 1 - Monticello-St. Cloud 345kv			
35400 - Towers and Fixtures	None		\$7,664,852.81
		<u>Asset Location Total</u>	<u>\$7,664,852.81</u>
		Company/Bus Segment/GL Account Total	\$7,664,852.81
		Grand Total	\$7,664,852.81



85 7TH PLACE EAST, SUITE 500
SAINT PAUL, MINNESOTA 55101-2198
MIN.GOV/COMMERCE
651.539.1500 FAX: 651.539.1547
AN EQUAL OPPORTUNITY EMPLOYER

October 14, 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-14-732

Dear Dr. Haar:

This letter serves as 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) 2014 Annual Review of Depreciation Certification.

On August 29, 2014, Otter Tail Power Company (OTP or the Company) filed its *2014 Annual Review of Depreciation Certification* (2014 Depreciation Petition or Petition) with the Minnesota Public Utilities Commission (Commission). OTP requested approval of changes to the lives and salvage rates of a number of property accounts. The net effect of the proposed changes is a reduction in annual depreciation expense of \$1.9 million, or 4.71 percent. The Company also requested an effective date of January 1, 2015 for its proposed depreciation parameters.

On September 29, 2014 the Department filed Comments in which it recommended approval of OTP's proposed depreciation parameters, pending the submittal of additional information regarding how the proposed remaining life of 55.88 years was derived and what project(s) are represented in the \$7.6 million of plant additions for account 354.00 Towers and Fixtures. The Department stated that it would provide a final set of recommendations to the Commission after reviewing the information provided by OTP in its Reply Comments.

On October 9, 2014, OTP filed Reply Comments in which it agreed with the Department's recommendations and provided the information requested by the Department regarding the remaining life and plant additions for Transmission Plant Account 354.00 – Towers and Fixtures (Account 354).

In its Reply, OTP provided the following explanation for the increase in the remaining life parameter for Account 354 from 37.90 years to 55.88 years:¹

...a large vintage addition (2011) was added to Otter Tail's Continuing Property Records ("CPR") during 2013 (it was moved from account 106, Completed Construction not Classified to account 354.00 during 2013).

The Company provided Attachment 1 to its Reply Comments to show how this new vintage affected the calculation of the remaining life for Account 354.

Regarding the large addition of \$7.6 million to Account 354, OTP stated that this addition was the CAPX2020 Fargo Phase 1 – Monticello to St. Cloud 345kV transmission line segment, and explained,²

When a large investment is made (new vintage) to an account that historically has had smaller, older vintage balances, the significance of the change in Remaining Life as noted in Transmission Plant Account 354.00 – Towers and Fixtures is observed.

The Department noted that the Fargo Phase 1 line segment was put into service in 2011 into Account 106, Completed Construction not Classified, but not moved into Account 354 until 2013. Due to this delay in classification, depreciation on this line segment did not begin until 2013, even though the asset was placed into service in 2011. It is not clear to the Department why it would take this extended period of time to classify the Fargo Phase 1 line segment, but the annual financial effect of depreciating this asset over 67.5 years rather than the approximate 70-year useful life is de minimis. At this time, OTP's delay in classifying new capital assets does not seem to be of material concern, but the Department will monitor future depreciation filings for any emerging patterns. The Department appreciates the additional information provided by OTP and concludes that the Company's explanations are otherwise reasonable.

The Department recommends that the Commission:

- Approve the proposed remaining lives, salvage values and depreciation rates in OTP's 2014 Depreciation Petition;
- Require OTP to provide the comparison of its last rate case's short-term peaking capacity costs to the peaking costs

¹ OTP's Reply Comments, page 2.

² *Id.*

Burl W. Haar
October 14, 2014
Page 3

- Encourage OTP to promptly classify new capital assets;
- Require OTP to file its next annual depreciation study by September 1, 2015; and
- Require OTP to include in future depreciation filings a table comparing asset lives used for the purposes of the Company's resource planning with the remaining lives proposed in the depreciation filings, explaining any differences.

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst
651-539-1820

AB/ja

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

October 15, 2014



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

**Re: Otter Tail Power Company's Petition for Approval of its 2014 Annual Review of Depreciation Certification
Docket No. E017/D-14-732
Letter**

Dear Dr. Haar:

This letter is being filed to confirm that Otter Tail Power Company ("Otter Tail") agrees with the Minnesota Department of Commerce's ("DOC") recommendations in their October 14, 2014 Response Comments in the above-referenced matter.

Otter Tail understands that the DOC's second bullet point in their October 14, 2014 Response Comments regarding short term peaking capacity costs is an abbreviated form of their recommendation originally stated on page eight of their September 29th Comments in this matter.

Otter Tail also offers the clarification that assets placed into service in account 106, Completed Construction not Classified, are charged with depreciation expense. Otter Tail has charged depreciation expense for the Fargo Phase 1 line segment since it was placed into service in account 106.

Please contact me at (218) 739-8659 or ldemmer@otpc.com if you have any questions regarding this filing. A Certificate of Service is enclosed.

Sincerely,

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

jce
Enclosures
By electronic filing
c: Service List

October 21, 2014

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

**RE: Supplemental Response Comments of the Minnesota Department of Commerce,
Division of Energy Resources**
Docket No. E017/D-14-732

Dear Dr. Haar:

This letter serves as the Supplemental Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Otter Tail Power Company's (OTP's) 2014 Annual Review of Depreciation Certification.

On August 29, 2014, Otter Tail Power Company (OTP or the Company) filed its 2014 Annual Review of Depreciation Certification (2014 Depreciation Petition or Petition) with the Minnesota Public Utilities Commission (Commission). OTP requested approval of changes to the lives and salvage rates of a number of property accounts. The net effect of the proposed changes is a reduction in annual depreciation expense of \$1.9 million, or 4.71 percent. The Company also requested an effective date of January 1, 2015 for its proposed depreciation parameters.

On September 29, 2014, the Department filed Comments in which it recommended approval of OTP's proposed depreciation parameters, pending the submittal of additional information regarding how the proposed remaining life of 55.88 years was derived and what project(s) are represented in the \$7.6 million of plant additions for account 354.00 - Towers and Fixtures (Account 354). The Department stated that it would provide a final set of recommendations to the Commission after reviewing the information provided by OTP in its Reply Comments.

On October 9, 2014, OTP filed Reply Comments in which it agreed with the Department's recommendations and provided the information requested by the Department regarding the remaining life and plant additions for Account 354.

On October 14, 2014, the Department submitted its Response Comments noting some concern regarding the timing of transferring project costs from Account 106 - Completed Construction not Classified (Account 106) to Account 354, but otherwise concluded that the Company's explanations contained in its Reply Comments were reasonable.

On October 15, 2014, OTP filed a letter clarifying its understanding of the Department's recommendation regarding short term peaking capacity costs and noting that the assets placed into Account 106 are charged depreciation expense.

The Department appreciates OTP's clarifications. Confirmation that depreciation begins when the asset is placed into service alleviates the Department's concern regarding the timing for transferring project costs to Account 354. To ensure clarity of the record, the Department provides its final recommendations below.

The Department recommends that the Commission:

- Approve the proposed remaining lives, salvage values and depreciation rates in OTP's 2014 Depreciation Petition;
- Require OTP to compare, in its first depreciation filing that includes new peaking generators, the short-term peaking capacity costs in its last rate case to the peaking capacity costs of the new generators;
- Require OTP to include in future depreciation filings a table comparing asset lives used for the purpose of the Company's resource planning with the remaining lives proposed in the depreciation filings, explaining any differences; and
- Require OTP to file its next annual depreciation study by September 1, 2015.

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ SUSAN MEDHAUG
Supervisor, Energy Regulation & Planning

SM/lt

Otter Tail Power Company's
2014 Minnesota Annual Review of
Depreciation Certification Filing

Minnesota Docket No. E017/D-14-732

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



August 29, 2014

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

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of its
2014 Annual Review of Depreciation Certification
Docket No. E017/D-14-_____**

Dear Dr. Haar:

Otter Tail Power Company ("Otter Tail") hereby submits its 2014 Annual 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 Minnesota Department of Commerce - Division of Energy Resources and the Office of Attorney General – Antitrust & 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@otpc.com if you have any questions.

Sincerely,

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

jce
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 Petition for Approval of its
2014 Annual Review of Depreciation
Certification

Docket No. E017/D-14-____

SUMMARY OF FILING

Please take notice that on August 29, 2014, Otter Tail Power Company filed its 2014 Annual Review of Depreciation Certification with the Minnesota Public Utilities Commission. The study is being filed under Minnesota Rules Parts 7825.0700.

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

In the Matter of Otter Tail Power
Company's Petition for Approval of its 2014 Docket No. E017/D-14-____
Annual Review of Depreciation
Certification

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 2014 Annual Petition for Depreciation Certification. Otter Tail requests that the study be certified effective as of January 1, 2015.

II. GENERAL FILING INFORMATION

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

A. Name, Address, and Telephone Number of Utility

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

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

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

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

The filing date is August 29, 2014, and Otter Tail requests approval as of January 1, 2015.

D. Controlling Law for the Filing

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

E. Title of Utility Employee Responsible for Filing

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

III. DESCRIPTION OF FILING

This filing constitutes Otter Tail's 2014 Annual Petition for Depreciation Certification. Otter Tail's last five-year comprehensive depreciation study was filed in 2013 and approved by the Minnesota Public Utilities Commission ("Commission") on April 7, 2014, in Docket No. E017/D-13-795. 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 of each year in the four interim years between the five-year comprehensive depreciation studies.

This petition contains four attachments:

1. 2014 Depreciation Rate Study prepared by Foster Associates, Inc., Attachment No. 1;
2. Proposed Remaining Lives and Salvage Percentages for Use in 2015, Attachment No. 2;
3. Supplemental Comments, Attachment No. 3;

4. Schedule and Narrative of Comparison with the Company's Resource Plan that was filed in Docket No. E017/RP-13-961 on December 2, 2013, Attachment No. 4¹.

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 based on plant in-service balances as of December 31, 2013. Other statements in Attachment No. 1 provide the rest of the schedules required in an annual review of depreciation.

Attachment No. 2 lists the property accounts for which the Company requests certification of the remaining lives and salvage percentages to be used in determining 2015 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 differences between the remaining lives used in this Petition and the Company's most recent Integrated Resource Plan that was filed on December 2, 2013.

IV. OTHER DEPRECIATION FILING MATTERS

A. Big Stone Plant Air Quality Control System (AQCS) Remaining Life Update:

As was discussed in Otter Tail's five-year depreciation filing last year (Docket No. E017/D-13-795), Otter Tail is submitting in this filing the remaining life extension for Big Stone Plant resulting from the Air Quality Control System ("AQCS") initiative as directed by the Environmental Protection Agency ("EPA") Regional Haze, Class I air quality directive. Otter Tail had originally proposed that the Commission should approve the extension as part of that five-year study, but the Department indicated in its Comments that it preferred the extension to correspond to the in-service date of the AQCS project, which was not scheduled to occur until the period covered by this 2014 annual depreciation study filing. Specifically, the Department said in its January 17, 2014

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. E017/RP-10-623, the MN PUC ordered that Otter Tail file its next IRP by December 1, 2013.

Comments, “OTP can propose a life extension for Big Stone in its next depreciation study ...”² As explained in Otter Tail’s February 17, 2014 Reply Comments, in that proceeding, this annual filing includes the in-service date for the project: “The current expected in-service date for the AQCS project is in 2015, which falls within the period that will be covered by Otter Tail’s next annual depreciation filing [i.e. this 2014 depreciation filing]. Therefore, Otter Tail will plan to include its remaining life extension for the plant in its next depreciation filing...”.³ The expected in-service date for the AQCS project has not changed, so Otter Tail is requesting approval of the extension for the balance of plant as part of this filing.

To explain this life extension’s impact on Otter Tail’s overall depreciation expense, Otter Tail provides the following additional information. According to Statement B, Attachment 1, which is based on plant in-service balances as of December 31, 2013; it appears that Big Stone Plant will experience a \$1,156,488 reduction in scheduled depreciation expense for 2015 (Minnesota share). This reduction is driven primarily by the Remaining Life change for the plant effective with this filing. This reduction in depreciation expense is expected to be countered with depreciation expense increases related to plant additions occurring in 2014 and 2015 that were not part of the 2013 year-end plant balance included in the analysis for this year’s study, such as the Hoot Lake Mercury Air Toxics Standards (“MATS”) project.

B. Determination of Generation Assets Remaining Life Policy:

There are no remaining life extensions proposed in this filing that are the result of Otter Tail’s Generation Assets Remaining Lives Policy.

In 2008, Otter Tail adopted its Determination of Generation Assets Remaining Lives policy to better manage its generation fleet which contained a large percentage of Generation Assets which at the time were approaching their Average Year of Final Retirement (“AYFR”). The policy was introduced to the Department and the Commission

² Docket No. E017/D-13-795, Minnesota Department of Commerce, Division of Energy Resources, Comments, January 17, 2014, page 4.

³ Docket No. E017/D-13-795, Otter Tail Power Company, Reply Comments, February 17, 2014, page 2.

in Otter Tail's 2009 Depreciation filing (Docket No. E017/D-09-1019) and resulting life extensions were reflected in the 2010 Depreciation Filing (Docket No. E017/D-10-953).

While much of the policy's prior scope is currently not applicable as a result of determining an end of life timeframe for Hoot Lake Plant, the Peaking Plant facilities at Jamestown and Lake Preston still remain within the scope of the policy requiring annual plant assessments. However, while the Peaking Plant facilities are within the scope of the policy, the 2014 plant assessment for these three Frame 5 Peaking units resulted in a recommendation of no change for the plants' remaining lives this year. Plans have been made to upgrade the existing control equipment which are at or near their functional obsolescence, but have not yet been implemented. Otter Tail will re-evaluate the status of these facilities during next year's depreciation filing. Otter Tail's IRP does assume these needed upgrades will be made within the time frame covered by the IRP.

C. Peaking Capacity Cost Information

The Commission's Order Accepting Resource Plan Change, (Docket No. E017/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." This filing does not include any new peaking generators so there is no cost information to report at this time.

V. MISCELLANEOUS INFORMATION

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

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

and

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

B. Service on Other Parties

Otter Tail has served a copy of this filing on the Department of Commerce – Division of Energy Resources and the Office of Attorney General – Antitrust & 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.

VI. CONCLUSION

Otter Tail respectfully requests that the Commission approve this annual petition for depreciation certification, to be effective as of January 1, 2015.

Dated: August 29, 2014

Respectfully submitted,

OTTER TAIL POWER COMPANY

/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@otpc.com

2014 Technical Update



CONTENTS

EXECUTIVE SUMMARY

INTRODUCTION	1
SCOPE OF STUDY	1
PROPOSED DEPRECIATION RATES.....	2

STATEMENTS

INTRODUCTION	3
STATEMENT A – REMAINING-LIFE ACCRUAL RATES	5
STATEMENT B – REMAINING-LIFE ACCRUALS	10
STATEMENT C – DEPRECIATION RESERVE SUMMARY	16
STATEMENT D – AVERAGE NET SALVAGE	23
STATEMENT E – FUTURE NET SALVAGE.....	28
STATEMENT F – CURRENT AND PROPOSED PARAMETERS AND STATISTICS	31
STATEMENT G – PLANT ACTIVITY	38
STATEMENT H – ANALYSIS OF DEPRECIATION RESERVE.....	40
STATEMENT I – SUMMARY OF DEPRECIATION ACCRUALS	42

July 2014

EXECUTIVE SUMMARY

INTRODUCTION

This report presents the findings and recommendations developed in a 2014 Technical Update of depreciation rates for Otter Tail Power Company prepared by Foster Associates, Inc. The parameters (*i.e.*, projection curves, projection lives and future net salvage rates) used in the update were developed in the Company's 2013 Depreciation Study based on December 31, 2012 plant and reserve balances. Age distributions of surviving plant on December 31, 2013 were used in the 2014 update to derive composite service life statistics and theoretical depreciation reserves.

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

The principal findings from this review are summarized in the attached statements. Statement A provides a comparative summary of current and proposed annual depreciation rates for each rate category. Statement B provides a comparison of current and proposed annual depreciation accruals. Statement C provides a comparison of recorded and computed depreciation reserves for each rate category. Statement D provides a summary of the components used to obtain a weighted-average net salvage rate for each plant account. Statement E provides a computation of estimated future net salvage rates 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.

SCOPE OF STUDY

The principal activities undertaken in the course of conducting the 2014 Technical Update included:

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

Accrual rates currently used by the Company were developed from parameters approved in Docket No. E-017/D-13-795 (Order Dated April 7, 2014). Depreciation accruals and reserve activity recorded in 2013 were posted to December 31, 2012 reserves to obtain appropriate reserve ratios for the 2014

Technical Update.

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

PROPOSED DEPRECIATION RATES

Table 1 provides a summary of the changes in annual rates and accruals resulting from the 2014 Technical Update. Rates proposed for each primary account (with the exception of amortization accounts) have been developed including authorized allowances for net salvage.

Function	Accrual Rate			2014 Annualized Accrual		
	Current	Proposed	Difference	Current	Proposed	Difference
A	B	C	D=C-B	E	F	G=F-E
Production						
Steam	2.88%	2.29%	-0.59%	\$10,321,680	\$8,191,348	(\$2,130,332)
Hydraulic	7.47%	7.91%	0.44%	459,833	486,456	26,623
Other	4.09%	4.12%	0.03%	12,600,444	12,710,004	109,560
Transmissio	1.72%	1.71%	-0.01%	4,596,633	4,566,054	(30,579)
Distribution	2.49%	2.52%	0.03%	10,495,611	10,613,271	117,660
General	4.57%	4.55%	-0.02%	2,349,576	2,335,322	(14,254)
Total Utility	2.89%	2.76%	-0.13%	\$40,823,777	\$38,902,455	(\$1,921,322)

Table 1. Current and Proposed Rates and Accruals

Adjustments developed in the technical update produce a composite depreciation rate of 2.76 percent. Depreciation expense is currently accrued at an equivalent rate of 2.89 percent. The recommended change in the composite depreciation rate is, therefore, a reduction of 0.13 percentage points.

A continued application of rates derived from currently approved parameters would produce annual depreciation expense of \$40,823,777 compared with an annual expense of \$38,902,455 using the rates developed in the update. The reduction of \$1,921,322 is largely attributable to an extension of the estimated year of final retirement for the Big Stone steam production facility from 2027 to 2046. The portion of the reduction allocated to the Minnesota jurisdiction is \$949,661.

STATEMENTS

INTRODUCTION

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

- Statement A provides a comparative summary of current and proposed annual depreciation rates for calendar year 2014 using the straight-line method, vintage group procedure, remaining-life technique.
- Statement B provides a comparison of the current and proposed annualized depreciation accruals for calendar year 2014 based upon the rates developed in Statement A.
- Statement C provides a comparison of recorded and computed reserves for each rate category.
- Statement D provides a summary of the components used to obtain a weighted average net salvage rate for each rate category.
- Statement E provides a computation of the estimated future net salvage rate for life-span categories.
- Statement F provides a comparative summary of current and proposed parameters including projection life, projection curve and future net salvage rates. The statement also contains current and proposed statistics including average service life, average remaining life, and average net salvage rates.

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

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

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

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

While the Agency rules do not require submission of continuity schedules in a technical update, this section includes the following statements which set forth the above information for calendar year 2013:

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

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

OTTER TAIL POWER COMPANY

Statement A

Comparison of Current and Proposed Accrual Rates

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
STEAM PRODUCTION							
311.00 Structures and Improvements	19.48	-9.0%	1.84%	25.04	-10.3%	75.98%	1.49%
312.00 Boiler Plant Equipment	15.93	-9.4%	3.22%	20.50	-10.8%	63.40%	2.56%
314.00 Turbogenerator Units	16.79	-9.4%	3.02%	23.87	-11.0%	60.41%	2.26%
315.00 Accessory Electric Equipment	19.29	-9.0%	2.21%	23.70	-10.5%	68.21%	1.92%
316.00 Miscellaneous Power Plant Equipment	15.09	-9.3%	3.52%	19.71	-10.8%	56.42%	3.02%
Total Steam Production Plant			2.88%	21.88	-10.7%	65.27%	2.29%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	8.41		5.93%	7.43		55.45%	6.00%
332.00 Reservoirs, Dams and Waterways	8.41		7.97%	7.43		35.88%	8.63%
333.00 Water Wheels, Turbines & Generators	8.41		6.02%	7.43		54.77%	6.09%
334.00 Accessory Electric Equipment	8.41		5.31%	7.43		60.07%	5.37%
335.00 Miscellaneous Power Plant Equipment	8.41		10.87%	7.43		17.60%	11.09%
Total Hydraulic Production Plant			7.47%	7.43		41.26%	7.91%
OTHER PRODUCTION							
341.00 Structures and Improvements	20.93	-1.2%	3.75%	19.84	-1.2%	25.68%	3.81%
342.00 Fuel Holders and Accessories	16.77	-1.0%	3.66%	15.91	-1.0%	40.91%	3.83%
343.00 Prime Movers	20.33	-0.8%	2.66%	19.41	-0.8%	47.22%	2.67%
344.00 Generators	19.96	-1.5%	4.29%	19.01	-1.5%	19.40%	4.32%
345.00 Accessory Electric Equipment	19.88	-1.5%	4.16%	18.90	-1.5%	21.88%	4.21%
346.00 Miscellaneous Power Plant Equipment	19.57	-0.9%	3.45%	19.21	-0.8%	29.64%	3.74%
Total Other Production Plant			4.09%	19.05	-1.4%	22.82%	4.12%
TRANSMISSION PLANT							
353.00 Station Equipment	53.06	-5.0%	1.53%	52.96	-5.0%	23.96%	1.53%
354.00 Towers and Fixtures	37.90	-10.0%	1.54%	55.88	-10.0%	20.35%	1.60%
355.00 Poles and Fixtures	55.58	-50.0%	1.97%	53.85	-50.0%	45.95%	1.93%
356.00 Overhead Conductors and Devices	53.25	-30.0%	1.64%	53.33	-30.0%	42.56%	1.64%
358.00 Underground Conductors and Devices	10.86	-5.0%	1.63%	10.33	-5.0%	89.44%	1.51%
Total Transmission Plant			1.72%	53.49	-28.8%	37.31%	1.71%
DISTRIBUTION PLANT							
362.00 Station Equipment	32.22	5.0%	2.11%	32.24	5.0%	27.38%	2.10%
364.00 Poles, Towers and Fixtures	48.68	-75.0%	2.48%	48.37	-75.0%	54.78%	2.49%
365.00 Overhead Conductors and Devices	44.33	-100.0%	2.79%	44.11	-100.0%	76.99%	2.79%
367.00 Underground Conductors and Devices	24.81	-5.0%	2.33%	24.63	-5.0%	47.61%	2.33%
368.00 Line Transformers	28.19	50.0%	1.25%	28.20	50.0%	14.82%	1.25%
369.00 Overhead Services	33.52	-150.0%	4.17%	32.98	-150.0%	112.50%	4.17%
369.10 Underground Services	30.89	-20.0%	2.60%	30.51	-20.0%	40.52%	2.61%
370.00 Meters	20.64		3.14%	20.69		34.40%	3.17%
370.10 Load Management Switches	4.42		11.16%	3.56		55.65%	12.46%
370.20 Interruption Monitors	← 5 Year Amortization →			← 5 Year Amortization →			
371.20 Other Private Lighting	17.10	10.0%	3.84%	17.01	10.0%	25.04%	3.82%
373.00 Street Lighting and Signal Systems	15.43	-5.0%	3.44%	15.24	-5.0%	54.16%	3.34%
Total Distribution Plant			2.49%	28.53	-19.5%	43.02%	2.52%

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			Proposed			
	Rem. Life	Fut. Net Salvage	Accrual Rate	Rem. Life	Fut. Net Salvage	Reserve Ratio	Accrual Rate
A	B	C	D	E	F	G	H
GENERAL PLANT							
Depreciable							
390.00 Structures and Improvements	31.91	10.0%	2.07%	31.71	10.0%	24.36%	2.07%
390.10 General Office Buildings	17.10	51.2%	0.44%	16.14	51.5%	44.76%	0.23%
390.20 Fleet Service Center Building	12.29	38.6%	0.23%	11.32	38.6%	61.49%	-0.01%
390.30 Central Stores Building	21.81	95.5%	-2.14%	20.87	93.8%	51.86%	-2.19%
396.00 Power Operated Equipment	16.79	20.0%	2.45%	17.03	20.0%	34.05%	2.70%
397.40 Communication Towers	25.05	5.0%	2.10%	25.69	5.0%	41.41%	2.09%
Total Depreciable			1.24%	25.84	27.9%	33.29%	1.20%
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			10.27%	4.69		46.04%	10.27%
Total General Plant			4.57%	10.35	17.6%	37.99%	4.55%
TOTAL UTILITY			2.89%	24.94	-13.7%	42.98%	2.76%
STEAM PRODUCTION							
Big Stone							
311.00 Structures and Improvements	14.22	-8.1%	1.95%	31.07	-11.8%	81.87%	0.96%
312.00 Boiler Plant Equipment	14.23	-8.1%	3.59%	31.11	-11.8%	58.86%	1.70%
314.00 Turbogenerator Units	14.23	-8.1%	3.40%	31.13	-11.8%	59.10%	1.69%
315.00 Accessory Electric Equipment	14.22	-8.1%	2.75%	31.09	-11.8%	70.38%	1.33%
316.00 Miscellaneous Power Plant Equipment	14.23	-7.9%	3.24%	31.11	-11.4%	58.73%	1.69%
Total Big Stone			3.22%	31.11	-11.8%	63.39%	1.55%
Hoot Lake Units 2 and 3							
311.00 Structures and Improvements	7.42	-14.3%	3.26%	6.44	-14.1%	92.12%	3.41%
312.00 Boiler Plant Equipment	7.43	-14.3%	6.41%	6.45	-14.1%	70.34%	6.78%
314.00 Turbogenerator Units	7.43	-14.3%	3.64%	6.44	-14.1%	89.54%	3.81%
315.00 Accessory Electric Equipment	7.42	-14.3%	2.38%	6.44	-14.1%	83.31%	4.78%
316.00 Miscellaneous Power Plant Equipment	7.43	-14.2%	6.62%	6.45	-14.1%	66.12%	7.44%
Total Hoot Lake Units 2 and 3			5.34%	6.45	-14.1%	76.96%	5.76%
Coyote							
311.00 Structures and Improvements	27.41	-8.7%	1.51%	26.48	-8.6%	68.94%	1.50%
312.00 Boiler Plant Equipment	27.42	-8.7%	1.66%	26.49	-8.6%	64.60%	1.66%
314.00 Turbogenerator Units	27.44	-8.7%	2.28%	26.52	-8.6%	48.91%	2.25%
315.00 Accessory Electric Equipment	27.42	-8.7%	1.75%	26.50	-8.6%	63.01%	1.72%
316.00 Miscellaneous Power Plant Equipment	27.44	-8.4%	2.15%	26.51	-8.3%	48.04%	2.27%
Total Coyote			1.73%	26.49	-8.6%	62.85%	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 A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
HYDRAULIC PRODUCTION							
<u>Hoot Lake</u>							
331.00 Structures and Improvements	8.40		0.27%	7.42		98.01%	0.27%
332.00 Reservoirs, Dams and Waterways	8.40		2.51%	7.43		82.20%	2.40%
333.00 Water Wheels, Turbines & Generators	8.40		1.61%	7.42		87.90%	1.63%
334.00 Accessory Electric Equipment	8.40		2.22%	7.43		83.35%	2.24%
335.00 Miscellaneous Power Plant Equipment	8.41		11.76%	7.43		5.50%	12.72%
Total Hoot Lake			2.86%	7.43		78.57%	2.89%
<u>Wright</u>							
331.00 Structures and Improvements	8.40		3.35%	7.43		74.88%	3.38%
332.00 Reservoirs, Dams and Waterways	8.41		5.36%	7.43		59.75%	5.42%
333.00 Water Wheels, Turbines & Generators	8.41		5.46%	7.43		59.00%	5.52%
334.00 Accessory Electric Equipment	8.41		5.75%	7.43		56.81%	5.81%
335.00 Miscellaneous Power Plant Equipment	8.41		9.09%	7.43		31.65%	9.20%
Total Wright			5.88%	7.43		55.83%	5.95%
<u>Pisgah</u>							
331.00 Structures and Improvements	8.40		2.67%	7.42		79.96%	2.70%
332.00 Reservoirs, Dams and Waterways	8.41		7.98%	7.43		40.02%	8.07%
333.00 Water Wheels, Turbines & Generators	8.41		7.43%	7.43		44.16%	7.52%
334.00 Accessory Electric Equipment	8.41		6.37%	7.43		52.15%	6.44%
335.00 Miscellaneous Power Plant Equipment	8.41		13.21%	7.43		0.75%	13.36%
Total Pisgah			8.00%	7.43		39.86%	8.09%
<u>Dayton Hollow</u>							
331.00 Structures and Improvements	8.41		11.68%	7.43		12.22%	11.81%
332.00 Reservoirs, Dams and Waterways	8.41		10.31%	7.43		14.32%	11.53%
333.00 Water Wheels, Turbines & Generators	8.41		7.32%	7.43		44.98%	7.41%
334.00 Accessory Electric Equipment	8.41		5.10%	7.43		61.67%	5.16%
335.00 Miscellaneous Power Plant Equipment	8.41		12.18%	7.43		8.52%	12.31%
Total Dayton Hollow			9.51%	7.43		22.75%	10.40%
<u>Taplin Gorge</u>							
331.00 Structures and Improvements	8.39		1.02%	7.42		92.37%	1.03%
332.00 Reservoirs, Dams and Waterways	8.41		6.93%	7.43		47.91%	7.01%
333.00 Water Wheels, Turbines & Generators	8.39		0.88%	7.41		93.39%	0.89%
334.00 Accessory Electric Equipment	8.41		4.46%	7.43		66.50%	4.51%
335.00 Miscellaneous Power Plant Equipment	8.41		9.63%	7.43		27.60%	9.74%
Total Taplin Gorge			6.73%	7.43		49.42%	6.81%
<u>Bemidji</u>							
331.00 Structures and Improvements	8.41		8.73%	7.43		34.38%	8.83%
332.00 Reservoirs, Dams and Waterways	8.41		8.29%	7.43		30.97%	9.29%
333.00 Water Wheels, Turbines & Generators	8.41		6.47%	7.43		51.39%	6.54%
334.00 Accessory Electric Equipment	8.39		6.47%	7.42		51.52%	6.53%
335.00 Miscellaneous Power Plant Equipment	8.41		10.80%	7.43		18.82%	10.93%
Total Bemidji			7.91%	7.43		36.50%	8.54%

OTTER TAIL POWER COMPANY

Statement A

Comparison of Current and Proposed Accrual Rates

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
OTHER PRODUCTION							
<u>Jamestown</u>							
341.00 Structures and Improvements	10.35	-1.4%	2.70%	9.38	-1.4%	64.36%	3.95%
342.00 Fuel Holders and Accessories	10.36	-1.4%	5.56%	9.39	-1.4%	42.79%	6.24%
343.00 Prime Movers	10.35	-1.4%	2.17%	9.38	-1.4%	80.90%	2.18%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-1.4%	4.32%	9.39	-1.4%	60.85%	4.32%
346.00 Miscellaneous Power Plant Equipment	10.36	-1.4%	4.47%	9.39	-1.4%	45.20%	5.98%
Total Jamestown			2.46%	9.38	-1.4%	77.24%	2.57%
<u>Jamestown Unit 1</u>							
341.00 Structures and Improvements	10.35	-1.4%	2.42%	9.38	-1.4%	66.64%	3.71%
342.00 Fuel Holders and Accessories	10.36	-1.4%	5.85%	9.39	-1.4%	39.45%	6.60%
343.00 Prime Movers	10.35	-1.4%	2.52%	9.38	-1.4%	77.65%	2.53%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-1.4%	3.56%	9.38	-1.4%	67.99%	3.56%
346.00 Miscellaneous Power Plant Equipment	10.36	-1.4%	4.86%	9.39	-1.4%	43.82%	6.13%
Total Jamestown Unit 1			2.93%	9.38	-1.4%	71.96%	3.14%
<u>Jamestown Unit 2</u>							
341.00 Structures and Improvements	10.36	-1.4%	5.90%	9.39	-1.4%	38.59%	6.69%
342.00 Fuel Holders and Accessories	10.35	-1.4%	2.57%	9.38	-1.4%	77.28%	2.57%
343.00 Prime Movers	10.35	-1.4%	1.91%	9.38	-1.4%	83.36%	1.92%
344.00 Generators							
345.00 Accessory Electric Equipment	10.36	-1.4%	6.08%	9.39	-1.4%	44.46%	6.06%
346.00 Miscellaneous Power Plant Equipment	10.35	-1.4%	1.93%	9.38	-1.4%	54.18%	5.03%
Total Jamestown Unit 2			2.01%	9.38	-1.4%	82.27%	2.04%
<u>Lake Preston</u>							
341.00 Structures and Improvements	10.35	-2.4%	2.06%	9.38	-2.4%	74.25%	3.00%
342.00 Fuel Holders and Accessories	10.36	-2.4%	3.46%	9.38	-2.4%	69.89%	3.47%
343.00 Prime Movers	10.35	-2.4%	1.84%	9.38	-2.4%	85.03%	1.85%
344.00 Generators							
345.00 Accessory Electric Equipment	10.35	-2.4%	1.60%	9.38	-2.4%	87.33%	1.61%
346.00 Miscellaneous Power Plant Equipment	10.35	-2.4%	1.61%	9.38	-2.4%	87.21%	1.62%
Total Lake Preston			1.96%	9.38	-2.4%	83.44%	2.02%
<u>Ashtabula Wind Generation</u>							
341.00 Structures and Improvements	19.97	-1.2%	4.27%	19.02	-1.2%	19.91%	4.27%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	19.97	-1.2%	4.26%	19.02	-1.2%	19.31%	4.31%
345.00 Accessory Electric Equipment	19.97	-1.2%	4.27%	19.02	-1.2%	19.48%	4.30%
346.00 Miscellaneous Power Plant Equipment	19.97	-1.2%	4.98%	19.02	-1.2%	3.89%	5.12%
Total Ashtabula Wind Generation			4.26%	19.02	-1.2%	19.33%	4.31%
<u>Langdon Wind Generation</u>							
341.00 Structures and Improvements	19.02	-1.5%	4.31%	18.07	-1.5%	23.52%	4.32%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	19.02	-1.5%	4.34%	18.07	-1.5%	22.77%	4.36%
345.00 Accessory Electric Equipment	19.02	-1.5%	4.32%	18.07	-1.5%	21.40%	4.43%
346.00 Miscellaneous Power Plant Equipment	19.02	-1.5%	5.17%	18.07	-1.5%	5.12%	5.33%
Total Langdon Wind Generation			4.34%	18.07	-1.5%	22.66%	4.37%

OTTER TAIL POWER COMPANY

Statement A

Comparison of Current and Proposed Accrual Rates

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description A	Current			Proposed			
	Rem. Life B	Fut. Net Salvage C	Accrual Rate D	Rem. Life E	Fut. Net Salvage F	Reserve Ratio G	Accrual Rate H
<u>Luverne Wind Generation</u>							
341.00 Structures and Improvements	20.92	-2.0%	4.26%	19.97	-2.0%	16.74%	4.27%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	20.92	-2.0%	4.28%	19.97	-2.0%	15.98%	4.31%
345.00 Accessory Electric Equipment	20.92	-2.0%	4.26%	19.97	-2.0%	16.64%	4.27%
346.00 Miscellaneous Power Plant Equipment	20.92	-2.0%	4.79%	19.97	-2.0%	5.26%	4.84%
Total Luverne Wind Generation			4.28%	19.97	-2.0%	16.05%	4.31%
<u>Solway Combustion Turbine</u>							
341.00 Structures and Improvements	24.67	-0.4%	2.93%	23.73	-0.4%	30.69%	2.94%
342.00 Fuel Holders and Accessories	24.67	-0.4%	2.94%	23.73	-0.4%	30.64%	2.94%
343.00 Prime Movers	24.67	-0.4%	2.93%	23.73	-0.4%	30.97%	2.93%
344.00 Generators							
345.00 Accessory Electric Equipment	24.67	-0.4%	2.92%	23.73	-0.4%	31.26%	2.91%
346.00 Miscellaneous Power Plant Equipment	24.67	-0.4%	3.02%	23.73	-0.4%	27.50%	3.07%
Total Solway Combustion Turbine			2.93%	23.73	-0.4%	30.89%	2.93%
<u>Fergus Falls Control Center</u>							
341.00 Structures and Improvements							
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	17.10		3.04%	16.14		50.92%	3.04%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center			3.04%	16.14		50.92%	3.04%

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Statement B

Account Description A	12/31/13 Plant Investment B	Minnesota Allocation Factor C	Current Annual Accrual		Proposed Annual Accrual		Difference		
			Total D	Minnesota E=C*D	Total F	Minnesota G=C*F	Total H=F-D	Minnesota I=G-E	
STEAM PRODUCTION									
311.00 Structures and Improvements	\$ 61,995,888	0.49177888	\$ 1,143,449	\$ 562,324	\$ 923,720	\$ 454,267	\$ (219,729)	\$ (108,057)	
312.00 Boiler Plant Equipment	203,418,208	0.49177888	6,551,482	3,221,881	5,214,768	2,564,513	(1,336,714)	(657,368)	
314.00 Turbogenerator Units	63,168,000	0.49177888	1,905,858	937,261	1,428,432	702,473	(477,426)	(234,788)	
315.00 Accessory Electric Equipment	23,976,144	0.49177888	530,111	260,697	460,742	226,583	(69,369)	(34,114)	
316.00 Miscellaneous Power Plant Equipment	5,420,910	0.49177888	190,780	93,822	163,686	80,497	(27,094)	(13,325)	
Total Steam Production Plant	\$ 357,979,150		\$ 10,321,680	\$ 5,075,985	\$ 8,191,348	\$ 4,028,333	\$ (2,130,332)	\$ (1,047,652)	
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	\$ 351,712	0.49177888	\$ 20,849	\$ 10,252	\$ 21,083	\$ 10,368	\$ 234	\$ 116	
332.00 Reservoirs, Dams and Waterways	3,709,279	0.49177888	295,723	145,430	320,085	157,411	24,362	11,981	
333.00 Water Wheels, Turbines & Generators	1,057,186	0.49177888	63,643	31,297	64,375	31,659	732	362	
334.00 Accessory Electric Equipment	592,400	0.49177888	31,483	15,482	31,828	15,653	345	171	
335.00 Miscellaneous Power Plant Equipment	442,624	0.49177888	48,135	23,671	49,085	24,140	950	469	
Total Hydraulic Production Plant	\$ 6,153,201		\$ 459,833	\$ 226,132	\$ 486,456	\$ 239,231	\$ 26,623	\$ 13,099	
OTHER PRODUCTION									
341.00 Structures and Improvements	\$ 12,812,005	0.49177888	\$ 480,650	\$ 236,604	\$ 487,534	\$ 239,990	\$ 6,884	\$ 3,386	
342.00 Fuel Holders and Accessories	1,748,265	0.49177888	64,007	31,477	66,884	32,892	2,877	1,415	
343.00 Prime Movers	31,687,156	0.49177888	844,185	415,152	845,166	415,635	981	483	
344.00 Generators	240,974,741	0.49177888	10,333,680	5,088,811	10,420,446	5,131,539	86,766	42,728	
345.00 Accessory Electric Equipment	20,708,614	0.49177888	860,915	423,922	871,577	429,173	10,662	5,251	
346.00 Miscellaneous Power Plant Equipment	492,263	0.49177888	17,007	8,366	18,397	9,050	1,390	684	
Total Other Production Plant	\$ 308,423,044		\$ 12,600,444	\$ 6,204,332	\$ 12,710,004	\$ 6,258,279	\$ 109,560	\$ 53,947	
TRANSMISSION PLANT									
353.00 Station Equipment	\$ 78,145,172	0.47863773	\$ 1,195,621	\$ 572,269	\$ 1,195,621	\$ 572,269	\$ -	\$ -	
354.00 Towers and Fixtures	12,357,116	0.47863773	190,300	91,085	197,714	94,633	7,414	3,548	
355.00 Poles and Fixtures	94,749,175	0.47863773	1,866,559	893,406	1,828,659	875,265	(37,900)	(18,141)	
356.00 Overhead Conductors and Devices	81,883,560	0.47863773	1,342,890	642,758	1,342,890	642,758			
358.00 Underground Conductors and Devices	77,461	0.47863773	1,263	605	1,170	560	(93)	(45)	
Total Transmission Plant	\$ 267,212,484		\$ 4,596,633	\$ 2,200,123	\$ 4,566,054	\$ 2,185,485	\$ (30,579)	\$ (14,638)	
DISTRIBUTION PLANT									
362.00 Station Equipment	\$ 71,102,531	0.44453017	\$ 1,500,263	\$ 666,912	\$ 1,493,153	\$ 663,752	\$ (7,110)	\$ (3,160)	
364.00 Poles, Towers and Fixtures	66,399,850	0.44453017	1,646,716	732,015	1,653,356	734,967	6,640	2,952	
365.00 Overhead Conductors and Devices	47,102,109	0.44453017	1,314,149	584,179	1,314,149	584,179			
367.00 Underground Conductors and Devices	65,847,397	0.44453017	1,534,244	682,018	1,534,244	682,018			
368.00 Line Transformers	80,132,409	0.44453017	1,001,655	445,266	1,001,655	445,266			

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Statement B

Account Description	12/31/13 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
369.00 Overhead Services	12,293,487	0.44453017	512,638	227,883	512,638	227,883		
369.10 Underground Services	36,340,210	0.44453017	944,845	420,012	948,479	421,628	3,634	1,616
370.00 Meters	22,997,266	0.44453017	722,114	321,001	729,013	324,068	6,899	3,067
370.10 Load Management Switches	8,715,047	0.44453017	972,599	432,350	1,085,895	482,713	113,296	50,363
370.20 Interruption Monitors	645,863	0.44453017	15,571	6,922	15,571	6,922		
371.20 Other Private Lighting	4,276,194	0.44453017	164,206	72,995	163,351	72,614	(855)	(381)
373.00 Street Lighting and Signal Systems	4,843,334	0.44453017	166,611	74,064	161,767	71,910	(4,844)	(2,154)
Total Distribution Plant	\$ 420,695,697		\$ 10,495,611	\$ 4,665,617	\$ 10,613,271	\$ 4,717,920	\$ 117,660	\$ 52,303
GENERAL PLANT								
Depreciable								
390.00 Structures and Improvements	\$ 19,669,126	0.47138153	\$ 407,151	\$ 191,923	\$ 407,151	\$ 191,923	\$ -	\$ -
390.10 General Office Buildings	5,502,085	0.47138153	24,209	11,412	12,655	5,965	(11,554)	(5,447)
390.20 Fleet Service Center Building	815,591	0.47138153	1,876	884	(82)	(39)	(1,958)	(923)
390.30 Central Stores Building	3,974,861	0.47138153	(85,062)	(40,097)	(87,049)	(41,033)	(1,987)	(936)
396.00 Power Operated Equipment	573,119	0.47138153	14,041	6,619	15,474	7,294	1,433	675
397.40 Communication Towers	1,878,966	0.47138153	39,458	18,600	39,270	18,511	(188)	(89)
Total Depreciable	\$ 32,413,748		\$ 401,673	\$ 189,341	\$ 387,419	\$ 182,621	\$ (14,254)	\$ (6,720)
Amortizable								
391.00 Office Furniture	\$ 1,442,327	0.47138153	\$ 94,988	\$ 44,776	\$ 94,988	\$ 44,776	\$ -	\$ -
391.10 Office Equipment	1,005,443	0.47138153	88,287	41,617	88,287	41,617		
391.20 Duplicating Equipment	681,709	0.47138153	51,490	24,271	51,490	24,271		
391.50 Computer Systems	3,429,426	0.47138153	671,468	316,518	671,468	316,518		
391.60 Computer Related Equipment	1,410,318	0.47138153	272,631	128,513	272,631	128,513		
394.00 Tools, Shop and Garage Equipment	3,597,109	0.47138153	237,277	111,848	237,277	111,848		
394.20 Automated Meter Reading Equipment	589,444	0.47138153	39,296	18,523	39,296	18,523		
397.00 Communication Equipment	908,134	0.47138153	60,542	28,538	60,542	28,538		
397.10 Radio Telecommunication Equipment	1,473,619	0.47138153	134,106	63,215	134,106	63,215		
397.20 Microwave Equipment	4,017,927	0.47138153	261,771	123,394	261,771	123,394		
397.30 Radio Load Control Equipment	403,080	0.47138153	36,047	16,992	36,047	16,992		
Total Amortizable	\$ 18,958,536		\$ 1,947,903	\$ 918,205	\$ 1,947,903	\$ 918,205	\$ -	\$ -
Total General Plant	\$ 51,372,284		\$ 2,349,576	\$ 1,107,546	\$ 2,335,322	\$ 1,100,826	\$ (14,254)	\$ (6,720)
TOTAL UTILITY	\$ 1,411,835,860		\$ 40,823,777	\$ 19,479,735	\$ 38,902,455	\$ 18,530,074	\$ (1,921,322)	\$ (949,661)

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/13 Plant Investment	Minnesota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference	
			Total	Minnesota	Total	Minnesota	Total	Minnesota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
<u>Big Stone</u>								
311.00 Structures and Improvements	\$ 22,787,501	0.49177888	\$ 444,356	\$ 218,525	\$ 218,760	\$ 107,582	\$ (225,596)	\$ (110,943)
312.00 Boiler Plant Equipment	77,634,702	0.49177888	2,787,086	1,370,630	1,319,790	649,045	(1,467,296)	(721,585)
314.00 Turbogenerator Units	28,565,516	0.49177888	971,228	477,629	482,757	237,410	(488,471)	(240,219)
315.00 Accessory Electric Equipment	9,309,776	0.49177888	256,019	125,905	123,820	60,892	(132,199)	(65,013)
316.00 Miscellaneous Power Plant Equipment	2,456,874	0.49177888	79,603	39,147	41,521	20,419	(38,082)	(18,728)
Total Big Stone	\$ 140,754,369		\$ 4,538,292	\$ 2,231,836	\$ 2,186,648	\$ 1,075,348	\$ (2,351,644)	\$ (1,156,488)
<u>Hoot Lake Units 2 and 3</u>								
311.00 Structures and Improvements	\$ 6,116,976	0.49177888	\$ 199,413	\$ 98,067	\$ 208,589	\$ 102,580	\$ 9,176	\$ 4,513
312.00 Boiler Plant Equipment	35,292,424	0.49177888	2,262,244	1,112,524	2,392,826	1,176,741	130,582	64,217
314.00 Turbogenerator Units	10,712,723	0.49177888	389,943	191,766	408,155	200,722	18,212	8,956
315.00 Accessory Electric Equipment	2,766,673	0.49177888	65,847	32,382	132,247	65,036	66,400	32,654
316.00 Miscellaneous Power Plant Equipment	1,061,526	0.49177888	70,273	34,559	78,978	38,840	8,705	4,281
Total Hoot Lake Units 2 and 3	\$ 55,950,322		\$ 2,987,720	\$ 1,469,298	\$ 3,220,795	\$ 1,583,919	\$ 233,075	\$ 114,621
<u>Coyote</u>								
311.00 Structures and Improvements	\$ 33,091,411	0.49177888	\$ 499,680	\$ 245,732	\$ 496,371	\$ 244,105	\$ (3,309)	\$ (1,627)
312.00 Boiler Plant Equipment	90,491,082	0.49177888	1,502,152	738,727	1,502,152	738,727		
314.00 Turbogenerator Units	23,889,761	0.49177888	544,687	267,866	537,520	264,341	(7,167)	(3,525)
315.00 Accessory Electric Equipment	11,899,695	0.49177888	208,245	102,410	204,675	100,655	(3,570)	(1,755)
316.00 Miscellaneous Power Plant Equipment	1,902,510	0.49177888	40,904	20,116	43,187	21,238	2,283	1,122
Total Coyote	\$ 161,274,459		\$ 2,795,668	\$ 1,374,851	\$ 2,783,905	\$ 1,369,066	\$ (11,763)	\$ (5,785)
HYDRAULIC PRODUCTION								
<u>Hoot Lake</u>								
331.00 Structures and Improvements	\$ 69,354	0.49177888	\$ 187	\$ 92	\$ 187	\$ 92	\$ -	\$ -
332.00 Reservoirs, Dams and Waterways	297,674	0.49177888	7,472	3,675	7,144	3,513	(328)	(162)
333.00 Water Wheels, Turbines & Generators	104,195	0.49177888	1,678	825	1,698	835	20	10
334.00 Accessory Electric Equipment	34,651	0.49177888	769	378	776	382	7	4
335.00 Miscellaneous Power Plant Equipment	48,801	0.49177888	5,739	2,822	6,207	3,052	468	230
Total Hoot Lake	\$ 554,675		\$ 15,845	\$ 7,792	\$ 16,012	\$ 7,874	\$ 167	\$ 82
<u>Wright</u>								
331.00 Structures and Improvements	\$ 19,026	0.49177888	\$ 637	\$ 313	\$ 643	\$ 316	\$ 6	\$ 3
332.00 Reservoirs, Dams and Waterways	382,677	0.49177888	20,511	10,087	20,741	10,200	230	113
333.00 Water Wheels, Turbines & Generators	228,711	0.49177888	12,488	6,141	12,625	6,209	137	68
334.00 Accessory Electric Equipment	200,524	0.49177888	11,530	5,670	11,650	5,729	120	59
335.00 Miscellaneous Power Plant Equipment	115,218	0.49177888	10,473	5,150	10,600	5,213	127	63
Total Wright	\$ 946,156		\$ 55,639	\$ 27,361	\$ 56,259	\$ 27,667	\$ 620	\$ 306

OTTER TAIL POWER COMPANY

Statement B

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

Account Description	12/31/13 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
<u>Pisgah</u>								
331.00 Structures and Improvements	\$ 12,118	0.49177888	\$ 324	\$ 159	\$ 327	\$ 161	\$ 3	\$ 2
332.00 Reservoirs, Dams and Waterways	341,275	0.49177888	27,234	13,393	27,541	13,544	307	151
333.00 Water Wheels, Turbines & Generators	159,732	0.49177888	11,868	5,836	12,012	5,907	144	71
334.00 Accessory Electric Equipment	99,812	0.49177888	6,358	3,127	6,428	3,161	70	34
335.00 Miscellaneous Power Plant Equipment	62,744	0.49177888	8,288	4,076	8,383	4,123	95	47
Total Pisgah	\$ 675,681		\$ 54,072	\$ 26,591	\$ 54,691	\$ 26,896	\$ 619	\$ 305
<u>Dayton Hollow</u>								
331.00 Structures and Improvements	\$ 16,269	0.49177888	\$ 1,900	\$ 934	\$ 1,921	\$ 945	\$ 21	\$ 11
332.00 Reservoirs, Dams and Waterways	1,282,054	0.49177888	132,180	65,003	147,821	72,695	15,641	7,692
333.00 Water Wheels, Turbines & Generators	226,751	0.49177888	16,598	8,163	16,802	8,263	204	100
334.00 Accessory Electric Equipment	193,342	0.49177888	9,860	4,849	9,976	4,906	116	57
335.00 Miscellaneous Power Plant Equipment	111,159	0.49177888	13,539	6,658	13,684	6,730	145	72
Total Dayton Hollow	\$ 1,829,575		\$ 174,077	\$ 85,607	\$ 190,204	\$ 93,539	\$ 16,127	\$ 7,932
<u>Taplin Gorge</u>								
331.00 Structures and Improvements	\$ 35,140	0.49177888	\$ 358	\$ 176	\$ 362	\$ 178	\$ 4	\$ 2
332.00 Reservoirs, Dams and Waterways	602,762	0.49177888	41,771	20,542	42,254	20,780	483	238
333.00 Water Wheels, Turbines & Generators	15,110	0.49177888	133	65	134	66	1	1
334.00 Accessory Electric Equipment	58,695	0.49177888	2,618	1,287	2,647	1,302	29	15
335.00 Miscellaneous Power Plant Equipment	103,632	0.49177888	9,980	4,908	10,094	4,964	114	56
Total Taplin Gorge	\$ 815,339		\$ 54,860	\$ 26,978	\$ 55,491	\$ 27,290	\$ 631	\$ 312
<u>Bemidji</u>								
331.00 Structures and Improvements	\$ 199,805	0.49177888	\$ 17,443	\$ 8,578	\$ 17,643	\$ 8,676	\$ 200	\$ 98
332.00 Reservoirs, Dams and Waterways	802,837	0.49177888	66,555	32,730	74,584	36,679	8,029	3,949
333.00 Water Wheels, Turbines & Generators	322,687	0.49177888	20,878	10,267	21,104	10,379	226	112
334.00 Accessory Electric Equipment	5,376	0.49177888	348	171	351	173	3	2
335.00 Miscellaneous Power Plant Equipment	1,070	0.49177888	116	- 57	117	58	1	1
Total Bemidji	\$ 1,331,775		\$ 105,340	\$ 51,803	\$ 113,799	\$ 55,965	\$ 8,459	\$ 4,162
OTHER PRODUCTION								
<u>Jamestown</u>								
341.00 Structures and Improvements	\$ 305,657	0.49177888	\$ 8,261	\$ 4,063	\$ 12,081	\$ 5,941	\$ 3,820	\$ 1,878
342.00 Fuel Holders and Accessories	415,964	0.49177888	23,128	11,374	25,972	12,773	2,844	1,399
343.00 Prime Movers	6,645,516	0.49177888	144,389	71,007	145,053	71,334	664	327
344.00 Generators								
345.00 Accessory Electric Equipment	222,880	0.49177888	9,639	4,741	9,625	4,734	(14)	(7)
346.00 Miscellaneous Power Plant Equipment	75,509	0.49177888	3,374	1,659	4,517	2,222	1,143	563
Total Jamestown	\$ 7,665,526		\$ 188,791	\$ 92,844	\$ 197,248	\$ 97,004	\$ 8,457	\$ 4,160

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Statement B

Account Description	12/31/13 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	\$ 280,804	0.49177888	\$ 6,795	\$ 3,342	\$ 10,418	\$ 5,123	\$ 3,623	\$ 1,781
342.00 Fuel Holders and Accessories	379,195	0.49177888	22,183	10,909	25,027	12,308	2,844	1,399
343.00 Prime Movers	2,862,225	0.49177888	72,128	35,471	72,414	35,612	286	141
344.00 Generators								
345.00 Accessory Electric Equipment	155,272	0.49177888	5,528	2,719	5,528	2,719		
346.00 Miscellaneous Power Plant Equipment	65,403	0.49177888	3,179	1,563	4,009	1,972	830	409
Total Jamestown Unit 1	\$ 3,742,899		\$ 109,813	\$ 54,004	\$ 117,396	\$ 57,734	\$ 7,583	\$ 3,730
Jamestown Unit 2								
341.00 Structures and Improvements	\$ 24,853	0.49177888	\$ 1,466	\$ 721	\$ 1,663	\$ 818	\$ 197	\$ 97
342.00 Fuel Holders and Accessories	36,769	0.49177888	945	465	945	465		
343.00 Prime Movers	3,783,291	0.49177888	72,261	35,536	72,639	35,722	378	186
344.00 Generators								
345.00 Accessory Electric Equipment	67,608	0.49177888	4,111	2,022	4,097	2,015	(14)	(7)
346.00 Miscellaneous Power Plant Equipment	10,106	0.49177888	195	96	508	250	313	154
Total Jamestown Unit 2	\$ 3,922,627		\$ 78,978	\$ 38,840	\$ 79,852	\$ 39,270	\$ 874	\$ 430
Lake Preston								
341.00 Structures and Improvements	\$ 229,834	0.49177888	\$ 4,735	\$ 2,329	\$ 6,895	\$ 3,391	\$ 2,160	\$ 1,062
342.00 Fuel Holders and Accessories	328,705	0.49177888	11,373	5,593	11,406	5,609	33	16
343.00 Prime Movers	3,172,066	0.49177888	58,366	28,703	58,683	28,859	317	156
344.00 Generators								
345.00 Accessory Electric Equipment	369,280	0.49177888	5,908	2,905	5,945	2,924	37	19
346.00 Miscellaneous Power Plant Equipment	21,607	0.49177888	348	171	350	172	2	1
Total Lake Preston	\$ 4,121,492		\$ 80,730	\$ 39,701	\$ 83,279	\$ 40,955	\$ 2,549	\$ 1,254
Ashtabula Wind Generation								
341.00 Structures and Improvements	\$ 3,248,290	0.49244911	\$ 138,702	\$ 68,304	\$ 138,702	\$ 68,304	\$ -	\$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	106,796,583	0.49244911	4,549,534	2,240,414	4,602,933	2,266,710	53,399	26,296
345.00 Accessory Electric Equipment	6,372,808	0.49244911	272,119	134,005	274,031	134,946	1,912	941
346.00 Miscellaneous Power Plant Equipment	28,417	0.49244911	1,415	697	1,455	717	40	20
Total Ashtabula Wind Generation	\$ 116,446,098		\$ 4,961,770	\$ 2,443,420	\$ 5,017,121	\$ 2,470,677	\$ 55,351	\$ 27,257
Langdon Wind Generation								
341.00 Structures and Improvements	\$ 2,484,069	0.49244911	\$ 107,063	\$ 52,723	\$ 107,312	\$ 52,846	\$ 249	\$ 123
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	68,868,719	0.49244911	2,988,902	1,471,882	3,002,676	1,478,665	13,774	6,783
345.00 Accessory Electric Equipment	7,603,595	0.49244911	328,475	161,757	336,839	165,876	8,364	4,119
346.00 Miscellaneous Power Plant Equipment	20,010	0.49244911	1,035	510	1,067	525	32	15
Total Langdon Wind Generation	\$ 78,976,393		\$ 3,425,475	\$ 1,686,872	\$ 3,447,894	\$ 1,697,912	\$ 22,419	\$ 11,040

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/13 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
<u>Luverne Wind Generation</u>								
341.00 Structures and Improvements	\$ 2,266,581	0.49244911	\$ 96,556	\$ 47,549	\$ 96,783	\$ 47,661	\$ 227	\$ 112
342.00 Fuel Holders and Accessories								
343.00 Prime Movers								
344.00 Generators	65,309,439	0.49244911	2,795,244	1,376,515	2,814,837	1,386,164	19,593	9,649
345.00 Accessory Electric Equipment	4,886,910	0.49244911	208,182	102,519	208,671	102,760	489	241
346.00 Miscellaneous Power Plant Equipment	20,567	0.49244911	985	485	995	490	10	5
Total Luverne Wind Generation	\$ 72,483,497		\$ 3,100,967	\$ 1,527,068	\$ 3,121,286	\$ 1,537,075	\$ 20,319	\$ 10,007
<u>Solway Combustion Turbine</u>								
341.00 Structures and Improvements	\$ 4,277,574	0.49177888	\$ 125,333	\$ 61,636	\$ 125,761	\$ 61,847	\$ 428	\$ 211
342.00 Fuel Holders and Accessories	1,003,596	0.49177888	29,506	14,510	29,506	14,510		
343.00 Prime Movers	21,277,936	0.49177888	623,444	306,597	623,444	306,597		
344.00 Generators								
345.00 Accessory Electric Equipment	1,253,141	0.49177888	36,592	17,995	36,466	17,933	(126)	(62)
346.00 Miscellaneous Power Plant Equipment	326,153	0.49177888	9,850	4,844	10,013	4,924	163	80
Total Solway Combustion Turbine	\$ 28,138,400		\$ 824,725	\$ 405,582	\$ 825,190	\$ 405,811	\$ 465	\$ 229
<u>Fergus Falls Control Center</u>								
341.00 Structures and Improvements	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
342.00 Fuel Holders and Accessories								
343.00 Prime Movers	591,638	0.49177888	17,986	8,845	17,986	8,845		
344.00 Generators								
345.00 Accessory Electric Equipment								
346.00 Miscellaneous Power Plant Equipment								
Total Fergus Falls Control Center	\$ 591,638		\$ 17,986	\$ 8,845	\$ 17,986	\$ 8,845	\$ -	\$ -

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2013

Statement C

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount	Ratio	Amount	Ratio	Amount	Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
STEAM PRODUCTION							
311.00 Structures and Improvements	\$ 61,995,888	\$ 47,105,320	75.98%	\$ 35,755,138	57.67%	\$ 11,350,183	24.10%
312.00 Boiler Plant Equipment	203,418,208	128,975,115	63.40%	101,166,828	49.73%	27,808,287	21.56%
314.00 Turbogenerator Units	63,168,000	38,159,750	60.41%	30,093,444	47.64%	8,066,306	21.14%
315.00 Accessory Electric Equipment	23,976,144	16,355,245	68.21%	12,483,895	52.07%	3,871,349	23.67%
316.00 Miscellaneous Power Plant Equipment	5,420,910	3,058,681	56.42%	2,529,949	46.67%	528,731	17.29%
Total Steam Production Plant	\$ 357,979,150	\$ 233,654,111	65.27%	\$ 182,029,254	50.85%	\$ 51,624,857	22.09%
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	\$ 351,712	\$ 195,041	55.45%	\$ 207,585	59.02%	\$ (12,543)	-6.43%
332.00 Reservoirs, Dams and Waterways	3,709,279	1,330,902	35.88%	1,567,592	42.26%	(236,691)	-17.78%
333.00 Water Wheels, Turbines & Generators	1,057,186	578,973	54.77%	589,700	55.78%	(10,727)	-1.85%
334.00 Accessory Electric Equipment	592,400	355,876	60.07%	370,330	62.51%	(14,454)	-4.06%
335.00 Miscellaneous Power Plant Equipment	442,624	77,895	17.60%	118,968	26.88%	(41,073)	-52.73%
Total Hydraulic Production Plant	\$ 6,153,201	\$ 2,538,687	41.26%	\$ 2,854,175	46.39%	\$ (315,488)	-12.43%
OTHER PRODUCTION							
341.00 Structures and Improvements	\$ 12,812,005	\$ 3,290,652	25.68%	\$ 3,346,974	26.12%	\$ (56,322)	-1.71%
342.00 Fuel Holders and Accessories	1,748,265	715,272	40.91%	698,376	39.95%	16,897	2.36%
343.00 Prime Movers	31,687,156	14,963,458	47.22%	13,913,812	43.91%	1,049,645	7.01%
344.00 Generators	240,974,741	46,740,428	19.40%	52,405,153	21.75%	(5,664,725)	-12.12%
345.00 Accessory Electric Equipment	20,708,614	4,531,405	21.88%	4,877,197	23.55%	(345,793)	-7.63%
346.00 Miscellaneous Power Plant Equipment	492,263	145,882	29.64%	145,398	29.54%	484	0.33%
Total Other Production Plant	\$ 308,423,044	\$ 70,387,097	22.82%	\$ 75,386,910	24.44%	\$ (4,999,813)	-7.10%
TRANSMISSION PLANT							
353.00 Station Equipment	\$ 78,145,172	\$ 18,727,481	23.96%	\$ 18,137,790	23.21%	\$ 589,692	3.15%
354.00 Towers and Fixtures	12,357,116	2,515,011	20.35%	2,741,868	22.19%	(226,857)	-9.02%
355.00 Poles and Fixtures	94,749,175	43,537,901	45.95%	37,120,238	39.18%	6,417,663	14.74%
356.00 Overhead Conductors and Devices	81,883,560	34,845,569	42.56%	28,571,267	34.89%	6,274,302	18.01%
358.00 Underground Conductors and Devices	77,461	69,283	89.44%	60,595	78.23%	8,688	12.54%
Total Transmission Plant	\$ 267,212,484	\$ 99,695,245	37.31%	\$ 86,631,758	32.42%	\$ 13,063,487	13.10%
DISTRIBUTION PLANT							
362.00 Station Equipment	\$ 71,102,531	\$ 19,464,909	27.38%	\$ 15,258,911	21.46%	\$ 4,205,998	21.61%
364.00 Poles, Towers and Fixtures	66,399,850	36,372,123	54.78%	32,980,790	49.67%	3,391,333	9.32%
365.00 Overhead Conductors and Devices	47,102,109	36,262,658	76.99%	30,886,146	65.57%	5,376,512	14.83%
367.00 Underground Conductors and Devices	65,847,397	31,353,061	47.61%	26,500,904	40.25%	4,852,157	15.48%

OTTER TAIL POWER COMPANY

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2013

Statement C

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount	Ratio	Amount	Ratio	Amount	Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
368.00 Line Transformers	80,132,409	11,876,411	14.82%	11,073,604	13.82%	802,806	6.76%
369.00 Overhead Services	12,293,487	13,830,225	112.50%	12,048,259	98.01%	1,781,966	12.88%
369.10 Underground Services	36,340,210	14,724,653	40.52%	14,095,918	38.79%	628,735	4.27%
370.00 Meters	22,997,266	7,911,103	34.40%	7,089,046	30.83%	822,058	10.39%
370.10 Load Management Switches	8,715,047	4,850,031	55.65%	6,136,031	70.41%	(1,286,000)	-26.52%
370.20 Interruption Monitors	645,863	637,499	98.70%	615,190	95.25%	22,309	3.50%
371.20 Other Private Lighting	4,276,194	1,070,551	25.04%	1,015,520	23.75%	55,032	5.14%
373.00 Street Lighting and Signal Systems	4,843,334	2,623,357	54.16%	1,678,774	34.66%	944,583	36.01%
Total Distribution Plant	\$ 420,695,697	\$ 180,976,581	43.02%	\$ 159,379,092	37.88%	\$ 21,597,489	11.93%
GENERAL PLANT							
Depreciable							
390.00 Structures and Improvements	\$ 19,669,126	\$ 4,790,670	24.36%	\$ 6,336,985	32.22%	\$ (1,546,315)	-32.28%
390.10 General Office Buildings	5,502,085	2,462,822	44.76%	1,147,707	20.86%	1,315,115	53.40%
390.20 Fleet Service Center Building	815,591	501,506	61.49%	326,700	40.06%	174,806	34.86%
390.30 Central Stores Building	3,974,861	2,061,336	51.86%	116,635	2.93%	1,944,700	94.34%
396.00 Power Operated Equipment	573,119	195,121	34.05%	165,463	28.87%	29,657	15.20%
397.40 Communication Towers	1,878,966	777,995	41.41%	651,425	34.67%	126,569	16.27%
Total Depreciable	\$ 32,413,748	\$ 10,789,449	33.29%	\$ 8,744,916	26.98%	\$ 2,044,533	18.95%
Amortizable							
391.00 Office Furniture	\$ 1,442,327	\$ 884,598	61.33%	\$ 890,155	61.72%	\$ (5,557)	-0.63%
391.10 Office Equipment	1,005,443	602,417	59.92%	615,777	61.24%	(13,360)	-2.22%
391.20 Duplicating Equipment	681,709	530,526	77.82%	533,885	78.32%	(3,359)	-0.63%
391.50 Computer Systems	3,429,426	1,536,170	44.79%	1,977,533	57.66%	(441,363)	-28.73%
391.60 Computer Related Equipment	1,410,318	659,850	46.79%	793,924	56.29%	(134,074)	-20.32%
394.00 Tools, Shop and Garage Equipment	3,597,109	1,367,722	38.02%	1,379,133	38.34%	(11,411)	-0.83%
394.20 Automated Meter Reading Equipment	589,444	260,358	44.17%	255,426	43.33%	4,932	1.89%
397.00 Communication Equipment	908,134	268,204	29.53%	284,237	31.30%	(16,033)	-5.98%
397.10 Radio Telecommunication Equipment	1,473,619	595,616	40.42%	635,243	43.11%	(39,627)	-6.65%
397.20 Microwave Equipment	4,017,927	1,875,016	46.67%	1,923,606	47.88%	(48,590)	-2.59%
397.30 Radio Load Control Equipment	403,080	148,211	36.77%	163,499	40.56%	(15,288)	-10.32%
Total Amortizable	\$ 18,958,536	\$ 8,728,689	46.04%	\$ 9,452,418	49.86%	\$ (723,729)	-8.29%
Total General Plant	\$ 51,372,284	\$ 19,518,138	37.99%	\$ 18,197,334	35.42%	\$ 1,320,804	6.77%
TOTAL UTILITY	\$ 1,411,835,860	\$ 606,769,859	42.98%	\$ 524,478,523	37.15%	\$ 82,291,336	13.56%

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2013

Statement C

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount	Ratio	Amount	Ratio	Amount	Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
STEAM PRODUCTION							
Big Stone							
311.00 Structures and Improvements	\$ 22,787,501	\$ 18,656,667	81.87%	\$ 12,248,609	53.75%	\$ 6,408,058	34.35%
312.00 Boiler Plant Equipment	77,634,702	45,696,011	58.86%	30,412,515	39.17%	15,283,496	33.45%
314.00 Turbogenerator Units	28,565,516	16,882,415	59.10%	10,627,070	37.20%	6,255,345	37.05%
315.00 Accessory Electric Equipment	9,309,776	6,551,974	70.38%	4,381,658	47.07%	2,170,315	33.12%
316.00 Miscellaneous Power Plant Equipment	2,456,874	1,442,910	58.73%	1,035,786	42.16%	407,124	28.22%
Total Big Stone	\$ 140,754,369	\$ 89,229,977	63.39%	\$ 58,705,639	41.71%	\$ 30,524,338	34.21%
Hoot Lake Units 2 and 3							
311.00 Structures and Improvements	\$ 6,116,976	\$ 5,634,771	92.12%	\$ 5,663,770	92.59%	\$ (28,999)	-0.51%
312.00 Boiler Plant Equipment	35,292,424	24,825,706	70.34%	25,289,557	71.66%	(463,851)	-1.87%
314.00 Turbogenerator Units	10,712,723	9,592,438	89.54%	9,614,976	89.75%	(22,538)	-0.23%
315.00 Accessory Electric Equipment	2,766,673	2,304,868	83.31%	2,305,948	83.35%	(1,081)	-0.05%
316.00 Miscellaneous Power Plant Equipment	1,061,526	701,839	66.12%	739,540	69.67%	(37,701)	-5.37%
Total Hoot Lake Units 2 and 3	\$ 55,950,322	\$ 43,059,621	76.96%	\$ 43,613,791	77.95%	\$ (554,170)	-1.29%
Coyote							
311.00 Structures and Improvements	\$ 33,091,411	\$ 22,813,882	68.94%	\$ 17,842,758	53.92%	\$ 4,971,124	21.79%
312.00 Boiler Plant Equipment	90,491,082	58,453,398	64.60%	45,464,755	50.24%	12,988,643	22.22%
314.00 Turbogenerator Units	23,889,761	11,684,897	48.91%	9,851,398	41.24%	1,833,499	15.69%
315.00 Accessory Electric Equipment	11,899,695	7,498,403	63.01%	5,796,289	48.71%	1,702,115	22.70%
316.00 Miscellaneous Power Plant Equipment	1,902,510	913,931	48.04%	754,623	39.66%	159,308	17.43%
Total Coyote	\$ 161,274,459	\$ 101,364,513	62.85%	\$ 79,709,824	49.42%	\$ 21,654,689	21.36%
HYDRAULIC PRODUCTION							
Hoot Lake							
331.00 Structures and Improvements	\$ 69,354	\$ 67,972	98.01%	\$ 60,903	87.81%	\$ 7,069	10.40%
332.00 Reservoirs, Dams and Waterways	297,674	244,687	82.20%	223,406	75.05%	21,281	8.70%
333.00 Water Wheels, Turbines & Generators	104,195	91,588	87.90%	82,677	79.35%	8,911	9.73%
334.00 Accessory Electric Equipment	34,651	28,882	83.35%	26,226	75.69%	2,656	9.20%
335.00 Miscellaneous Power Plant Equipment	48,801	2,683	5.50%	8,060	16.52%	(5,377)	
Total Hoot Lake	\$ 554,675	\$ 435,813	78.57%	\$ 401,273	72.34%	\$ 34,540	7.93%

OTTER TAIL POWER COMPANY

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2013

Statement C

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount	Ratio	Amount	Ratio	Amount	Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Wright							
331.00 Structures and Improvements	\$ 19,026	\$ 14,246	74.88%	\$ 14,402	75.70%	\$ (156)	-1.09%
332.00 Reservoirs, Dams and Waterways	382,677	228,664	59.75%	234,160	61.19%	(5,496)	-2.40%
333.00 Water Wheels, Turbines & Generators	228,711	134,929	59.00%	138,032	60.35%	(3,104)	-2.30%
334.00 Accessory Electric Equipment	200,524	113,910	56.81%	116,444	58.07%	(2,534)	-2.22%
335.00 Miscellaneous Power Plant Equipment	115,218	36,463	31.65%	44,499	38.62%	(8,036)	-22.04%
Total Wright	\$ 946,156	\$ 528,212	55.83%	\$ 547,537	57.87%	\$ (19,325)	-3.66%
Pisgah							
331.00 Structures and Improvements	\$ 12,118	\$ 9,690	79.96%	\$ 9,785	80.75%	\$ (95)	-0.98%
332.00 Reservoirs, Dams and Waterways	341,275	136,585	40.02%	151,621	44.43%	(15,036)	-11.01%
333.00 Water Wheels, Turbines & Generators	159,732	70,531	44.16%	73,514	46.02%	(2,983)	-4.23%
334.00 Accessory Electric Equipment	99,812	52,054	52.15%	58,234	58.34%	(6,180)	-11.87%
335.00 Miscellaneous Power Plant Equipment	62,744	472	0.75%	10,049	16.02%	(9,577)	-2029.08%
Total Pisgah	\$ 675,681	\$ 269,332	39.86%	\$ 303,203	44.87%	\$ (33,871)	-12.58%
Dayton Hollow							
331.00 Structures and Improvements	\$ 16,269	\$ 1,987	12.22%	\$ 4,084	25.10%	\$ (2,096)	-105.48%
332.00 Reservoirs, Dams and Waterways	1,282,054	183,592	14.32%	299,191	23.34%	(115,600)	-62.97%
333.00 Water Wheels, Turbines & Generators	226,751	101,994	44.98%	95,356	42.05%	6,638	6.51%
334.00 Accessory Electric Equipment	193,342	119,228	61.67%	125,808	65.07%	(6,580)	-5.52%
335.00 Miscellaneous Power Plant Equipment	111,159	9,475	8.52%	18,383	16.54%	(8,908)	-94.02%
Total Dayton Hollow	\$ 1,829,575	\$ 416,276	22.75%	\$ 542,822	29.67%	\$ (126,546)	-30.40%
Taplin Gorge							
331.00 Structures and Improvements	\$ 35,140	\$ 32,458	92.37%	\$ 31,613	89.96%	\$ 844	2.60%
332.00 Reservoirs, Dams and Waterways	602,762	288,769	47.91%	314,109	52.11%	(25,340)	-8.78%
333.00 Water Wheels, Turbines & Generators	15,110	14,111	93.39%	13,736	90.91%	375	2.66%
334.00 Accessory Electric Equipment	58,695	39,031	66.50%	38,885	66.25%	146	0.37%
335.00 Miscellaneous Power Plant Equipment	103,632	28,601	27.60%	37,614	36.30%	(9,013)	-31.51%
Total Taplin Gorge	\$ 815,339	\$ 402,970	49.42%	\$ 435,958	53.47%	\$ (32,988)	-8.19%

OTTER TAIL POWER COMPANY

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2013

Statement C

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount	Ratio	Amount	Ratio	Amount	Multiple
A	B	C	D=C/B	E	F=E/B	G=C-E	H=G/C
Bemidji							
331.00 Structures and Improvements	\$ 199,805	\$ 68,689	34.38%	\$ 86,798	43.44%	\$ (18,110)	-26.37%
332.00 Reservoirs, Dams and Waterways	802,837	248,605	30.97%	345,105	42.99%	(96,500)	-38.82%
333.00 Water Wheels, Turbines & Generators	322,687	165,819	51.39%	186,384	57.76%	(20,565)	-12.40%
334.00 Accessory Electric Equipment	5,376	2,770	51.52%	4,732	88.02%	(1,962)	-70.85%
335.00 Miscellaneous Power Plant Equipment	1,070	201	18.82%	362	33.85%	(161)	-79.87%
Total Bemidji	\$ 1,331,775	\$ 486,084	36.50%	\$ 623,381	46.81%	\$ (137,298)	-28.25%
OTHER PRODUCTION							
Jamestown							
341.00 Structures and Improvements	\$ 305,657	\$ 196,725	64.36%	\$ 186,414	60.99%	\$ 10,311	5.24%
342.00 Fuel Holders and Accessories	415,964	178,011	42.79%	182,036	43.76%	(4,025)	-2.26%
343.00 Prime Movers	6,645,516	5,376,210	80.90%	4,927,028	74.14%	449,182	8.35%
344.00 Generators							
345.00 Accessory Electric Equipment	222,880	135,627	60.85%	156,380	70.16%	(20,753)	-15.30%
346.00 Miscellaneous Power Plant Equipment	75,509	34,131	45.20%	38,070	50.42%	(3,939)	-11.54%
Total Jamestown	\$ 7,665,526	\$ 5,920,705	77.24%	\$ 5,489,928	71.62%	\$ 430,777	7.28%
Jamestown Unit 1							
341.00 Structures and Improvements	\$ 280,804	\$ 187,134	66.64%	\$ 175,149	62.37%	\$ 11,985	6.40%
342.00 Fuel Holders and Accessories	379,195	149,598	39.45%	157,799	41.61%	(8,202)	-5.48%
343.00 Prime Movers	2,862,225	2,222,459	77.65%	2,047,604	71.54%	174,855	7.87%
344.00 Generators							
345.00 Accessory Electric Equipment	155,272	105,568	67.99%	125,949	81.12%	(20,381)	-19.31%
346.00 Miscellaneous Power Plant Equipment	65,403	28,656	43.82%	30,367	46.43%	(1,710)	-5.97%
Total Jamestown Unit 1	\$ 3,742,899	\$ 2,693,415	71.96%	\$ 2,536,869	67.78%	\$ 156,546	5.81%
Jamestown Unit 2							
341.00 Structures and Improvements	\$ 24,853	\$ 9,591	38.59%	\$ 11,265	45.33%	\$ (1,674)	-17.45%
342.00 Fuel Holders and Accessories	36,769	28,413	77.28%	24,236	65.92%	4,177	14.70%
343.00 Prime Movers	3,783,291	3,153,751	83.36%	2,879,423	76.11%	274,327	8.70%
344.00 Generators							
345.00 Accessory Electric Equipment	67,608	30,059	44.46%	30,431	45.01%	(372)	-1.24%
346.00 Miscellaneous Power Plant Equipment	10,106	5,475	54.18%	7,704	76.23%	(2,229)	-40.70%
Total Jamestown Unit 2	\$ 3,922,627	\$ 3,227,290	82.27%	\$ 2,953,059	75.28%	\$ 274,230	8.50%

OTTER TAIL POWER COMPANY

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2013

Statement C

Account Description A	Plant Investment B	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount C	Ratio D=C/B	Amount E	Ratio F=E/B	Amount G=C-E	Multiple H=G/C
<u>Lake Preston</u>							
341.00 Structures and Improvements	\$ 229,834	\$ 170,662	74.25%	\$ 159,436	69.37%	\$ 11,226	6.58%
342.00 Fuel Holders and Accessories	328,705	229,717	69.89%	224,187	68.20%	5,530	2.41%
343.00 Prime Movers	3,172,066	2,697,084	85.03%	2,467,401	77.79%	229,683	8.52%
344.00 Generators							
345.00 Accessory Electric Equipment	369,280	322,502	87.33%	293,429	79.46%	29,074	9.02%
346.00 Miscellaneous Power Plant Equipment	21,607	18,843	87.21%	17,344	80.27%	1,499	7.95%
Total Lake Preston	\$ 4,121,492	\$ 3,438,808	83.44%	\$ 3,161,797	76.71%	\$ 277,011	8.06%
<u>Ashtabula Wind Generation</u>							
341.00 Structures and Improvements	\$ 3,248,290	\$ 646,663	19.91%	\$ 710,029	21.86%	\$ (63,365)	-9.80%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	106,796,583	20,619,531	19.31%	23,098,966	21.63%	(2,479,436)	-12.02%
345.00 Accessory Electric Equipment	6,372,808	1,241,130	19.48%	1,369,972	21.50%	(128,842)	-10.38%
346.00 Miscellaneous Power Plant Equipment	28,417	1,106	3.89%	2,011	7.08%	(905)	
Total Ashtabula Wind Generation	\$ 116,446,098	\$ 22,508,429	19.33%	\$ 25,180,977	21.62%	\$ (2,672,548)	-11.87%
<u>Langdon Wind Generation</u>							
341.00 Structures and Improvements	\$ 2,484,069	\$ 584,278	23.52%	\$ 644,097	25.93%	\$ (59,819)	-10.24%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	68,868,719	15,681,320	22.77%	17,684,940	25.68%	(2,003,620)	-12.78%
345.00 Accessory Electric Equipment	7,603,595	1,627,302	21.40%	1,813,419	23.85%	(186,116)	-11.44%
346.00 Miscellaneous Power Plant Equipment	20,010	1,024	5.12%	1,489	7.44%	(466)	
Total Langdon Wind Generation	\$ 78,976,393	\$ 17,893,925	22.66%	\$ 20,143,946	25.51%	\$ (2,250,022)	-12.57%
<u>Luverne Wind Generation</u>							
341.00 Structures and Improvements	\$ 2,266,581	\$ 379,361	16.74%	\$ 407,255	17.97%	\$ (27,895)	-7.35%
342.00 Fuel Holders and Accessories							
343.00 Prime Movers							
344.00 Generators	65,309,439	10,439,577	15.98%	11,621,246	17.79%	(1,181,669)	-11.32%
345.00 Accessory Electric Equipment	4,886,910	813,099	16.64%	874,680	17.90%	(61,581)	-7.57%
346.00 Miscellaneous Power Plant Equipment	20,567	1,082	5.26%	1,402	6.82%	(320)	
Total Luverne Wind Generation	\$ 72,483,497	\$ 11,633,118	16.05%	\$ 12,904,584	17.80%	\$ (1,271,466)	-10.93%

OTTER TAIL POWER COMPANY
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2013

Statement C

Account Description A	Plant Investment B	Recorded Reserve		Computed Reserve		Reserve Imbalance	
		Amount C	Ratio D=C/B	Amount E	Ratio F=E/B	Amount G=C-E	Multiple H=G/C
<u>Solway Combustion Turbine</u>							
341.00 Structures and Improvements	\$ 4,277,574	\$ 1,312,962	30.69%	\$ 1,239,742	28.98%	\$ 73,220	5.58%
342.00 Fuel Holders and Accessories	1,003,596	307,545	30.64%	292,153	29.11%	15,392	5.00%
343.00 Prime Movers	21,277,936	6,588,883	30.97%	6,207,738	29.17%	381,145	5.78%
344.00 Generators							
345.00 Accessory Electric Equipment	1,253,141	391,744	31.26%	369,318	29.47%	22,426	5.72%
346.00 Miscellaneous Power Plant Equipment	326,153	89,697	27.50%	85,082	26.09%	4,615	5.15%
Total Solway Combustion Turbine	\$ 28,138,400	\$ 8,690,831	30.89%	\$ 8,194,033	29.12%	\$ 496,799	5.72%
<u>Fergus Falls Control Center</u>							
341.00 Structures and Improvements	\$ -	\$ -		\$ -		\$ -	
342.00 Fuel Holders and Accessories							
343.00 Prime Movers	591,638	301,281	50.92%	311,646	52.68%	(10,365)	-3.44%
344.00 Generators							
345.00 Accessory Electric Equipment							
346.00 Miscellaneous Power Plant Equipment							
Total Fergus Falls Control Center	\$ 591,638	\$ 301,281	50.92%	\$ 311,646	52.68%	\$ (10,365)	-3.44%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average Rate J=I/B
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D	Total I=G+H	
STEAM PRODUCTION									
311.00 Structures and Improvements	\$ 63,332,273	\$ 1,336,385	\$ 61,995,888	-35.8%	-10.3%	\$ (478,278)	\$ (6,397,280)	\$ (6,875,558)	-10.9%
312.00 Boiler Plant Equipment	239,870,776	36,452,568	203,418,208	-19.0%	-10.8%	(6,922,315)	(21,919,360)	(28,841,674)	-12.0%
314.00 Turbogenerator Units	77,924,089	14,756,089	63,168,000	21.3%	-11.0%	3,135,787	(6,935,744)	(3,799,957)	-4.9%
315.00 Accessory Electric Equipment	25,391,997	1,415,853	23,976,144	-15.2%	-10.5%	(214,935)	(2,512,028)	(2,726,963)	-10.7%
316.00 Miscellaneous Power Plant Equipment	7,817,359	2,396,449	5,420,910	7.7%	-10.8%	183,734	(587,667)	(403,933)	-5.2%
Total Steam Production Plant	\$ 414,336,494	\$ 56,357,344	\$ 357,979,150	-7.6%	-10.7%	\$ (4,296,006)	\$ (38,352,079)	\$ (42,648,086)	-10.3%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	\$ 363,124	\$ 11,412	\$ 351,712	-2.1%		\$ (240)	\$ -	\$ (240)	-0.1%
332.00 Reservoirs, Dams and Waterways	3,792,740	83,461	3,709,279	-213.6%		(178,279)		(178,279)	-4.7%
333.00 Water Wheels, Turbines & Generators	1,074,180	16,994	1,057,186	-501.5%		(85,217)		(85,217)	-7.9%
334.00 Accessory Electric Equipment	609,547	17,147	592,400	-8.5%		(1,463)		(1,463)	-0.2%
335.00 Miscellaneous Power Plant Equipment	512,735	70,111	442,624	-3.4%		(2,367)		(2,367)	-0.5%
Total Hydraulic Production Plant	\$ 6,352,326	\$ 199,125	\$ 6,153,201	-134.4%		\$ (267,566)	\$ -	\$ (267,566)	-4.2%
OTHER PRODUCTION									
341.00 Structures and Improvements	\$ 12,825,133	\$ 13,128	\$ 12,812,005	-6.7%	-1.2%	\$ (876)	\$ (148,478)	\$ (149,353)	-1.2%
342.00 Fuel Holders and Accessories	1,970,922	222,657	1,748,265	-11.1%	-1.0%	(24,683)	(17,727)	(42,410)	-2.2%
343.00 Prime Movers	32,135,619	448,463	31,687,156	-22.0%	-0.8%	(98,442)	(254,279)	(352,720)	-1.1%
344.00 Generators	242,480,366	1,505,625	240,974,741	-1.0%	-1.5%	(14,906)	(3,620,779)	(3,635,685)	-1.5%
345.00 Accessory Electric Equipment	20,732,378	23,764	20,708,614	34.6%	-1.5%	8,216	(305,261)	(297,046)	-1.4%
346.00 Miscellaneous Power Plant Equipment	529,952	37,689	492,263	6.9%	-0.8%	2,599	(3,933)	(1,334)	-0.3%
Total Other Production Plant	\$ 310,674,370	\$ 2,251,326	\$ 308,423,044	-5.7%	-1.4%	\$ (128,092)	\$ (4,350,456)	\$ (4,478,547)	-1.4%
TRANSMISSION PLANT									
353.00 Station Equipment	\$ 85,653,352	\$ 7,508,180	\$ 78,145,172	44.8%	-5.0%	\$ 3,363,665	\$ (3,907,259)	\$ (543,594)	-0.6%
354.00 Towers and Fixtures	12,357,116		12,357,116		-10.0%		(1,235,712)	(1,235,712)	-10.0%
355.00 Poles and Fixtures	99,546,407	4,797,232	94,749,175	58.0%	-50.0%	2,782,395	(47,374,588)	(44,592,193)	-44.8%
356.00 Overhead Conductors and Devices	86,833,219	4,949,659	81,883,560	52.8%	-30.0%	2,613,420	(24,565,068)	(21,951,648)	-25.3%
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	\$ 284,468,050	\$ 17,255,566	\$ 267,212,484	50.8%	-28.8%	\$ 8,757,653	\$ (77,086,499)	\$ (68,328,846)	-24.0%
DISTRIBUTION PLANT									
362.00 Station Equipment	\$ 88,052,982	\$ 16,950,451	\$ 71,102,531	16.8%	5.0%	\$ 2,847,676	\$ 3,555,127	\$ 6,402,802	7.3%
364.00 Poles, Towers and Fixtures	69,314,481	2,914,631	66,399,850	-107.8%	-75.0%	(3,141,972)	(49,799,888)	(52,941,860)	-76.4%
365.00 Overhead Conductors and Devices	50,516,221	3,414,112	47,102,109	-80.7%	-100.0%	(2,755,188)	(47,102,109)	(49,857,297)	-98.7%
367.00 Underground Conductors and Devices	69,936,263	4,088,866	65,847,397	-3.3%	-5.0%	(134,933)	(3,292,370)	(3,427,302)	-4.9%
368.00 Line Transformers	90,880,023	10,747,614	80,132,409	37.4%	50.0%	4,019,608	40,066,205	44,085,812	48.5%
369.00 Overhead Services	12,995,904	702,417	12,293,487	-231.4%	-150.0%	(1,625,393)	(18,440,231)	(20,065,623)	-154.4%
369.10 Underground Services	36,766,394	426,184	36,340,210	-32.4%	-20.0%	(138,084)	(7,268,042)	(7,406,126)	-20.1%
370.00 Meters	27,826,380	4,829,114	22,997,266	0.8%		38,633		38,633	0.1%
370.10 Load Management Switches	10,873,289	2,158,242	8,715,047						
370.20 Interruption Monitors	1,277,033	631,170	645,863						
371.20 Other Private Lighting	6,932,815	2,656,621	4,276,194	9.0%	10.0%	239,096	427,619	666,715	9.6%
373.00 Street Lighting and Signal Systems	8,261,779	3,418,445	4,843,334	-2.2%	-5.0%	(75,206)	(242,167)	(317,372)	-3.8%
Total Distribution Plant	\$ 473,633,564	\$ 52,937,867	\$ 420,695,697	-1.4%	-19.5%	\$ (725,763)	\$ (82,095,855)	\$ (82,821,618)	-17.5%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage		Average Rate J=I/B	
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D		Total I=G+H
GENERAL PLANT									
Depreciable									
390.00 Structures and Improvements	\$ 23,445,202	\$ 3,776,076	\$ 19,669,126	32.0%	10.0%	\$ 1,208,344	\$ 1,966,913	\$ 3,175,257	13.5%
390.10 General Office Buildings	6,703,410	1,201,325	5,502,085	-13.4%	51.5%	(160,978)	2,835,135	2,674,157	39.9%
390.20 Fleet Service Center Building	897,900	82,309	815,591	-55.9%	38.6%	(46,011)	314,632	268,621	29.9%
390.30 Central Stores Building	4,048,201	73,340	3,974,861	-2.6%	93.8%	(1,907)	3,728,557	3,726,650	92.1%
396.00 Power Operated Equipment	1,076,396	503,277	573,119	24.3%	20.0%	122,296	114,624	236,920	22.0%
397.40 Communication Towers	1,986,399	107,433	1,878,966	13.5%	5.0%	14,503	93,948	108,452	5.5%
Total Depreciable	\$ 38,157,508	\$ 5,743,760	\$ 32,413,748	19.8%	27.9%	\$ 1,136,249	\$ 9,053,808	\$ 10,190,057	26.7%
Amortizable									
391.00 Office Furniture	\$ 5,985,699	\$ 4,543,372	\$ 1,442,327			\$ -	\$ -	\$ -	
391.10 Office Equipment	2,934,052	1,928,609	1,005,443						
391.20 Duplicating Equipment	2,104,843	1,423,134	681,709						
391.50 Computer Systems	12,444,140	9,014,714	3,429,426						
391.60 Computer Related Equipment	10,482,824	9,072,506	1,410,318						
394.00 Tools, Shop and Garage Equipment	6,770,157	3,173,048	3,597,109						
394.20 Automated Meter Reading Equipment	2,069,298	1,479,854	589,444						
397.00 Communication Equipment	2,153,764	1,245,630	908,134						
397.10 Radio Telecommunication Equipment	6,541,813	5,068,194	1,473,619						
397.20 Microwave Equipment	6,693,651	2,675,724	4,017,927						
397.30 Radio Load Control Equipment	1,771,492	1,368,412	403,080						
Total Amortizable	\$ 59,951,733	\$ 40,993,197	\$ 18,958,536			\$ -	\$ -	\$ -	
Total General Plant	\$ 98,109,241	\$ 46,736,957	\$ 51,372,284	2.4%	17.6%	\$ 1,136,249	\$ 9,053,808	\$ 10,190,057	10.4%
TOTAL UTILITY	\$ 1,587,574,045	\$ 175,738,185	\$ 1,411,835,860	5.1%	-13.7%	\$ 9,037,680	\$ (192,831,081)	\$ (188,354,605)	-11.9%
STEAM PRODUCTION									
Big Stone									
311.00 Structures and Improvements	\$ 23,235,425	\$ 447,924	\$ 22,787,501	-12.2%	-11.8%	\$ (54,647)	\$ (2,688,925)	\$ (2,743,572)	-11.8%
312.00 Boiler Plant Equipment	96,949,595	19,314,893	77,634,702	-22.5%	-11.8%	(4,345,851)	(9,160,895)	(13,506,746)	-13.9%
314.00 Turbogenerator Units	34,094,397	5,528,881	28,565,516	18.6%	-11.8%	1,028,372	(3,370,731)	(2,342,359)	-6.9%
315.00 Accessory Electric Equipment	9,841,134	531,358	9,309,776	-24.9%	-11.8%	(132,308)	(1,098,554)	(1,230,862)	-12.5%
316.00 Miscellaneous Power Plant Equipment	3,616,854	1,159,980	2,456,874	2.6%	-11.4%	30,159	(280,084)	(249,924)	-6.9%
Total Big Stone	\$ 167,737,402	\$ 26,983,036	\$ 140,754,369	-12.9%	-11.8%	\$ (3,474,274)	\$ (16,599,188)	\$ (20,073,462)	-12.0%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	\$ 6,349,602	\$ 232,626	\$ 6,116,976	-137.0%	-14.1%	\$ (318,698)	\$ (862,494)	\$ (1,181,191)	-18.6%
312.00 Boiler Plant Equipment	41,109,210	5,816,786	35,292,424	-33.2%	-14.1%	(1,931,173)	(4,976,232)	(6,907,405)	-16.8%
314.00 Turbogenerator Units	12,032,102	1,319,379	10,712,723	-1.5%	-14.1%	(19,791)	(1,510,494)	(1,530,285)	-12.7%
315.00 Accessory Electric Equipment	2,802,942	36,269	2,766,673	-148.3%	-14.1%	(53,787)	(390,101)	(443,888)	-15.8%
316.00 Miscellaneous Power Plant Equipment	1,199,797	138,271	1,061,526	51.5%	-14.1%	71,210	(149,675)	(78,466)	-6.5%
Total Hoot Lake Units 2 and 3	\$ 63,493,653	\$ 7,543,331	\$ 55,950,322	-29.9%	-14.1%	\$ (2,252,239)	\$ (7,888,995)	\$ (10,141,234)	-16.0%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average Rate J=I/B
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D	Total I=G+H	
Coyote									
311.00 Structures and Improvements	\$ 33,747,246	\$ 655,835	\$ 33,091,411	-16.0%	-8.6%	\$ (104,934)	\$ (2,845,861)	\$ (2,950,795)	-8.7%
312.00 Boiler Plant Equipment	101,811,971	11,320,889	90,491,082	-5.7%	-8.6%	(645,291)	(7,782,233)	(8,427,524)	-8.3%
314.00 Turbogenerator Units	31,797,590	7,907,829	23,889,761	26.9%	-8.6%	2,127,206	(2,054,519)	72,687	0.2%
315.00 Accessory Electric Equipment	12,747,921	848,226	11,899,695	-3.4%	-8.6%	(28,840)	(1,023,374)	(1,052,213)	-8.3%
316.00 Miscellaneous Power Plant Equipment	3,000,708	1,098,198	1,902,510	7.5%	-8.3%	82,365	(157,908)	(75,543)	-2.5%
Total Coyote	\$ 183,105,436	\$ 21,830,977	\$ 161,274,459	6.6%	-8.6%	\$ 1,430,507	\$ (13,863,896)	\$ (12,433,389)	-6.8%
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	48,801		48,801						
Total Hoot Lake	\$ 562,759	\$ 8,084	\$ 554,675	-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	127,250	12,032	115,218	-7.9%		(951)		(951)	-0.7%
Total Wright	\$ 965,766	\$ 19,610	\$ 946,156	-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	84,563	21,819	62,744	-2.5%		(545)		(545)	-0.6%
Total Pisgah	\$ 710,413	\$ 34,732	\$ 675,681	-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	1,326,318	44,264	1,282,054	-309.1%		(136,820)		(136,820)	-10.3%
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	119,243	8,084	111,159	-2.5%		(202)		(202)	-0.2%
Total Dayton Hollow	\$ 1,894,974	\$ 65,399	\$ 1,829,575	-246.7%		\$ (161,309)	\$ -	\$ (161,309)	-8.5%
Taplin Gorge									
331.00 Structures and Improvements	\$ 35,140	\$ -	\$ 35,140			\$ -	\$ -	\$ -	
332.00 Reservoirs, Dams and Waterways	620,762	18,000	602,762	-166.7%		(30,006)		(30,006)	-4.8%
333.00 Water Wheels, Turbines & Generators	15,110		15,110						
334.00 Accessory Electric Equipment	62,427	3,732	58,695	-4.7%		(175)		(175)	-0.3%
335.00 Miscellaneous Power Plant Equipment	130,503	26,871	103,632	-2.0%		(537)		(537)	-0.4%
Total Taplin Gorge	\$ 863,942	\$ 48,603	\$ 815,339	-63.2%		\$ (30,719)	\$ -	\$ (30,719)	-3.6%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average Rate J=I/B
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*C	Future H=F*D	Total I=G+H	
Bemidji									
331.00 Structures and Improvements	\$ 211,217	\$ 11,412	\$ 199,805	-2.1%		\$ (240)	\$ -	\$ (240)	-0.1%
332.00 Reservoirs, Dams and Waterways	808,372	5,535	802,837	-85.8%		(4,749)		(4,749)	-0.6%
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	\$ 1,354,472	\$ 22,697	\$ 1,331,775	-189.0%		\$ (42,902)	\$ -	\$ (42,902)	-3.2%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	\$ 310,786	\$ 5,129	\$ 305,657	-9.9%	-1.4%	\$ (508)	\$ (4,279)	\$ (4,787)	-1.5%
342.00 Fuel Holders and Accessories	593,813	177,849	415,964	-12.6%	-1.4%	(22,488)	(5,823)	(28,311)	-4.8%
343.00 Prime Movers	6,923,561	278,045	6,645,516	-38.7%	-1.4%	(107,512)	(93,037)	(200,550)	-2.9%
344.00 Generators									
345.00 Accessory Electric Equipment	242,133	19,253	222,880	42.7%	-1.4%	8,216	(3,120)	5,095	2.1%
346.00 Miscellaneous Power Plant Equipment	109,578	34,069	75,509		-1.4%		(1,057)	(1,057)	-1.0%
Total Jamestown	\$ 8,179,871	\$ 514,345	\$ 7,665,526	-23.8%	-1.4%	\$ (122,292)	\$ (107,317)	\$ (229,609)	-2.8%
Jamestown Unit 1									
341.00 Structures and Improvements	\$ 285,933	\$ 5,129	\$ 280,804	-9.9%	-1.4%	\$ (508)	\$ (3,931)	\$ (4,439)	-1.6%
342.00 Fuel Holders and Accessories	407,203	28,008	379,195	-51.4%	-1.4%	(14,396)	(5,309)	(19,705)	-4.8%
343.00 Prime Movers	3,004,562	142,337	2,862,225	-57.8%	-1.4%	(82,271)	(40,071)	(122,342)	-4.1%
344.00 Generators									
345.00 Accessory Electric Equipment	157,825	2,553	155,272	19.6%	-1.4%	500	(2,174)	(1,673)	-1.1%
346.00 Miscellaneous Power Plant Equipment	82,536	17,133	65,403		-1.4%		(916)	(916)	-1.1%
Total Jamestown Unit 1	\$ 3,938,059	\$ 195,160	\$ 3,742,899	-49.5%	-1.4%	\$ (96,674)	\$ (52,401)	\$ (149,075)	-3.8%
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	135,708	3,783,291	-18.6%	-1.4%	(25,242)	(52,966)	(78,208)	-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	16,936	10,106		-1.4%		(141)	(141)	-0.5%
Total Jamestown Unit 2	\$ 4,241,812	\$ 319,185	\$ 3,922,627	-8.0%	-1.4%	\$ (25,618)	\$ (54,917)	\$ (80,534)	-1.9%
Lake Preston									
341.00 Structures and Improvements	\$ 229,833	\$ (1)	\$ 229,834		-2.4%	\$ -	\$ (5,516)	\$ (5,516)	-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	\$ 4,250,766	\$ 129,274	\$ 4,121,492	-3.2%	-2.4%	\$ (4,177)	\$ (98,916)	\$ (103,092)	-2.4%

OTTER TAIL POWER COMPANY
Average Net Salvage

Statement D

Account Description A	Plant Investment			Salvage Rate		Net Salvage			Average Rate J=I/B
	Additions B	Retirements C	Survivors D=B-C	Realized E	Future F	Realized G=E*F	Future H=F*D	Total I=G+H	
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	107,393,849	597,266	106,796,583		-1.2%		(1,281,559)	(1,281,559)	-1.2%
345.00 Accessory Electric Equipment	6,372,808		6,372,808		-1.2%		(76,474)	(76,474)	-1.2%
346.00 Miscellaneous Power Plant Equipment	28,417		28,417		-1.2%		(341)	(341)	-1.2%
Total Ashtabula Wind Generation	\$ 117,043,364	\$ 597,266	\$ 116,446,098		-1.2%	\$ -	\$ (1,397,353)	\$ (1,397,353)	-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	69,350,217	481,498	68,868,719	-1.5%	-1.5%	(7,222)	(1,033,031)	(1,040,253)	-1.5%
345.00 Accessory Electric Equipment	7,603,595		7,603,595		-1.5%		(114,054)	(114,054)	-1.5%
346.00 Miscellaneous Power Plant Equipment	20,010		20,010		-1.5%		(300)	(300)	-1.5%
Total Langdon Wind Generation	\$ 79,457,891	\$ 481,498	\$ 78,976,393		-1.5%	\$ (7,222)	\$ (1,184,646)	\$ (1,191,868)	-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	65,736,300	426,861	65,309,439	-1.8%	-2.0%	(7,683)	(1,306,189)	(1,313,872)	-2.0%
345.00 Accessory Electric Equipment	4,886,910		4,886,910		-2.0%		(97,738)	(97,738)	-2.0%
346.00 Miscellaneous Power Plant Equipment	20,567		20,567		-2.0%		(411)	(411)	-2.0%
Total Luverne Wind Generation	\$ 72,910,358	\$ 426,861	\$ 72,483,497		-1.8%	\$ (7,683)	\$ (1,449,670)	\$ (1,457,353)	-2.0%
Solway Combustion Turbine									
341.00 Structures and Improvements	\$ 4,285,574	\$ 8,000	\$ 4,277,574	-4.6%	-0.4%	\$ (368)	\$ (17,110)	\$ (17,478)	-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	21,312,682	34,746	21,277,936	28.7%	-0.4%	9,972	(85,112)	(75,140)	-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	326,153		326,153		-0.4%		(1,305)	(1,305)	-0.4%
Total Solway Combustion Turbine	\$ 28,181,146	\$ 42,746	\$ 28,138,400		22.5%	\$ 9,604	\$ (112,554)	\$ (102,949)	-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 A	12/31/13 Plant Investment B	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate J=I/B
		Interim C	Final D=B-C	Interim E	Final F	Interim G=C*E	Final H=D*F	Total I=G+H	
STEAM PRODUCTION									
Big Stone									
311.00 Structures and Improvements	\$ 22,787,501	\$ 1,988,529	\$ 20,798,972	-5.0%	-12.5%	\$ (99,426)	\$ (2,591,331)	\$ (2,690,758)	-11.8%
312.00 Boiler Plant Equipment	77,634,702	6,633,235	71,001,467	-5.0%	-12.5%	(331,662)	(8,846,030)	(9,177,692)	-11.8%
314.00 Turbogenerator Units	28,565,516	2,399,091	26,166,425	-5.0%	-12.5%	(119,955)	(3,260,059)	(3,380,014)	-11.8%
315.00 Accessory Electric Equipment	9,309,776	805,434	8,504,342	-5.0%	-12.5%	(40,272)	(1,059,551)	(1,099,823)	-11.8%
316.00 Miscellaneous Power Plant Equipment	2,456,874	209,215	2,247,659	-12.5%	-12.5%		(280,034)	(280,034)	-11.4%
Total Big Stone	\$ 140,754,369	\$ 12,035,505	\$ 128,718,864	-4.9%	-12.5%	\$ (591,314)	\$ (16,037,006)	\$ (16,628,321)	-11.8%
Hoot Lake Units 2 and 3									
311.00 Structures and Improvements	\$ 6,116,976	\$ 103,262	\$ 6,013,714	-5.0%	-14.3%	\$ (5,163)	\$ (858,508)	\$ (863,671)	-14.1%
312.00 Boiler Plant Equipment	35,292,424	560,814	34,731,610	-5.0%	-14.3%	(28,041)	(4,958,228)	(4,986,268)	-14.1%
314.00 Turbogenerator Units	10,712,723	177,088	10,535,635	-5.0%	-14.3%	(8,854)	(1,504,050)	(1,512,904)	-14.1%
315.00 Accessory Electric Equipment	2,766,673	46,331	2,720,342	-5.0%	-14.3%	(2,317)	(388,352)	(390,668)	-14.1%
316.00 Miscellaneous Power Plant Equipment	1,061,526	16,526	1,045,000	-14.3%	-14.3%		(149,183)	(149,183)	-14.1%
Total Hoot Lake Units 2 and 3	\$ 55,950,322	\$ 904,020	\$ 55,046,302	-4.9%	-14.3%	\$ (44,375)	\$ (7,858,319)	\$ (7,902,694)	-14.1%
Coyote									
311.00 Structures and Improvements	\$ 33,091,411	\$ 2,414,894	\$ 30,676,517	-5.0%	-8.9%	\$ (120,745)	\$ (2,738,891)	\$ (2,859,636)	-8.6%
312.00 Boiler Plant Equipment	90,491,082	6,564,090	83,926,992	-5.0%	-8.9%	(328,204)	(7,493,253)	(7,821,457)	-8.6%
314.00 Turbogenerator Units	23,889,761	1,694,442	22,195,319	-5.0%	-8.9%	(84,722)	(1,981,664)	(2,066,386)	-8.6%
315.00 Accessory Electric Equipment	11,899,695	860,766	11,038,929	-5.0%	-8.9%	(43,038)	(985,589)	(1,028,627)	-8.6%
316.00 Miscellaneous Power Plant Equipment	1,902,510	135,032	1,767,478	-8.9%	-8.9%		(157,806)	(157,806)	-8.3%
Total Coyote	\$ 161,274,459	\$ 11,669,223	\$ 149,605,236	-4.9%	-8.9%	\$ (576,710)	\$ (13,357,202)	\$ (13,933,912)	-8.6%
OTHER PRODUCTION									
Jamestown									
341.00 Structures and Improvements	\$ 305,657	\$ 7,327	\$ 298,330	-1.4%	-1.4%	\$ -	\$ (4,214)	\$ (4,214)	-1.4%
342.00 Fuel Holders and Accessories	415,964	9,829	406,135	-1.4%	-1.4%		(5,737)	(5,737)	-1.4%
343.00 Prime Movers	6,645,516	162,382	6,483,134	-1.4%	-1.4%		(91,573)	(91,573)	-1.4%
344.00 Generators									
345.00 Accessory Electric Equipment	222,880	5,422	217,458	-1.4%	-1.4%		(3,072)	(3,072)	-1.4%
346.00 Miscellaneous Power Plant Equipment	75,509	1,764	73,745	-1.4%	-1.4%		(1,042)	(1,042)	-1.4%
Total Jamestown	\$ 7,665,526	\$ 186,724	\$ 7,478,802	-1.4%	-1.4%	\$ -	\$ (105,637)	\$ (105,637)	-1.4%

OTTER TAIL POWER COMPANY

Future Net Salvage
Steam and Other Production

Statement E

Account Description A	12/31/13			Net Salvage Rate		Future Net Salvage			Future Rate J=I/B
	Plant Investment B	Future Retirements Interim C	Future Retirements Final D=B-C	Interim E	Final F	Interim G=C*E	Final H=D*F	Total I=G+H	
Lake Preston									
341.00 Structures and Improvements	\$ 229,834	\$ 5,594	\$ 224,240	-2.5%	\$ -	\$ (5,528)	\$ (5,528)	\$ (5,528)	-2.4%
342.00 Fuel Holders and Accessories	328,705	7,956	320,749	-2.5%		(7,907)	(7,907)	(7,907)	-2.4%
343.00 Prime Movers	3,172,066	77,756	3,094,310	-2.5%		(76,284)	(76,284)	(76,284)	-2.4%
344.00 Generators									
345.00 Accessory Electric Equipment	369,280	9,088	360,192	-2.5%		(8,880)	(8,880)	(8,880)	-2.4%
346.00 Miscellaneous Power Plant Equipment	21,607	528	21,079	-2.5%		(520)	(520)	(520)	-2.4%
Total Lake Preston	\$ 4,121,492	\$ 100,922	\$ 4,020,570	-2.5%	\$ -	\$ (99,119)	\$ (99,119)	\$ (99,119)	-2.4%
Solway Combustion Turbine									
341.00 Structures and Improvements	\$ 4,277,574	\$ 263,442	\$ 4,014,132	-0.4%	\$ -	\$ (16,798)	\$ (16,798)	\$ (16,798)	-0.4%
342.00 Fuel Holders and Accessories	1,003,596	61,810	941,786	-0.4%		(3,941)	(3,941)	(3,941)	-0.4%
343.00 Prime Movers	21,277,936	1,310,669	19,967,267	-0.4%		(83,559)	(83,559)	(83,559)	-0.4%
344.00 Generators									
345.00 Accessory Electric Equipment	1,253,141	77,213	1,175,928	-0.4%		(4,921)	(4,921)	(4,921)	-0.4%
346.00 Miscellaneous Power Plant Equipment	326,153	20,021	306,132	-0.4%		(1,281)	(1,281)	(1,281)	-0.4%
Total Solway Combustion Turbine	\$ 28,138,400	\$ 1,733,156	\$ 26,405,244	-0.4%	\$ -	\$ (110,501)	\$ (110,501)	\$ (110,501)	-0.4%
Ashtabula Wind Generation									
341.00 Structures and Improvements	\$3,248,290	\$156,445	\$ 3,091,845	-1.3%	\$ -	\$ (38,731)	\$ (38,731)	\$ (38,731)	-1.2%
342.00 Fuel Holders and Accessories				-1.3%					
343.00 Prime Movers				-1.3%					
344.00 Generators	106,796,583	5,142,867	101,653,716	-1.3%		(1,273,391)	(1,273,391)	(1,273,391)	-1.2%
345.00 Accessory Electric Equipment	6,372,808	306,856	6,065,952	-1.3%		(75,987)	(75,987)	(75,987)	-1.2%
346.00 Miscellaneous Power Plant Equipment	28,417	1,355	27,062	-1.3%		(339)	(339)	(339)	-1.2%
Total Ashtabula Wind Generation	\$ 116,446,098	\$ 5,607,523	\$ 110,838,575	-1.3%	\$ -	\$ (1,388,447)	\$ (1,388,447)	\$ (1,388,447)	-1.2%
Langdon Wind Generation									
341.00 Structures and Improvements	\$2,484,069	\$113,630	\$ 2,370,439	-1.5%	\$ -	\$ (36,078)	\$ (36,078)	\$ (36,078)	-1.5%
342.00 Fuel Holders and Accessories				-1.5%					
343.00 Prime Movers				-1.5%					
344.00 Generators	68,868,719	3,149,853	65,718,866	-1.5%		(1,000,237)	(1,000,237)	(1,000,237)	-1.5%
345.00 Accessory Electric Equipment	7,603,595	347,341	7,256,254	-1.5%		(110,440)	(110,440)	(110,440)	-1.5%
346.00 Miscellaneous Power Plant Equipment	20,010	904	19,106	-1.5%		(291)	(291)	(291)	-1.5%
Total Langdon Wind Generation	\$ 78,976,393	\$ 3,611,728	\$ 75,364,665	-1.5%	\$ -	\$ (1,147,046)	\$ (1,147,046)	\$ (1,147,046)	-1.5%

OTTER TAIL POWER COMPANY

Future Net Salvage
Steam and Other Production

Statement E

Account Description A	12/31/13 Plant Investment B	Future Retirements		Net Salvage Rate		Future Net Salvage			Future Rate J=I/B
		Interim C	Final D=B-C	Interim E	Final F	Interim G=C*E	Final H=D*F	Total I=G+H	
<u>Luverne Wind Generation</u>									
341.00 Structures and Improvements	\$2,266,581	\$114,619	\$ 2,151,962	-2.1%	\$ -	\$ (45,669)	\$ (45,669)	\$ (45,669)	-2.0%
342.00 Fuel Holders and Accessories				-2.1%					
343.00 Prime Movers				-2.1%					
344.00 Generators	65,309,439	3,302,303	62,007,136	-2.1%		(1,315,923)	(1,315,923)	(1,315,923)	-2.0%
345.00 Accessory Electric Equipment	4,886,910	247,113	4,639,797	-2.1%		(98,466)	(98,466)	(98,466)	-2.0%
346.00 Miscellaneous Power Plant Equipment	20,567	1,032	19,535	-2.1%		(415)	(415)	(415)	-2.0%
Total Luverne Wind Generation	\$ 72,483,497	\$ 3,665,067	\$ 68,818,430	-2.1%	\$ -	\$ (1,460,473)	\$ (1,460,473)	\$ (1,460,473)	-2.0%
GENERAL PLANT									
390.10 General Office Buildings	\$5,502,085	\$235,766	\$ 5,266,319	-5.0%	54.1%	\$ (11,788)	\$ 2,846,923	\$ 2,835,135	51.5%
390.20 Fleet Service Center Building	815,591	24,375	791,216	-5.0%	39.9%	(1,219)	315,851	314,632	38.6%
390.30 Central Stores Building	3,974,861	227,223	3,747,638	-5.0%	99.8%	(11,361)	3,739,918	3,728,557	93.8%

OTTER TAIL POWER COMPANY

Proposed Parameters
Vintage Group Procedure

Statement F

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
STEAM PRODUCTION												
311.00 Structures and Improvements			46.01	19.48	-9.6	-9.0			52.46	25.04	-10.9	-10.3
312.00 Boiler Plant Equipment			31.55	15.93	-10.9	-9.4			37.53	20.50	-12.0	-10.8
314.00 Turbogenerator Units			31.52	16.79	-6.9	-9.4			39.29	23.87	-4.9	-11.0
315.00 Accessory Electric Equipment			40.97	19.29	-9.3	-9.0			44.84	23.70	-10.7	-10.5
316.00 Miscellaneous Power Plant Equipment			28.24	15.09	-5.0	-9.3			32.29	19.71	-5.2	-10.8
Total Steam Production Plant									40.17	21.88	-10.3	-10.7
HYDRAULIC PRODUCTION												
331.00 Structures and Improvements			18.08	8.41	-0.1				18.14	7.43	-0.1	
332.00 Reservoirs, Dams and Waterways			15.76	8.41	-5.6				13.57	7.43	-4.7	
333.00 Water Wheels, Turbines & Generators			18.23	8.41	-7.9				18.25	7.43	-7.9	
334.00 Accessory Electric Equipment			19.83	8.41	-0.2				19.84	7.43	-0.2	
335.00 Miscellaneous Power Plant Equipment			10.20	8.41	-0.5				10.20	7.43	-0.5	
Total Hydraulic Production Plant									14.51	7.43	-4.2	
OTHER PRODUCTION												
341.00 Structures and Improvements			26.99	20.93	-1.2	-1.2			26.76	19.84	-1.2	-1.2
342.00 Fuel Holders and Accessories			26.48	16.77	-1.4	-1.0			26.46	15.91	-2.2	-1.0
343.00 Prime Movers			34.36	20.33	-1.1	-0.8			34.36	19.41	-1.1	-0.8
344.00 Generators			24.22	19.96	-1.5	-1.5			24.19	19.01	-1.5	-1.5
345.00 Accessory Electric Equipment			24.89	19.88	-1.4	-1.5			24.61	18.90	-1.4	-1.5
346.00 Miscellaneous Power Plant Equipment			27.16	19.57	-0.4	-0.9			27.10	19.21	-0.3	-0.8
Total Other Production Plant									25.10	19.05	-1.4	-1.4
TRANSMISSION PLANT												
353.00 Station Equipment	65.00	R1	65.14	53.06	-0.5	-5.0	65.00	R1	65.14	52.96	-0.6	-5.0
354.00 Towers and Fixtures	70.00	R5	70.00	37.90	-10.0	-10.0	70.00	R5	70.00	55.88	-10.0	-10.0
355.00 Poles and Fixtures	70.00	R2	70.31	55.58	-45.3	-50.0	70.00	R2	70.36	53.85	-44.8	-50.0
356.00 Overhead Conductors and Devices	70.00	R2	70.25	53.25	-25.2	-30.0	70.00	R2	70.26	53.33	-25.3	-30.0
358.00 Underground Conductors and Devices	40.00	S4	41.13	10.86	-7.3	-5.0	40.00	S4	41.40	10.33	-7.3	-5.0
Total Transmission Plant									68.69	53.49	-24.0	-28.8

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
DISTRIBUTION PLANT												
362.00 Station Equipment	40.00	SC	40.64	32.22	7.2	5.0	40.00	SC	40.64	32.24	7.3	5.0
364.00 Poles, Towers and Fixtures	68.00	R3	68.07	48.68	-76.3	-75.0	68.00	R3	68.08	48.37	-76.4	-75.0
365.00 Overhead Conductors and Devices	65.00	R2.5	65.20	44.33	-98.7	-100.0	65.00	R2.5	65.20	44.11	-98.7	-100.0
367.00 Underground Conductors and Devices	40.00	R4	39.88	24.81	-4.9	-5.0	40.00	R4	39.90	24.63	-4.9	-5.0
368.00 Line Transformers	40.00	R2.5	40.15	28.19	48.7	50.0	40.00	R2.5	40.14	28.20	48.5	50.0
369.00 Overhead Services	55.00	S5	55.18	33.52	-154.2	-150.0	55.00	S5	55.20	32.98	-154.4	-150.0
369.10 Underground Services	45.00	R4	45.11	30.89	-20.1	-20.0	45.00	R4	45.12	30.51	-20.1	-20.0
370.00 Meters	28.00	L0.5	29.93	20.64	0.1		28.00	L0.5	29.88	20.69	0.1	
370.10 Load Management Switches	12.00	R5	12.14	4.42			12.00	R5	12.03	3.56		
370.20 Interruption Monitors	5.00	SQ	5.00	1.00			5.00	SQ	5.00	1.97		
371.20 Other Private Lighting	23.00	L0	23.23	17.10	9.7	10.0	23.00	L0	23.21	17.01	9.6	10.0
373.00 Street Lighting and Signal Systems	22.00	L0.5	22.46	15.43	-3.8	-5.0	22.00	L0.5	22.49	15.24	-3.8	-5.0
Total Distribution Plant									41.47	28.53	-17.5	-19.5
GENERAL PLANT												
Depreciable												
390.00 Structures and Improvements	47.00	R1.5	47.47	31.91	13.7	10.0	47.00	R1.5	47.47	31.71	13.5	10.0
390.10 General Office Buildings	2030	200-SC	35.36	17.10	39.7	51.2	2030	200-SC	35.13	16.14	39.9	51.5
390.20 Fleet Service Center Building	2025	200-SC	37.62	12.29	30.1	38.6	2025	200-SC	37.14	11.32	29.9	38.6
390.30 Central Stores Building	2035	200-SC	51.56	21.81	94.5	95.5	2035	200-SC	50.54	20.87	92.1	93.8
396.00 Power Operated Equipment	24.00	L0	25.93	16.79	23.1	20.0	24.00	L0	25.98	17.03	22.0	20.0
397.40 Communication Towers	40.00	R3	40.23	25.05	5.5	5.0	40.00	R3	40.24	25.69	5.5	5.0
Total Depreciable									43.78	25.84	26.7	27.9
Amortizable												
391.00 Office Furniture	15.00	SQ	15.00	5.53			15.00	SQ	15.00	5.74		
391.10 Office Equipment	10.00	SQ	10.00	4.83			10.00	SQ	10.00	3.88		
391.20 Duplicating Equipment	10.00	SQ	10.00	3.15			10.00	SQ	10.00	2.17		
391.50 Computer Systems	5.00	SQ	5.00	2.51			5.00	SQ	5.00	2.12		
391.60 Computer Related Equipment	5.00	SQ	5.00	2.32			5.00	SQ	5.00	2.19		
394.00 Tools, Shop and Garage Equipment	15.00	SQ	15.00	9.23			15.00	SQ	15.00	9.25		
394.20 Automated Meter Reading Equipment	15.00	SQ	15.00	9.50			15.00	SQ	15.00	8.50		
397.00 Communication Equipment	15.00	SQ	15.00	8.94			15.00	SQ	15.00	10.31		

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description A	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
	B	C	D	E	F	G	H	I	J	K	L	M
397.10 Radio Telecommunication Equipment	10.00	SQ	10.00	5.61			10.00	SQ	10.00	5.69		
397.20 Microwave Equipment	15.00	SQ	15.00	7.63			15.00	SQ	15.00	7.82		
397.30 Radio Load Control Equipment	10.00	SQ	10.00	6.35			10.00	SQ	10.00	5.94		
Total Amortizable									9.35	4.69		
Total General Plant									18.56	10.35	10.4	17.6
TOTAL UTILITY									36.74	24.94	-11.9	-13.7
STEAM PRODUCTION												
Big Stone												
311.00 Structures and Improvements	2027	200-SC	41.58	14.22	-8.1	-8.1	2046	200-SC	59.84	31.07	-11.8	-11.8
312.00 Boiler Plant Equipment	2027	200-SC	29.23	14.23	-11.0	-8.1	2046	200-SC	48.79	31.11	-13.9	-11.8
314.00 Turbogenerator Units	2027	200-SC	27.02	14.23	-3.6	-8.1	2046	200-SC	44.61	31.13	-6.9	-11.8
315.00 Accessory Electric Equipment	2027	200-SC	34.09	14.22	-8.8	-8.1	2046	200-SC	54.03	31.09	-12.5	-11.8
316.00 Miscellaneous Power Plant Equipment	2027	200-SC	29.91	14.23	-5.2	-7.9	2046	200-SC	48.03	31.11	-6.9	-11.4
Total Big Stone									49.63	31.11	-12.0	-11.8
Hoot Lake Units 2 and 3												
311.00 Structures and Improvements	2020	200-SC	35.48	7.42	-18.8	-14.3	2020	200-SC	35.51	6.44	-18.6	-14.1
312.00 Boiler Plant Equipment	2020	200-SC	17.98	7.43	-16.9	-14.3	2020	200-SC	17.75	6.45	-16.8	-14.1
314.00 Turbogenerator Units	2020	200-SC	29.87	7.43	-12.9	-14.3	2020	200-SC	29.81	6.44	-12.7	-14.1
315.00 Accessory Electric Equipment	2020	200-SC	43.52	7.42	-16.1	-14.3	2020	200-SC	24.25	6.44	-15.8	-14.1
316.00 Miscellaneous Power Plant Equipment	2020	200-SC	16.67	7.43	-8.0	-14.2	2020	200-SC	15.46	6.45	-6.5	-14.1
Total Hoot Lake Units 2 and 3									20.70	6.45	-16.0	-14.1
Coyote												
311.00 Structures and Improvements	2041	200-SC	52.78	27.41	-8.8	-8.7	2041	200-SC	52.64	26.48	-8.7	-8.6
312.00 Boiler Plant Equipment	2041	200-SC	49.35	27.42	-8.4	-8.7	2041	200-SC	49.16	26.49	-8.3	-8.6
314.00 Turbogenerator Units	2041	200-SC	40.71	27.44	-8.1	-8.7	2041	200-SC	39.29	26.52	0.2	-8.6
315.00 Accessory Electric Equipment	2041	200-SC	47.92	27.42	-8.3	-8.7	2041	200-SC	47.92	26.50	-8.3	-8.6
316.00 Miscellaneous Power Plant Equipment	2041	200-SC	41.15	27.44	-3.6	-8.4	2041	200-SC	39.59	26.51	-2.5	-8.3
Total Coyote									47.80	26.49	-6.8	-8.6

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
HYDRAULIC PRODUCTION												
<u>Hoot Lake</u>												
331.00 Structures and Improvements	2021	200-SC	59.08	8.40			2021	200-SC	60.89	7.42		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	29.78	8.40	-0.1		2021	200-SC	29.81	7.43	-0.1	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	35.86	8.40			2021	200-SC	35.93	7.42		
334.00 Accessory Electric Equipment	2021	200-SC	30.50	8.40			2021	200-SC	30.56	7.43		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	8.90	8.41			2021	200-SC	8.90	7.43		
Total Hoot Lake									26.87	7.43		
<u>Wright</u>												
331.00 Structures and Improvements	2021	200-SC	30.51	8.40			2021	200-SC	30.57	7.43		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	19.45	8.41	-1.7		2021	200-SC	19.47	7.43	-1.7	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	18.72	8.41			2021	200-SC	18.74	7.43		
334.00 Accessory Electric Equipment	2021	200-SC	17.70	8.41			2021	200-SC	17.72	7.43		
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	12.20	8.41	-0.7		2021	200-SC	12.19	7.43	-0.7	
Total Wright									17.77	7.43	-0.8	
<u>Pisgah</u>												
331.00 Structures and Improvements	2021	200-SC	38.36	8.40			2021	200-SC	38.54	7.42		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	13.36	8.41			2021	200-SC	13.37	7.43		
333.00 Water Wheels, Turbines & Generators	2021	200-SC	15.81	8.41	-15.0		2021	200-SC	15.83	7.43	-15.0	
334.00 Accessory Electric Equipment	2021	200-SC	17.97	8.41	-0.3		2021	200-SC	17.89	7.43	-0.3	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	8.90	8.41	-0.6		2021	200-SC	8.90	7.43	-0.6	
Total Pisgah									13.91	7.43	-3.5	
<u>Dayton Hollow</u>												
331.00 Structures and Improvements	2021	200-SC	9.91	8.41			2021	200-SC	9.92	7.43		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	13.34	8.41	-15.9		2021	200-SC	10.69	7.43	-10.3	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	14.11	8.41	-10.2		2021	200-SC	14.13	7.43	-10.2	
334.00 Accessory Electric Equipment	2021	200-SC	21.22	8.41	0.1		2021	200-SC	21.25	7.43	0.1	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	8.92	8.41	-0.2		2021	200-SC	8.92	7.43	-0.2	
Total Dayton Hollow									11.49	7.43	-8.5	

OTTER TAIL POWER COMPANY

Proposed Parameters
Vintage Group Procedure

Statement F

Account Description A	Current Parameters						Proposed Parameters					
	P-Life/ AYFR B	Curve Shape C	VG ASL D	Rem. Life E	Avg. Sal. F	Fut. Sal. G	P-Life/ AYFR H	Curve Shape I	VG ASL J	Rem. Life K	Avg. Sal. L	Fut. Sal. M
Taplin Gorge												
331.00 Structures and Improvements	2021	200-SC	73.76	8.39			2021	200-SC	73.93	7.42		
332.00 Reservoirs, Dams and Waterways	2021	200-SC	16.25	8.41	-4.8		2021	200-SC	16.26	7.43	-4.8	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	81.33	8.39			2021	200-SC	81.51	7.41		
334.00 Accessory Electric Equipment	2021	200-SC	22.05	8.41	-0.3		2021	200-SC	22.08	7.43	-0.3	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	11.71	8.41	-0.4		2021	200-SC	11.71	7.43	-0.4	
Total Taplin Gorge									16.56	7.43	-3.6	
Bemidji												
331.00 Structures and Improvements	2021	200-SC	13.13	8.41	-0.1		2021	200-SC	13.15	7.43	-0.1	
332.00 Reservoirs, Dams and Waterways	2021	200-SC	15.27	8.41	-0.7		2021	200-SC	13.11	7.43	-0.6	
333.00 Water Wheels, Turbines & Generators	2021	200-SC	19.53	8.41	-11.2		2021	200-SC	19.56	7.43	-11.2	
334.00 Accessory Electric Equipment	2021	200-SC	72.85	8.39	-17.7		2021	200-SC	72.90	7.42	-17.7	
335.00 Miscellaneous Power Plant Equipment	2021	200-SC	11.84	8.41	-5.5		2021	200-SC	11.85	7.43	-5.5	
Total Bemidji									14.31	7.43	-3.2	
OTHER PRODUCTION												
Jamestown												
341.00 Structures and Improvements			30.77	10.35	-1.5	-1.4			23.58	9.38	-1.5	-1.4
342.00 Fuel Holders and Accessories			17.64	10.36	-2.4	-1.4			17.07	9.39	-4.8	-1.4
343.00 Prime Movers			35.41	10.35	-2.9	-1.4			35.44	9.38	-2.9	-1.4
344.00 Generators												
345.00 Accessory Electric Equipment			28.81	10.36	2.1	-1.4			28.82	9.39	2.1	-1.4
346.00 Miscellaneous Power Plant Equipment			22.13	10.36	-1.4	-1.4			18.61	9.39	-1.0	-1.4
Total Jamestown									32.39	9.38	-2.8	-1.4
Jamestown Unit 1												
341.00 Structures and Improvements	2023	200-SC	33.60	10.35	-1.5	-1.4	2023	200-SC	24.42	9.38	-1.6	-1.4
342.00 Fuel Holders and Accessories	2023	200-SC	17.07	10.36	-1.4	-1.4	2023	200-SC	16.46	9.39	-4.8	-1.4
343.00 Prime Movers	2023	200-SC	32.72	10.35	-4.0	-1.4	2023	200-SC	32.70	9.38	-4.1	-1.4
344.00 Generators												
345.00 Accessory Electric Equipment	2023	200-SC	46.65	10.35	-1.1	-1.4	2023	200-SC	46.75	9.38	-1.1	-1.4
346.00 Miscellaneous Power Plant Equipment	2023	200-SC	19.55	10.36	-1.4	-1.4	2023	200-SC	17.27	9.39	-1.1	-1.4
Total Jamestown Unit 1									28.98	9.38	-3.8	-1.4

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description A	Current Parameters						Proposed Parameters					
	P-Life/ AYFR B	Curve Shape C	VG ASL D	Rem. Life E	Avg. Sal. F	Fut. Sal. G	P-Life/ AYFR H	Curve Shape I	VG ASL J	Rem. Life K	Avg. Sal. L	Fut. Sal. M
Jamestown Unit 2												
341.00 Structures and Improvements	2023	200-SC	16.97	10.36	-1.4	-1.4	2023	200-SC	16.98	9.39	-1.4	-1.4
342.00 Fuel Holders and Accessories	2023	200-SC	28.36	10.35	-4.6	-1.4	2023	200-SC	27.65	9.38	-4.6	-1.4
343.00 Prime Movers	2023	200-SC	37.77	10.35	-2.0	-1.4	2023	200-SC	37.83	9.38	-2.0	-1.4
344.00 Generators												
345.00 Accessory Electric Equipment	2023	200-SC	15.32	10.36	8.0	-1.4	2023	200-SC	15.32	9.39	8.0	-1.4
346.00 Miscellaneous Power Plant Equipment	2023	200-SC	37.00	10.35	-1.4	-1.4	2023	200-SC	37.45	9.38	-0.5	-1.4
Total Jamestown Unit 2									36.49	9.38	-1.9	-1.4
Lake Preston												
341.00 Structures and Improvements	2023	200-SC	37.50	10.35	-2.4	-2.4	2023	200-SC	29.08	9.38	-2.4	-2.4
342.00 Fuel Holders and Accessories	2023	200-SC	28.17	10.36	-2.7	-2.4	2023	200-SC	28.17	9.38	-2.7	-2.4
343.00 Prime Movers	2023	200-SC	38.99	10.35	-2.5	-2.4	2023	200-SC	39.06	9.38	-2.5	-2.4
344.00 Generators												
345.00 Accessory Electric Equipment	2023	200-SC	41.77	10.35	-2.4	-2.4	2023	200-SC	41.87	9.38	-2.4	-2.4
346.00 Miscellaneous Power Plant Equipment	2023	200-SC	38.75	10.35	8.2	-2.4	2023	200-SC	38.91	9.38	8.2	-2.4
Total Lake Preston									37.41	9.38	-2.4	-2.4
Ashtabula Wind Generation												
341.00 Structures and Improvements	2033	200-SC	24.24	19.97	-1.2	-1.2	2033	200-SC	24.26	19.02	-1.2	-1.2
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	2033	200-SC	24.23	19.97	-1.2	-1.2	2033	200-SC	24.19	19.02	-1.2	-1.2
345.00 Accessory Electric Equipment	2033	200-SC	24.24	19.97	-1.2	-1.2	2033	200-SC	24.15	19.02	-1.2	-1.2
346.00 Miscellaneous Power Plant Equipment	2033	200-SC	20.45	19.97	-1.2	-1.2	2033	200-SC	20.45	19.02	-1.2	-1.2
Total Ashtabula Wind Generation									24.19	19.02	-1.2	-1.2
Langdon Wind Generation												
341.00 Structures and Improvements	2032	200-SC	24.26	19.02	-1.5	-1.5	2032	200-SC	24.27	18.07	-1.5	-1.5
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	2032	200-SC	24.19	19.02	-1.5	-1.5	2032	200-SC	24.19	18.07	-1.5	-1.5
345.00 Accessory Electric Equipment	2032	200-SC	24.18	19.02	-1.5	-1.5	2032	200-SC	23.62	18.07	-1.5	-1.5
346.00 Miscellaneous Power Plant Equipment	2032	200-SC	19.89	19.02	-1.5	-1.5	2032	200-SC	19.50	18.07	-1.5	-1.5
Total Langdon Wind Generation									24.13	18.07	-1.5	-1.5

OTTER TAIL POWER COMPANY

Statement F

Proposed Parameters
Vintage Group Procedure

Account Description A	Current Parameters						Proposed Parameters					
	P-Life/ AYFR B	Curve Shape C	VG ASL D	Rem. Life E	Avg. Sal. F	Fut. Sal. G	P-Life/ AYFR H	Curve Shape I	VG ASL J	Rem. Life K	Avg. Sal. L	Fut. Sal. M
<u>Luverne Wind Generation</u>												
341.00 Structures and Improvements	2034	200-SC	24.23	20.92	-2.0	-2.0	2034	200-SC	24.24	19.97	-2.0	-2.0
342.00 Fuel Holders and Accessories												
343.00 Prime Movers												
344.00 Generators	2034	200-SC	24.22	20.92	-2.0	-2.0	2034	200-SC	24.19	19.97	-2.0	-2.0
345.00 Accessory Electric Equipment	2034	200-SC	24.23	20.92	-2.0	-2.0	2034	200-SC	24.22	19.97	-2.0	-2.0
346.00 Miscellaneous Power Plant Equipment	2034	200-SC	21.40	20.92	-2.0	-2.0	2034	200-SC	21.40	19.97	-2.0	-2.0
Total Luverne Wind Generation									24.19	19.97	-2.0	-2.0
<u>Solway Combustion Turbine</u>												
341.00 Structures and Improvements	2038	200-SC	33.41	24.67	-0.4	-0.4	2038	200-SC	33.36	23.73	-0.4	-0.4
342.00 Fuel Holders and Accessories	2038	200-SC	33.29	24.67	-0.4	-0.4	2038	200-SC	33.42	23.73	-0.4	-0.4
343.00 Prime Movers	2038	200-SC	33.46	24.67	-0.4	-0.4	2038	200-SC	33.45	23.73	-0.4	-0.4
344.00 Generators												
345.00 Accessory Electric Equipment	2038	200-SC	33.57	24.67	-0.4	-0.4	2038	200-SC	33.59	23.73	-0.4	-0.4
346.00 Miscellaneous Power Plant Equipment	2038	200-SC	32.53	24.67	-0.4	-0.4	2038	200-SC	32.06	23.73	-0.4	-0.4
Total Solway Combustion Turbine									33.42	23.73	-0.4	-0.4
<u>Fergus Falls Control Center</u>												
341.00 Structures and Improvements												
342.00 Fuel Holders and Accessories												
343.00 Prime Movers	2030	200-SC	33.85	17.10	0.6		2030	200-SC	33.90	16.14	0.6	
344.00 Generators												
345.00 Accessory Electric Equipment												
346.00 Miscellaneous Power Plant Equipment												
Total Fergus Falls Control Center									33.90	16.14	0.6	

OTTER TAIL POWER COMPANY
Plant Activity for 2013

Statement G

Account Description A	Beginning Balance B	Additions C	Retirements D	Adjustments E	Transfers F	Ending Balance G
STEAM PRODUCTION						
311.00 Structures and Improvements	\$ 61,837,428	\$ 214,946	\$ 56,486			\$ 61,995,887
312.00 Boiler Plant Equipment	202,860,000	1,956,794	1,398,585			203,418,208
314.00 Turbo Generator Units	60,589,909	5,712,498	3,134,406			63,168,000
315.00 Accessory Electric Equipment	23,504,826	525,346	54,028			23,976,144
316.00 Misc. Power Plant Equipment	5,467,569	310,204	356,862			5,420,911
Total Steam Production	\$ 354,259,730	\$ 8,719,787	\$ 5,000,367			\$ 357,979,150
HYDRAULIC PRODUCTION						
331.00 Structures and Improvements	\$ 351,712					\$ 351,712
332.00 Réservoirs, Dams and Waterways	3,148,824	609,281			(48,826)	3,709,279
333.00 Water Wheels, Turbines and Gen.	1,057,186					1,057,186
334.00 Accessory Electric Equipment	592,375				25	592,400
335.00 Misc. Power Plant Equipment	393,336	487			48,801	442,624
Total Hydraulic Production	\$ 5,543,432	\$ 609,769	\$ -			\$ 6,153,201
OTHER PRODUCTION						
341.00 Structures and Improvements	\$ 12,721,530	\$ 94,380	\$ 3,906			\$ 12,812,004
342.00 Fuel Holders and Accessories	1,782,049	(5,775)	28,008			1,748,266
343.00 Prime Movers	31,658,649	57,846	29,340			31,687,155
344.00 Generators	240,489,740	1,328,800	843,799			240,974,741
345.00 Accessory Electric Equipment	20,011,664	756,402	341		(59,110)	20,708,615
346.00 Misc. Power Plant Equipment	442,906	24,315	34,068		59,110	492,263
Total Other Production	\$ 307,106,538	\$ 2,255,966	\$ 939,461			\$ 308,423,044
TRANSMISSION PLANT						
353.00 Station Equipment	\$ 74,896,201	\$ 3,543,098	\$ 384,761		\$ 90,634	\$ 78,145,172
354.00 Towers and Fixtures	4,692,263	7,664,853				12,357,116
355.00 Poles and Fixtures	101,637,471	(6,854,130)	56,403		22,239	94,749,175
356.00 Overhead Conductors and Devices	77,617,900	4,337,592	85,504		13,572	81,883,560
358.00 Underground Conductors and Devices	77,461					77,461
Total Transmission Plant	\$ 258,921,295	\$ 8,691,412	\$ 526,669		\$ 126,444	\$ 267,212,483

OTTER TAIL POWER COMPANY
Plant Activity for 2013

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	\$ 67,383,703	\$ 4,427,033	\$ 622,884		\$ (85,322)	\$ 71,102,531
364.00 Poles, Towers and Fixtures	64,643,246	1,869,493	90,650		(22,239)	66,399,850
365.00 Overhead Conductors and Devices	45,917,036	1,321,492	122,851		(13,572)	47,102,104
367.00 Underground Conductors and Devices	63,089,210	2,928,273	170,086			65,847,397
368.00 Line Transformers	75,696,778	4,961,189	516,831		(8,728)	80,132,409
369.00 Overhead Services	12,101,446	205,966	13,925			12,293,487
369.10 Underground Services	35,005,457	1,366,880	32,126			36,340,210
370.00 Meters	22,160,086	1,371,083	533,904			22,997,266
370.10 Load Management Switches	8,860,392		145,345			8,715,047
370.20 Interruption Monitors	645,863					645,863
371.20 Other Private Lighting	4,130,401	249,581	103,787			4,276,194
373.00 Street Lighting and Signal Systems	4,744,947	186,986	88,598			4,843,334
Total Distribution Plant	\$ 404,378,564	\$ 18,887,975	\$ 2,440,987		\$ (129,860)	\$ 420,695,692
GENERAL PLANT						
390.00 Structures and Improvements	\$ 19,227,812	\$ 662,438	\$ 170,992		(\$50,131)	\$ 19,669,126
390.10 General Office Buildings	5,536,383	2,362	4,478		(32,182)	5,502,085
390.20 Fleet Service Center Buildings	815,155	4,201	4,866		1,101	815,591
390.30 Central Stores Building	3,904,166	25,629	36,146		81,212	3,974,861
391.00 Office Furniture	1,488,916	105,543	130,428		(21,704)	1,442,327
391.10 Office Equipment	1,016,129		10,686			1,005,443
391.20 Duplicating Equipment	687,242		5,533			681,709
391.50 Computer Systems	3,212,597	559,849	343,020			3,429,426
391.60 Computer Related Equipment	1,379,920	291,319	260,921			1,410,318
394.00 Tools, Shop and Garage Equipment	3,256,553	446,798	127,946		21,704	3,597,109
394.20 Automated Meter Reading Equipment	589,444					589,444
396.00 Power Operated Equipment	586,118	39,218	52,217			573,119
397.00 Communication Equipment	662,089	301,591	55,546			908,134
397.10 Radio Telecommunications Equipment	1,355,018	243,300	124,699			1,473,619
397.20 Microwave Equipment	3,422,579	609,478	14,130			4,017,927
397.30 Radio Load Control Equipment	446,920	(2,041)	41,800			403,080
397.40 Communication Equipment - Towers	1,691,775	187,191				1,878,966
Total General Plant	\$ 49,278,816	\$ 3,476,876	\$ 1,383,409		\$ -	\$ 51,372,283
TOTAL DEPRECIABLE PLANT	\$ 1,379,488,375	\$ 42,641,786	\$ 10,290,892		\$ (3,416)	\$ 1,411,835,853

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2013

Statement H

Account Description	Beginning Balance	Credits		Debits		Other Credits (Debits)	Ending Balance
		Accruals	Gross Salvage	Retirements	Cost of Removal		
A	B	C	D	E	F	G	H
STEAM PRODUCTION							
311.00 Structures and Improvements	\$ 46,003,918	\$ 1,174,029		\$ 56,486	\$ 16,140		\$ 47,105,320
312.00 Boiler Plant Equipment	124,514,402	6,047,170	35,146	1,398,585	223,018		128,975,115
314.00 Turbo Generator Units	36,060,473	1,796,701	3,516,111	3,134,406	79,128		38,159,750
315.00 Accessory Electric Equipment	15,887,998	543,016		54,028	21,741		16,355,245
316.00 Misc. Power Plant Equipment	3,185,079	174,055	56,410	356,862			3,058,681
Total Steam Production	\$ 225,651,869	\$ 9,734,970	\$ 3,607,666	\$ 5,000,367	\$ 340,027		\$ 233,654,111
HYDRAULIC PRODUCTION							
331.00 Structures and Improvements	\$ 176,363	\$ 18,678					\$ 195,041
332.00 Reservoirs, Dams and Waterways	1,117,134	216,475				(2,707)	1,330,902
333.00 Water Wheels, Turbines and Gen.	521,937	57,036					578,973
334.00 Accessory Electric Equipment	327,639	28,213				24	355,876
335.00 Misc. Power Plant Equipment	37,180	38,032				2,683	77,895
Total Hydraulic Production	\$ 2,180,253	\$ 358,433	\$ -	\$ -	\$ -		\$ 2,538,687
OTHER PRODUCTION							
341.00 Structures and Improvements	\$ 2,851,840	\$ 442,718		\$ 3,906			\$ 3,290,652
342.00 Fuel Holders and Accessories	694,063	63,624	593	28,008	15,000		715,272
343.00 Prime Movers	14,186,057	806,741		29,340			14,963,458
344.00 Generators	38,280,434	9,407,458	12,000	843,799	115,666		46,740,428
345.00 Accessory Electric Equipment	3,771,559	763,236		341		(3,050)	4,531,405
346.00 Misc. Power Plant Equipment	163,279	13,621		34,068		3,050	145,882
Total Other Production	\$ 59,947,232	\$ 11,497,398	\$ 12,593	\$ 939,461	\$ 130,666		\$ 70,387,097
TRANSMISSION PLANT							
353.00 Station Equipment	\$ 17,890,625	\$ 1,235,397	\$3,505	\$ 384,761	\$ 19,052	\$ 1,767	\$ 18,727,481
354.00 Towers and Fixtures	2,425,530	89,480					2,515,011
355.00 Poles and Fixtures	41,124,503	2,316,770	203,775	56,403	70,293	19,550	43,537,901
356.00 Overhead Conductors and Devices	33,205,849	1,628,128	127,320	85,504	45,354	15,130	34,845,569
358.00 Underground Conductors and Devices	67,641	1,642					69,283
Total Transmission Plant	\$ 94,714,148	\$ 5,271,417	\$ 334,600	\$ 526,669	\$ 134,699	\$ 36,447	\$ 99,695,245

OTTER TAIL POWER COMPANY
Analysis of Depreciation Reserve for 2013

Statement H

Account Description	Beginning Balance	Credits		Debits		Other Credits (Debits)	Ending Balance
		Accruals	Gross Salvage	Retirements	Cost of Removal		
A	B	C	D	E	F	G	H
DISTRIBUTION PLANT							
362.00 Station Equipment	\$ 18,311,085	\$ 1,615,288	\$310,113	\$ 622,884	\$ 149,843	\$ 1,150	\$ 19,464,909
364.00 Poles, Towers and Fixtures	34,934,377	1,719,180	35,620	90,650	206,854	(19,550)	36,372,123
365.00 Overhead Conductors and Devices	35,008,164	1,478,273	32,072	122,851	117,869	(15,130)	36,262,658
367.00 Underground Conductors and Devices	29,739,808	1,800,264	10,712	170,086	27,637		31,353,061
368.00 Line Transformers	11,260,520	1,121,815	479,840	516,831	466,016	(2,917)	11,876,411
369.00 Overhead Services	13,322,386	580,414		13,925	58,650		13,830,225
369.10 Underground Services	13,855,822	914,957		32,126	14,000		14,724,653
370.00 Meters	7,781,798	658,466	4,746	533,904	2		7,911,103
370.10 Load Management Switches	4,489,887	505,489		145,345			4,850,031
370.20 Interruption Monitors	508,326	129,173					637,499
371.20 Other Private Lighting	1,002,808	171,268	7,425	103,787	7,163		1,070,551
373.00 Street Lighting and Signal Systems	2,465,878	248,259	1,593	88,598	3,774		2,623,357
Total Distribution Plant	\$ 172,680,858	\$ 10,942,847	\$ 882,119	\$ 2,440,987	\$ 1,051,808	\$ (36,447)	\$ 180,976,581
GENERAL PLANT							
390.00 Structures and Improvements	\$ 4,610,220	\$ 352,689		\$ 170,992	\$ 7,500	\$ 6,253	\$ 4,790,670
390.10 General Office Buildings	2,286,040	194,919		4,478		(13,659)	2,462,822
390.20 Fleet Service Center Buildings	477,625	28,534		4,866		213	501,506
390.30 Central Stores Building	1,997,271	93,018		36,146		7,193	2,061,336
391.00 Office Furniture	937,966	97,619		130,428		(20,559)	884,598
391.10 Office Equipment	511,522	101,581		10,686			602,417
391.20 Duplicating Equipment	467,842	68,217		5,533			530,526
391.50 Computer Systems	1,161,372	717,819		343,020			1,536,170
391.60 Computer Related Equipment	609,391	311,380		260,921			659,850
394.00 Tools, Shop and Garage Equipment	1,244,412	230,697		127,946		20,559	1,367,722
394.20 Automated Meter Reading Equipment	221,062	39,296					260,358
396.00 Power Operated Equipment	227,787	19,550		52,217			195,121
397.00 Communication Equipment	269,621	54,129		55,546			268,204
397.10 Radio Telecommunications Equipment	562,520	157,796		124,699			595,616
397.20 Microwave Equipment	1,654,795	234,351		14,130			1,875,016
397.30 Radio Load Control Equipment	145,421	44,590		41,800			148,211
397.40 Communication Equipment - Towers	718,209	59,785					777,995
Total General Plant	\$ 18,103,077	\$ 2,805,970	\$ -	\$ 1,383,409	\$ 7,500	\$ -	\$ 19,518,138
TOTAL DEPRECIABLE PLANT	\$ 573,277,438	\$ 40,611,035	\$ 4,836,978	\$ 10,290,892	\$ 1,664,700	\$ -	\$ 606,769,859

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2013

Statement I

Account Description A	Beginning Plant Balance	Est. Future Net Salvage		Beginning Depreciation Reserve	Net Balance	Projection Life (Yrs.)	Remaining Life (Yrs.)	Annual Accrual	Accrual Rate
	B	Percent	Amount	E	F=B-D-E	G	H	I=F/H	J=I/B
STEAM PRODUCTION									
311.00 Structures and Improvements	\$ 61,837,428	-7.1%	\$ (4,390,457)	\$ 46,003,918	\$ 20,223,967		16.95	\$ 1,193,154	1.93%
312.00 Boiler Plant Equipment	202,860,000	-7.5%	(15,214,500)	124,514,402	93,560,098		15.51	6,032,244	2.97%
314.00 Turbo Generator Units	60,589,909	-7.9%	(4,786,603)	36,060,473	29,316,039		15.85	1,849,592	3.05%
315.00 Accessory Electric Equipment	23,504,826	-7.2%	(1,692,347)	15,887,998	9,309,175		17.03	546,634	2.33%
316.00 Misc. Power Plant Equipment	5,467,569	-7.8%	(426,470)	3,185,079	2,708,960		15.00	180,597	3.30%
Total Steam Production	\$ 354,259,730	-7.5%	\$ (26,510,378)	\$ 225,651,869	\$ 155,118,240		15.82	\$ 9,802,222	2.77%
HYDRAULIC PRODUCTION									
331.00 Structures and Improvements	\$ 351,712		\$ -	\$ 176,363	\$ 175,349		9.39	\$ 18,674	5.31%
332.00 Reservoirs, Dams and Waterways	3,148,824			1,117,134	2,031,689		9.38	216,598	6.88%
333.00 Water Wheels, Turbines and Gen.	1,057,186			521,937	535,249		9.38	57,063	5.40%
334.00 Accessory Electric Equipment	592,375			327,639	264,736		9.38	28,223	4.76%
335.00 Misc. Power Plant Equipment	393,336			37,180	356,155		9.38	37,970	9.65%
Total Hydraulic Production	\$ 5,543,432		\$ -	\$ 2,180,253	\$ 3,363,179		9.38	\$ 358,528	6.47%
OTHER PRODUCTION									
341.00 Structures and Improvements	\$ 12,721,530		\$ -	\$ 2,851,840	\$ 9,869,690		22.33	\$ 441,992	3.47%
342.00 Fuel Holders and Accessories	1,782,049			694,063	1,087,986		19.62	55,453	3.11%
343.00 Prime Movers	31,658,649			14,186,057	17,472,593		20.88	836,810	2.64%
344.00 Generators	240,489,740			38,280,434	202,209,305		21.50	9,405,084	3.91%
345.00 Accessory Electric Equipment	20,011,664			3,771,559	16,240,105		21.45	757,114	3.78%
346.00 Misc. Power Plant Equipment	442,906			163,279	279,627		20.29	13,782	3.11%
Total Other Production	\$ 307,106,538		\$ -	\$ 59,947,232	\$ 247,159,306		21.47	\$ 11,510,235	3.75%
TRANSMISSION PLANT									
353.00 Station Equipment	\$ 74,896,201	-5.0%	\$ (3,744,810)	\$ 17,890,625	\$ 60,750,386	60.00	49.09	\$ 1,237,531	1.65%
354.00 Towers and Fixtures	4,692,263	-10.0%	(469,226)	2,425,530	2,735,959	70.00	38.90	70,333	1.50%
355.00 Poles and Fixtures	101,637,471	-50.0%	(50,818,735)	41,124,503	111,331,703	65.00	47.58	2,339,884	2.30%
356.00 Overhead Conductors and Devices	77,617,900	-30.0%	(23,285,370)	33,205,849	67,697,421	60.00	42.29	1,600,790	2.06%
358.00 Underground Conductors and Devices	77,461	-5.0%	(3,873)	67,641	13,692	35.00	8.34	1,642	2.12%
Total Transmission Plant	\$ 258,921,295	-30.2%	\$ (78,322,015)	\$ 94,714,148	\$ 242,529,162		46.19	\$ 5,250,180	2.03%

OTTER TAIL POWER COMPANY
Summary of Annual Depreciation Accruals for 2013

Statement I

Account Description	Beginning Plant	Est. Future Net Salvage		Beginning Depreciation	Net	Projection	Remaining	Annual	Accrual	
	Balance	Percent	Amount	Reserve	Balance	Life (Yrs.)	Life (Yrs.)	Accrual	Rate	
A	B	C	D	E	F=B-D-E	G	H	I=F/H	J=I/B	
DISTRIBUTION PLANT										
362.00 Station Equipment	\$ 67,383,703	5.0%	\$ 3,369,185	\$ 18,311,085	\$ 45,703,433	38.00	28.76	\$ 1,589,132	2.36%	
364.00 Poles, Towers and Fixtures	64,643,246	-75.0%	(48,482,434)	34,934,377	78,191,304	65.00	46.01	1,699,442	2.63%	
365.00 Overhead Conductors and Devices	45,917,036	-100.0%	(45,917,036)	35,008,164	56,825,908	60.00	38.74	1,466,854	3.19%	
367.00 Underground Conductors and Devices	63,089,210	-5.0%	(3,154,460)	29,739,808	36,503,862	35.00	20.53	1,778,074	2.82%	
368.00 Line Transformers	75,696,778	50.0%	37,848,389	11,260,520	26,587,869	32.00	24.23	1,097,312	1.45%	
369.00 Overhead Services	12,101,446	-150.0%	(18,152,168)	13,322,386	16,931,228	50.00	29.33	577,267	4.77%	
369.10 Underground Services	35,005,457	-20.0%	(7,001,091)	13,855,822	28,150,726	45.00	31.19	902,556	2.58%	
370.00 Meters	22,160,086			7,781,798	14,378,288	32.00	22.00	653,559	2.95%	
370.10 Load Management Switches	8,860,392			4,489,887	4,370,505	15.00	8.58	509,383	5.75%	
370.20 Interruption Monitors*	645,863			508,326	137,537	5.00	1.70	80,904	12.53%	
371.20 Other Private Lighting	4,130,401	10.0%	413,040	1,002,808	2,714,553	22.00	16.22	167,358	4.05%	
373.00 Street Lighting and Signal Systems	4,744,947	-5.0%	(237,247)	2,465,878	2,516,316	18.00	10.28	244,778	5.16%	
Total Distribution Plant	\$ 404,378,564	-20.1%	\$ (81,313,823)	\$ 172,680,858	\$ 313,011,529		29.07	\$ 10,766,618	2.66%	
GENERAL PLANT										
390.00 Structures and Improvements	\$ 19,227,812	10.0%	\$ 1,922,781	\$ 4,610,220	\$ 12,694,810	50.00	36.38	\$ 348,950	1.81%	
390.10 General Office Buildings	5,536,383	-5.0%	(276,819)	2,286,040	3,527,161		18.05	195,411	3.53%	
390.20 Fleet Service Center Buildings	815,155	-5.0%	(40,758)	477,625	378,288		13.26	28,528	3.50%	
390.30 Central Stores Building	3,904,166	-5.0%	(195,208)	1,997,271	2,102,103		22.75	92,400	2.37%	
391.00 Office Furniture*	1,488,916			937,966	550,949	15.00				
391.10 Office Equipment*	1,016,129			511,522	504,606	10.00				
391.20 Duplicating Equipment*	687,242			467,842	219,400	10.00				
391.50 Computer Systems*	3,212,597			1,161,372	2,051,225	5.00				
391.60 Computer Related Equipment*	1,379,920			609,391	770,529	5.00				
394.00 Tools, Shop and Garage Equipment*	3,256,553			1,244,412	2,012,141	15.00				
394.20 Automated Meter Reading Equipment*	589,444			221,062	368,382	15.00				
396.00 Power Operated Equipment	586,118	5.0%	29,306	227,787	329,025	23.00	16.63	19,785	3.38%	
397.00 Communication Equipment*	662,089			269,621	392,468	15.00				
397.10 Radio Telecommunications Equipment*	1,355,018			562,520	792,498	10.00				
397.20 Microwave Equipment*	3,422,579			1,654,795	1,767,784	15.00				
397.30 Radio Load Control Equipment*	446,920			145,421	301,500	10.00				
397.40 Communication Equipment - Towers	1,691,775	5.0%	84,589	718,209	888,977	30.00	15.98	55,631	3.29%	
Total General Plant	\$ 49,278,816	3.1%	\$ 1,523,891	\$ 18,103,077	\$ 29,651,848		40.03	\$ 740,705	1.50%	
TOTAL DEPRECIABLE PLANT	\$ 1,379,488,375	-13.4%	\$ (184,622,325)	\$ 573,277,438	\$ 990,833,263		25.78	\$ 38,428,488	2.79%	

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

**OTTER TAIL POWER COMPANY
2014 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2015**

<u>Account Number</u>	<u>Class of Utility Plant</u>	<u>Remaining Life (Yrs)</u>	<u>Net Salvage (%)</u>	<u>Amortization Period (Yrs)</u>
STEAM PRODUCTION				
<u>Big Stone Plant</u>				
311-101	Structures & Improvements	31.07	-11.8%	
312-101	Boiler Plant Equipment	31.11	-11.8%	
314-101	Turbogenerator Units	31.13	-11.8%	
315-101	Accessory Electric Equipment	31.09	-11.8%	
316-101	Misc. Power Plant Equipment	31.11	-11.4%	
<u>Hoot Lake Plant - Units 2 & 3</u>				
311-102	Structures & Improvements	6.44	-14.1%	
312-102	Boiler Plant Equipment	6.45	-14.1%	
314-102	Turbogenerator Units	6.44	-14.1%	
315-102	Accessory Electric Equipment	6.44	-14.1%	
316-102	Misc. Power Plant Equipment	6.45	-14.1%	
<u>Coyote Station</u>				
311-103	Structures & Improvements	26.48	-8.6%	
312-103	Boiler Plant Equipment	26.49	-8.6%	
314-103	Turbogenerator Units	26.52	-8.6%	
315-103	Accessory Electric Equipment	26.50	-8.6%	
316-103	Misc. Power Plant Equipment	26.51	-8.3%	
HYDRAULIC PRODUCTION				
<u>Hoot Lake Hydro Unit</u>				
331-131	Structures & Improvements	7.42	0.0%	
332-131	Reservoirs, Dams & Waterways	7.43	0.0%	
333-131	Water Wheels, Turbines & Gen.	7.42	0.0%	
334-131	Accessory Electric Equipment	7.43	0.0%	
335-131	Misc. Power Plant Equipment	7.43	0.0%	
<u>Wright Hydro Unit</u>				
331-132	Structures & Improvements	7.43	0.0%	
332-132	Reservoirs, Dams & Waterways	7.43	0.0%	
333-132	Water Wheels, Turbines & Gen.	7.43	0.0%	
334-132	Accessory Electric Equipment	7.43	0.0%	
335-132	Misc. Power Plant Equipment	7.43	0.0%	
<u>Pisgah Hydro Unit</u>				
331-133	Structures & Improvements	7.42	0.0%	
332-133	Reservoirs, Dams & Waterways	7.43	0.0%	
333-133	Water Wheels, Turbines & Gen.	7.43	0.0%	
334-133	Accessory Electric Equipment	7.43	0.0%	
335-133	Misc. Power Plant Equipment	7.43	0.0%	
<u>Dayton Hollow Hydro Unit</u>				
331-134	Structures & Improvements	7.43	0.0%	
332-134	Reservoirs, Dams & Waterways	7.43	0.0%	
333-134	Water Wheels, Turbines & Gen.	7.43	0.0%	
334-134	Accessory Electric Equipment	7.43	0.0%	
335-134	Misc. Power Plant Equipment	7.43	0.0%	

**OTTER TAIL POWER COMPANY
2014 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2015**

<u>Account Number</u>	<u>Class of Utility Plant</u>	<u>Remaining Life (Yrs)</u>	<u>Net Salvage (%)</u>	<u>Amortization Period (Yrs)</u>
<u>Taplin Gorge Hydro Unit</u>				
331-135	Structures & Improvements	7.42	0.0%	
332-135	Reservoirs, Dams & Waterways	7.43	0.0%	
333-135	Water Wheels, Turbines & Gen.	7.41	0.0%	
334-135	Accessory Electric Equipment	7.43	0.0%	
335-135	Misc. Power Plant Equipment	7.43	0.0%	
<u>Bemidji Hydro Unit</u>				
331-138	Structures & Improvements	7.43	0.0%	
332-138	Reservoirs, Dams & Waterways	7.43	0.0%	
333-138	Water Wheels, Turbines & Gen.	7.43	0.0%	
334-138	Accessory Electric Equipment	7.42	0.0%	
335-138	Misc. Power Plant Equipment	7.43	0.0%	
OTHER PRODUCTION				
<u>Jamestown Unit 1</u>				
341-140	Structures & Improvements	9.38	-1.4%	
342-140	Fuel Holders & Accessories	9.39	-1.4%	
343-140	Prime Movers	9.38	-1.4%	
345-140	Accessory Electric Equipment	9.38	-1.4%	
346-140	Misc. Power Plant Equipment	9.39	-1.4%	
<u>Jamestown Unit 2</u>				
341-142	Structures & Improvements	9.39	-1.4%	
342-142	Fuel Holders & Accessories	9.38	-1.4%	
343-142	Prime Movers	9.38	-1.4%	
345-142	Accessory Electric Equipment	9.39	-1.4%	
346-142	Misc. Power Plant Equipment	9.38	-1.4%	
<u>Lake Preston</u>				
341-141	Structures & Improvements	9.38	-2.4%	
342-141	Fuel Holders & Accessories	9.38	-2.4%	
343-141	Prime Movers	9.38	-2.4%	
345-141	Accessory Electric Equipment	9.38	-2.4%	
346-141	Misc. Power Plant Equipment	9.38	-2.4%	
<u>Fergus Falls Control Center</u>				
343-143	Prime Movers	16.14	0.0%	
<u>Solway Combustion Turbine Plant</u>				
341-144	Structures & Improvements	23.73	-0.4%	
342-144	Fuel Holders & Accessories	23.73	-0.4%	
343-144	Prime Movers	23.73	-0.4%	
345-144	Accessory Electric Equipment	23.73	-0.4%	
346-144	Misc. Power Plant Equipment	23.73	-0.4%	
<u>Langdon Wind Energy Center</u>				
341-160	Structures & Improvements	18.07	-1.5%	
344-160	Generators	18.07	-1.5%	
345-160	Accessory Electric Equipment	18.07	-1.5%	
346-160	Misc. Power Plant Equipment	18.07	-1.5%	

**OTTER TAIL POWER COMPANY
2014 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE FOR USE IN 2015**

<u>Account Number</u>	<u>Class of Utility Plant</u>	<u>Remaining Life (Yrs)</u>	<u>Net Salvage (%)</u>	<u>Amortization Period (Yrs)</u>
<u>Ashtabula Wind Energy Center</u>				
341-161	Structures & Improvements	19.02	-1.2%	
344-161	Generators	19.02	-1.2%	
345-161	Accessory Electric Equipment	19.02	-1.2%	
346-161	Misc. Power Plant Equipment	19.02	-1.2%	
<u>Luverne Wind Energy Center</u>				
341-162	Structures & Improvements	19.97	-2.0%	
344-162	Generators	19.97	-2.0%	
345-162	Accessory Electric Equipment	19.97	-2.0%	
346-162	Misc. Power Plant Equipment	19.97	-2.0%	
TRANSMISSION				
353	Station Equipment	52.96	-5.0%	
354	Towers & Fixtures	55.88	-10.0%	
355	Poles & Fixtures	53.85	-50.0%	
356	Overhead Conductor & Devices	53.33	-30.0%	
358	Underground Conductor & Devices	10.33	-5.0%	
DISTRIBUTION				
362	Station Equipment	32.24	5.0%	
364	Poles, Towers & Fixtures	48.37	-75.0%	
365	Overhead Conductor & Devices	44.11	-100.0%	
367	Underground Conductor & Devices	24.63	-5.0%	
368	Line Transformers	28.20	50.0%	
369	Overhead Services	32.98	-150.0%	
369.1	Underground Services	30.51	-20.0%	
370	Meters	20.69	0.0%	
370.1	Load Management Switches	3.56	0.0%	
370.20	Interruption Monitors			5
371.20	Other Private Lighting	17.10	10.0%	
373	Street Lighting & Signal System	15.24	-5.0%	
GENERAL PLANT				
Depreciable				
390	Structures & Improvements	31.71	10.0%	
390.1	General Office Buildings	16.14	51.5%	
390.2	Fleet Service Center Buildings	11.32	38.6%	
390.3	Central Stores Building	20.87	93.8%	
396	Power Operated Equipment	17.03	20.0%	
397.4	Communication Towers	25.69	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
ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

Future Additions and Retirements

As indicated in the 2014 Annual 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 4 of the Study).

Otter Tail’s involvement in the Big Stone Plant’s (“BSP”) Air Quality Control System (“AQCS”), which is planned to go into service in 2015, does impact this filing because the effective date for the new depreciation parameters are also effective for 2015. Otter Tail and the other owners of the Big Stone Plant are in the process of constructing an AQCS for the Plant. The AQCS project is required to comply with the Environmental Protection Agency (“EPA”) Regional Haze Rules and it has received an Advance Determination of Prudence from the Commission in Docket No. E017/M-10-1082. The Big Stone Plant is subject to the Regional Haze Rule, which was promulgated by the EPA to protect the visibility in 156 designated national parks and wilderness areas. The rule requires states to identify sources within their state that might adversely affect visibility in the designated areas and to require installation of Best Available Retrofit Technology (“BART”) that would reduce the visibility impact. Otter Tail submitted a BART study to the South Dakota Department of Environment and Natural Resources (“SDDENR”) that identified the need for installation of technology to reduce sulfur dioxide (“SO₂”) and oxides of nitrogen (“NO_x”) emissions at Big Stone Plant. The SDDENR has 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 \$384.2 million project (\$207.1 million OTP share) to be completed in late 2015.

With respect to retirements, Otter Tail is unaware of any major future retirements that would materially affect this filing’s certification results.

In addition to discussing future additions or retirements affecting the current certification results, it is the Company’s practice to also discuss future additions and retirements and potential future additions and retirements that may have an effect on *future* depreciation expense or *future* certification results. Otter Tail’s 2013 five-year depreciation filing provided some discussion of these projects and we provide below additional updates on current projects or ones being considered.

Otter Tail continues to invest in the CapX 2020 transmission line build out initiative currently taking place primarily in Minnesota. 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

OTTER TAIL POWER COMPANY
ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

kV project commonly referred to as Fargo Phase 1. Fargo Phase 1 includes the line segments from the Monticello sub to the St. Cloud quarry sub. No CapX2020 project segments were placed into service in 2013. During 2014, however, Fargo Phase II (St. Cloud Quarry sub to Alexandria sub) and the Helena sub to Lyon County sub portion of the Brookings to Twin Cities CapX 2020 transmission segments were placed into service. Other line segments are expected to be placed into service in 2015 including Fargo phase III (Alexandria Sub to the MN/ND border and the remaining Brookings to South Twin Cities line segments.

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 in Docket No. E017/RP-10-623 approving Otter Tail’s proposal to retrofit the plant to comply with EPA’s Mercury and Air Toxics Standards (“MATS”). As a result, Otter Tail is currently investing in the Hoot Lake Plant Mercury and Air Toxics Standards project. This \$8.0 million project will allow the plant to remain operational by meeting the EPA MATS through the plant’s planned retirement at the end of 2020. 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. This project is planned to go into service later in 2014. While the additional approximate \$1.3 million of annual depreciation expense resulting from this project is not reflected in this filing because it was not part of the Plant in Service balance at the end of 2013, the effect of this depreciation expense increase will be reflected in rates developed for next year’s (2015) depreciation filing.

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

**OTTER TAIL POWER COMPANY
2014 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Comparison of Resource Plan to Annual Depreciation Filing**

Generating Unit	Retirement Dates			Comments
	Resource Plan 2014 - 2028, (prior to capacity expansion analysis)	2014 Depreciation Study (Attachment No. 1)	Difference	
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 the 2014 Annual Technical Update 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.
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 IRP assumes operation of this low cost resources through the entire resource plan time frame. The Depreciation filing makes annual assessments on the condition of the facility and if it passes the assessment, it 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. The 2014 assessment revealed a one year extension this year was not warranted.
> Lake Preston Combustion Turbine	Dec-2029	Jun-2023	6 years	The IRP assumes operation of this low cost resources through the entire resource plan time frame. The Depreciation filing makes annual assessments on the condition of the facility and if it passes the assessment, it 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. The 2014 assessment revealed a one year extension this year was not warranted.
> 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 retirement is outside of resource plan study period. Depreciation study accounts for assets functionality as control center black start and back up strategic functionality. Unit classified as an Emergency Generator as defined by EPA Rice rules.

Note:

The Company's current working version of the Resource Plan (RP) was 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 plants remaining 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.

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Request for Approval of its
2014 Annual Review of Depreciation Certification
Docket No. E017/D-14-___**

I, Jana Emery, 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
Compliance Filing**

Dated this **29th** day of **August 2014**.

/s/ JANA EMERY
Jana Emery
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8879

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_2014 Annual Depreciation Filing
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	Suite 4800 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
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_2014 Annual Depreciation Filing
Loyal	Demmer	ldemmer@otpc.com	Otter Tail Power Co.	215 South Cascade Street PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
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_2014 Annual Depreciation Filing
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
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_2014 Annual Depreciation Filing
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_2014 Annual Depreciation Filing
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	12 S 6th St Ste 1137 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_2014 Annual Depreciation Filing
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_2014 Annual Depreciation Filing

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	12/31/13	North Dakota	Current Annual Accrual		Proposed Annual Accrual		Difference	
	Plant Investment	Allocation Factor	Total	North Dakota	Total	North Dakota	Total	North Dakota
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
STEAM PRODUCTION								
311.00 Structures and Improvements	\$ 61,995,888	0.41020961	\$ 1,143,449	\$ 469,054	\$ 923,720	\$ 378,918	\$ (219,729)	\$ (90,136)
312.00 Boiler Plant Equipment	203,418,208	0.41020961	6,551,482	2,687,480	5,214,768	2,139,148	(1,336,714)	(548,332)
314.00 Turbogenerator Units	63,168,000	0.41020961	1,905,858	781,801	1,428,432	585,957	(477,426)	(195,844)
315.00 Accessory Electric Equipment	23,976,144	0.41020961	530,111	217,456	460,742	189,001	(69,369)	(28,455)
316.00 Miscellaneous Power Plant Equipment	5,420,910	0.41020961	190,780	78,260	163,686	67,146	(27,094)	(11,114)
Total Steam Production Plant	\$ 357,979,150		\$ 10,321,680	\$ 4,234,051	\$ 8,191,348	\$ 3,360,170	\$ (2,130,332)	\$ (873,881)
HYDRAULIC PRODUCTION								
331.00 Structures and Improvements	\$ 351,712	0.41020961	\$ 20,849	\$ 8,552	\$ 21,083	\$ 8,648	\$ 234	\$ 96
332.00 Reservoirs, Dams and Waterways	3,709,279	0.41020961	295,723	121,310	320,085	131,303	24,362	9,993
333.00 Water Wheels, Turbines & Generators	1,057,186	0.41020961	63,643	26,107	64,375	26,407	732	300
334.00 Accessory Electric Equipment	592,400	0.41020961	31,483	12,915	31,828	13,056	345	141
335.00 Miscellaneous Power Plant Equipment	442,624	0.41020961	48,135	19,746	49,085	20,135	950	389
Total Hydraulic Production Plant	\$ 6,153,201		\$ 459,833	\$ 188,630	\$ 486,456	\$ 199,549	\$ 26,623	\$ 10,919
OTHER PRODUCTION								
341.00 Structures and Improvements	\$ 12,812,005	0.41020961	\$ 480,650	\$ 196,866	\$ 487,534	\$ 199,690	\$ 6,884	\$ 2,824
342.00 Fuel Holders and Accessories	1,748,265	0.41020961	64,007	26,257	66,884	27,437	2,877	1,180
343.00 Prime Movers	31,687,156	0.41020961	844,185	346,293	845,166	346,695	981	402
344.00 Generators	240,974,741	0.41020961	10,333,680	4,229,921	10,420,446	4,265,437	86,766	35,516
345.00 Accessory Electric Equipment	20,708,614	0.41020961	860,915	352,447	871,577	356,812	10,662	4,365
346.00 Miscellaneous Power Plant Equipment	492,263	0.41020961	17,007	6,974	18,397	7,544	1,390	570
Total Other Production Plant	\$ 308,423,044		\$ 12,600,444	\$ 5,158,758	\$ 12,710,004	\$ 5,203,615	\$ 109,560	\$ 44,857
TRANSMISSION PLANT								
353.00 Station Equipment	\$ 78,145,172	0.42219898	\$ 1,195,621	\$ 504,790	\$ 1,195,621	\$ 504,790	\$ -	\$ -
354.00 Towers and Fixtures	12,357,116	0.42219898	190,300	80,344	197,714	83,475	7,414	3,131
355.00 Poles and Fixtures	94,749,175	0.42219898	1,866,559	788,059	1,828,659	772,058	(37,900)	(16,001)
356.00 Overhead Conductors and Devices	81,883,560	0.42219898	1,342,890	566,967	1,342,890	566,967		
358.00 Underground Conductors and Devices	77,461	0.42219898	1,263	533	1,170	494	(93)	(39)
Total Transmission Plant	\$ 267,212,484		\$ 4,596,633	\$ 1,940,693	\$ 4,566,054	\$ 1,927,784	\$ (30,579)	\$ (12,909)
DISTRIBUTION PLANT								
362.00 Station Equipment	\$ 71,102,531	0.45604676	\$ 1,500,263	\$ 684,190	\$ 1,493,153	\$ 680,948	\$ (7,110)	\$ (3,242)
364.00 Poles, Towers and Fixtures	66,399,850	0.45604676	1,646,716	750,979	1,653,356	754,008	6,640	3,029
365.00 Overhead Conductors and Devices	47,102,109	0.45604676	1,314,149	599,313	1,314,149	599,313		
367.00 Underground Conductors and Devices	65,847,397	0.45604676	1,534,244	699,687	1,534,244	699,687		
368.00 Line Transformers	80,132,409	0.45604676	1,001,655	456,802	1,001,655	456,802		

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Statement B

Account Description	12/31/13	North Dakota	Current Annual Accrual		Proposed Annual Accrual		Difference	
	Plant	Allocation	Total	North Dakota	Total	North Dakota	Total	North Dakota
	Investment	Factor	D	E=C*D	F	G=C*F	H=F-D	I=G-E
A	B	C	D	E=C*D	F	G=C*F	H=F-D	I=G-E
369.00 Overhead Services	12,293,487	0.45604676	512,638	233,787	512,638	233,787		
369.10 Underground Services	36,340,210	0.45604676	944,845	430,894	948,479	432,551	3,634	1,657
370.00 Meters	22,997,266	0.45604676	722,114	329,318	729,013	332,464	6,899	3,146
370.10 Load Management Switches	8,715,047	0.45604676	972,599	443,551	1,085,895	495,219	113,296	51,668
370.20 Interruption Monitors	645,863	0.45604676	15,571	7,101	15,571	7,101		
371.20 Other Private Lighting	4,276,194	0.45604676	164,206	74,886	163,351	74,496	(855)	(390)
373.00 Street Lighting and Signal Systems	4,843,334	0.45604676	166,611	75,982	161,767	73,773	(4,844)	(2,209)
Total Distribution Plant	\$ 420,695,697		\$ 10,495,611	\$ 4,786,490	\$ 10,613,271	\$ 4,840,149	\$ 117,660	\$ 53,659
GENERAL PLANT								
Depreciable								
390.00 Structures and Improvements	\$ 19,669,126	0.43253537	\$ 407,151	\$ 176,107	\$ 407,151	\$ 176,107	\$ -	\$ -
390.10 General Office Buildings	5,502,085	0.43253537	24,209	10,471	12,655	5,474	(11,554)	(4,997)
390.20 Fleet Service Center Building	815,591	0.43253537	1,876	811	(82)	(35)	(1,958)	(846)
390.30 Central Stores Building	3,974,861	0.43253537	(85,062)	(36,792)	(87,049)	(37,652)	(1,987)	(860)
396.00 Power Operated Equipment	573,119	0.43253537	14,041	6,073	15,474	6,693	1,433	620
397.40 Communication Towers	1,878,966	0.43253537	39,458	17,067	39,270	16,986	(188)	(81)
Total Depreciable	\$ 32,413,748		\$ 401,673	\$ 173,737	\$ 387,419	\$ 167,573	\$ (14,254)	\$ (6,164)
Amortizable								
391.00 Office Furniture	\$ 1,442,327	0.43253537	\$ 94,988	\$ 41,086	\$ 94,988	\$ 41,086	\$ -	\$ -
391.10 Office Equipment	1,005,443	0.43253537	88,287	38,187	88,287	38,187		
391.20 Duplicating Equipment	681,709	0.43253537	51,490	22,271	51,490	22,271		
391.50 Computer Systems	3,429,426	0.43253537	671,468	290,434	671,468	290,434		
391.60 Computer Related Equipment	1,410,318	0.43253537	272,631	117,923	272,631	117,923		
394.00 Tools, Shop and Garage Equipment	3,597,109	0.43253537	237,277	102,631	237,277	102,631		
394.20 Automated Meter Reading Equipment	589,444	0.43253537	39,296	16,997	39,296	16,997		
397.00 Communication Equipment	908,134	0.43253537	60,542	26,187	60,542	26,187		
397.10 Radio Telecommunication Equipment	1,473,619	0.43253537	134,106	58,006	134,106	58,006		
397.20 Microwave Equipment	4,017,927	0.43253537	261,771	113,225	261,771	113,225		
397.30 Radio Load Control Equipment	403,080	0.43253537	36,047	15,592	36,047	15,592		
Total Amortizable	\$ 18,958,536		\$ 1,947,903	\$ 842,539	\$ 1,947,903	\$ 842,539	\$ -	\$ -
Total General Plant	\$ 51,372,284		\$ 2,349,576	\$ 1,016,276	\$ 2,335,322	\$ 1,010,112	\$ (14,254)	\$ (6,164)
TOTAL UTILITY	\$ 1,411,835,860		\$ 40,823,777	\$ 17,324,898	\$ 38,902,455	\$ 16,541,379	\$ (1,921,322)	\$ (783,519)

OTTER TAIL POWER COMPANY

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

Statement B

Account Description	12/31/13 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	\$ 22,787,501	0.41020961	\$ 444,356	\$ 182,279	\$ 218,760	\$ 89,737	\$ (225,596)	\$ (92,542)
312.00 Boiler Plant Equipment	77,634,702	0.41020961	2,787,086	1,143,289	1,319,790	541,391	(1,467,296)	(601,898)
314.00 Turbogenerator Units	28,565,516	0.41020961	971,228	398,407	482,757	198,032	(488,471)	(200,375)
315.00 Accessory Electric Equipment	9,309,776	0.41020961	256,019	105,021	123,820	50,792	(132,199)	(54,229)
316.00 Miscellaneous Power Plant Equipment	2,456,874	0.41020961	79,603	32,654	41,521	17,032	(38,082)	(15,622)
Total Big Stone	\$ 140,754,369		\$ 4,538,292	\$ 1,861,650	\$ 2,186,648	\$ 896,984	\$ (2,351,644)	\$ (964,666)
Hoot Lake Units 2 and 3								
311.00 Structures and Improvements	\$ 6,116,976	0.41020961	\$ 199,413	\$ 81,801	\$ 208,589	\$ 85,565	\$ 9,176	\$ 3,764
312.00 Boiler Plant Equipment	35,292,424	0.41020961	2,262,244	927,994	2,392,826	981,560	130,582	53,566
314.00 Turbogenerator Units	10,712,723	0.41020961	389,943	159,958	408,155	167,429	18,212	7,471
315.00 Accessory Electric Equipment	2,766,673	0.41020961	65,847	27,011	132,247	54,249	66,400	27,238
316.00 Miscellaneous Power Plant Equipment	1,061,526	0.41020961	70,273	28,827	78,978	32,398	8,705	3,571
Total Hoot Lake Units 2 and 3	\$ 55,950,322		\$ 2,987,720	\$ 1,225,591	\$ 3,220,795	\$ 1,321,201	\$ 233,075	\$ 95,610
Coyote								
311.00 Structures and Improvements	\$ 33,091,411	0.41020961	\$ 499,680	\$ 204,974	\$ 496,371	\$ 203,616	\$ (3,309)	\$ (1,358)
312.00 Boiler Plant Equipment	90,491,082	0.41020961	1,502,152	616,197	1,502,152	616,197		
314.00 Turbogenerator Units	23,889,761	0.41020961	544,687	223,436	537,520	220,496	(7,167)	(2,940)
315.00 Accessory Electric Equipment	11,899,695	0.41020961	208,245	85,424	204,675	83,960	(3,570)	(1,464)
316.00 Miscellaneous Power Plant Equipment	1,902,510	0.41020961	40,904	16,779	43,187	17,716	2,283	937
Total Coyote	\$ 161,274,459		\$ 2,795,668	\$ 1,146,810	\$ 2,783,905	\$ 1,141,985	\$ (11,763)	\$ (4,825)
HYDRAULIC PRODUCTION								
Hoot Lake								
331.00 Structures and Improvements	\$ 69,354	0.41020961	\$ 187	\$ 77	\$ 187	\$ 77	\$ -	\$ -
332.00 Reservoirs, Dams and Waterways	297,674	0.41020961	7,472	3,065	7,144	2,931	(328)	(134)
333.00 Water Wheels, Turbines & Generators	104,195	0.41020961	1,678	688	1,698	697	20	9
334.00 Accessory Electric Equipment	34,651	0.41020961	769	315	776	318	7	3
335.00 Miscellaneous Power Plant Equipment	48,801	0.41020961	5,739	2,354	6,207	2,546	468	192
Total Hoot Lake	\$ 554,675		\$ 15,845	\$ 6,499	\$ 16,012	\$ 6,569	\$ 167	\$ 70
Wright								
331.00 Structures and Improvements	\$ 19,026	0.41020961	\$ 637	\$ 261	\$ 643	\$ 264	\$ 6	\$ 3
332.00 Reservoirs, Dams and Waterways	382,677	0.41020961	20,511	8,414	20,741	8,508	230	94
333.00 Water Wheels, Turbines & Generators	228,711	0.41020961	12,488	5,123	12,625	5,179	137	56
334.00 Accessory Electric Equipment	200,524	0.41020961	11,530	4,730	11,650	4,779	120	49
335.00 Miscellaneous Power Plant Equipment	115,218	0.41020961	10,473	4,296	10,600	4,348	127	52
Total Wright	\$ 946,156		\$ 55,639	\$ 22,824	\$ 56,259	\$ 23,078	\$ 620	\$ 254

OTTER TAIL POWER COMPANY

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Statement B

Account Description	12/31/13 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
<u>Pisgah</u>								
331.00 Structures and Improvements	\$ 12,118	0.41020961	\$ 324	\$ 133	\$ 327	\$ 134	\$ 3	\$ 1
332.00 Reservoirs, Dams and Waterways	341,275	0.41020961	27,234	11,172	27,541	11,298	307	126
333.00 Water Wheels, Turbines & Generators	159,732	0.41020961	11,868	4,868	12,012	4,927	144	59
334.00 Accessory Electric Equipment	99,812	0.41020961	6,358	2,608	6,428	2,637	70	29
335.00 Miscellaneous Power Plant Equipment	62,744	0.41020961	8,288	3,400	8,383	3,439	95	39
Total Pisgah	\$ 675,681		\$ 54,072	\$ 22,181	\$ 54,691	\$ 22,435	\$ 619	\$ 254
<u>Dayton Hollow</u>								
331.00 Structures and Improvements	\$ 16,269	0.41020961	\$ 1,900	\$ 779	\$ 1,921	\$ 788	\$ 21	\$ 9
332.00 Reservoirs, Dams and Waterways	1,282,054	0.41020961	132,180	54,222	147,821	60,638	15,641	6,416
333.00 Water Wheels, Turbines & Generators	226,751	0.41020961	16,598	6,809	16,802	6,892	204	83
334.00 Accessory Electric Equipment	193,342	0.41020961	9,860	4,045	9,976	4,092	116	47
335.00 Miscellaneous Power Plant Equipment	111,159	0.41020961	13,539	5,554	13,684	5,613	145	59
Total Dayton Hollow	\$ 1,829,575		\$ 174,077	\$ 71,409	\$ 190,204	\$ 78,023	\$ 16,127	\$ 6,614
<u>Taplin Gorge</u>								
331.00 Structures and Improvements	\$ 35,140	0.41020961	\$ 358	\$ 147	\$ 362	\$ 148	\$ 4	\$ 1
332.00 Reservoirs, Dams and Waterways	602,762	0.41020961	41,771	17,135	42,254	17,333	483	198
333.00 Water Wheels, Turbines & Generators	15,110	0.41020961	133	55	134	55	1	
334.00 Accessory Electric Equipment	58,695	0.41020961	2,618	1,074	2,647	1,086	29	12
335.00 Miscellaneous Power Plant Equipment	103,632	0.41020961	9,980	4,094	10,094	4,141	114	47
Total Taplin Gorge	\$ 815,339		\$ 54,860	\$ 22,505	\$ 55,491	\$ 22,763	\$ 631	\$ 258
<u>Bemidji</u>								
331.00 Structures and Improvements	\$ 199,805	0.41020961	\$ 17,443	\$ 7,155	\$ 17,643	\$ 7,237	\$ 200	\$ 82
332.00 Reservoirs, Dams and Waterways	802,837	0.41020961	66,555	27,302	74,584	30,595	8,029	3,293
333.00 Water Wheels, Turbines & Generators	322,687	0.41020961	20,878	8,564	21,104	8,657	226	93
334.00 Accessory Electric Equipment	5,376	0.41020961	348	143	351	144	3	1
335.00 Miscellaneous Power Plant Equipment	1,070	0.41020961	116	48	117	48	1	
Total Bemidji	\$ 1,331,775		\$ 105,340	\$ 43,212	\$ 113,799	\$ 46,681	\$ 8,459	\$ 3,469
OTHER PRODUCTION								
<u>Jamestown</u>								
341.00 Structures and Improvements	\$ 305,657	0.41020961	\$ 8,261	\$ 3,388	\$ 12,081	\$ 4,956	\$ 3,820	\$ 1,568
342.00 Fuel Holders and Accessories	415,964	0.41020961	23,128	9,488	25,972	10,654	2,844	1,166
343.00 Prime Movers	6,645,516	0.41020961	144,389	59,230	145,053	59,502	664	272
344.00 Generators								
345.00 Accessory Electric Equipment	222,880	0.41020961	9,639	3,954	9,625	3,949	(14)	(5)
346.00 Miscellaneous Power Plant Equipment	75,509	0.41020961	3,374	1,384	4,517	1,853	1,143	469
Total Jamestown	\$ 7,665,526		\$ 188,791	\$ 77,444	\$ 197,248	\$ 80,914	\$ 8,457	\$ 3,470

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description	12/31/13 Plant Investment	North Dakota Allocation Factor	Current Annual Accrual		Proposed Annual Accrual		Difference		
			Total	North Dakota	Total	North Dakota	Total	North Dakota	
			D	E=C*D	F	G=C*F	H=F-D	I=G-E	
Jamestown Unit 1									
341.00 Structures and Improvements	\$ 280,804	0.41020961	\$ 6,795	\$ 2,787	\$ 10,418	\$ 4,274	\$ 3,623	\$ 1,487	
342.00 Fuel Holders and Accessories	379,195	0.41020961	22,183	9,100	25,027	10,266	2,844	1,166	
343.00 Prime Movers	2,862,225	0.41020961	72,128	29,588	72,414	29,705	286	117	
344.00 Generators									
345.00 Accessory Electric Equipment	155,272	0.41020961	5,528	2,268	5,528	2,268			
346.00 Miscellaneous Power Plant Equipment	65,403	0.41020961	3,179	1,304	4,009	1,645	830	341	
Total Jamestown Unit 1	\$ 3,742,899		\$ 109,813	\$ 45,047	\$ 117,396	\$ 48,158	\$ 7,583	\$ 3,111	
Jamestown Unit 2									
341.00 Structures and Improvements	\$ 24,853	0.41020961	\$ 1,466	\$ 601	\$ 1,663	\$ 682	\$ 197	\$ 81	
342.00 Fuel Holders and Accessories	36,769	0.41020961	945	388	945	388			
343.00 Prime Movers	3,783,291	0.41020961	72,261	29,642	72,639	29,797	378	155	
344.00 Generators									
345.00 Accessory Electric Equipment	67,608	0.41020961	4,111	1,686	4,097	1,681	(14)	(5)	
346.00 Miscellaneous Power Plant Equipment	10,106	0.41020961	195	80	508	208	313	128	
Total Jamestown Unit 2	\$ 3,922,627		\$ 78,978	\$ 32,397	\$ 79,852	\$ 32,756	\$ 874	\$ 359	
Lake Preston									
341.00 Structures and Improvements	\$ 229,834	0.41020961	\$ 4,735	\$ 1,942	\$ 6,895	\$ 2,828	\$ 2,160	\$ 886	
342.00 Fuel Holders and Accessories	328,705	0.41020961	11,373	4,665	11,406	4,679	33	14	
343.00 Prime Movers	3,172,066	0.41020961	58,366	23,942	58,683	24,072	317	130	
344.00 Generators									
345.00 Accessory Electric Equipment	369,280	0.41020961	5,908	2,424	5,945	2,439	37	15	
346.00 Miscellaneous Power Plant Equipment	21,607	0.41020961	348	143	350	144	2	1	
Total Lake Preston	\$ 4,121,492		\$ 80,730	\$ 33,116	\$ 83,279	\$ 34,162	\$ 2,549	\$ 1,046	
Ashtabula Wind Generation									
341.00 Structures and Improvements	\$ 3,248,290	0.40933343	\$ 138,702	\$ 56,775	\$ 138,702	\$ 56,775	\$ -	\$ -	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	106,796,583	0.40933343	4,549,534	1,862,276	4,602,933	1,884,134	53,399	21,858	
345.00 Accessory Electric Equipment	6,372,808	0.40933343	272,119	111,387	274,031	112,170	1,912	783	
346.00 Miscellaneous Power Plant Equipment	28,417	0.40933343	1,415	579	1,455	596	40	17	
Total Ashtabula Wind Generation	\$ 116,446,098		\$ 4,961,770	\$ 2,031,017	\$ 5,017,121	\$ 2,053,675	\$ 55,351	\$ 22,658	
Langdon Wind Generation									
341.00 Structures and Improvements	\$ 2,484,069	0.40933343	\$ 107,063	\$ 43,824	\$ 107,312	\$ 43,926	\$ 249	\$ 102	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	68,868,719	0.40933343	2,988,902	1,223,458	3,002,676	1,229,096	13,774	5,638	
345.00 Accessory Electric Equipment	7,603,595	0.40933343	328,475	134,456	336,839	137,879	8,364	3,423	
346.00 Miscellaneous Power Plant Equipment	20,010	0.40933343	1,035	424	1,067	437	32	13	
Total Langdon Wind Generation	\$ 78,976,393		\$ 3,425,475	\$ 1,402,162	\$ 3,447,894	\$ 1,411,338	\$ 22,419	\$ 9,176	

OTTER TAIL POWER COMPANY

Statement B

Comparison of Current and Proposed Accruals

Current: VG Procedure / RL Technique

Proposed: VG Procedure / RL Technique

Account Description A	12/31/13 Plant Investment B	North Dakota Allocation Factor C	Current Annual Accrual		Proposed Annual Accrual		Difference		
			Total D	North Dakota E=C*D	Total F	North Dakota G=C*F	Total H=F-D	North Dakota I=G-E	
<u>Luverne Wind Generation</u>									
341.00 Structures and Improvements	\$ 2,266,581	0.40933343	\$ 96,556	\$ 39,524	\$ 96,783	\$ 39,617	\$ 227	\$ 93	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers									
344.00 Generators	65,309,439	0.40933343	2,795,244	1,144,187	2,814,837	1,152,207	19,593	8,020	
345.00 Accessory Electric Equipment	4,886,910	0.40933343	208,182	85,216	208,671	85,416	489	200	
346.00 Miscellaneous Power Plant Equipment	20,567	0.40933343	985	403	995	407	10	4	
Total Luverne Wind Generation	\$ 72,483,497		\$ 3,100,967	\$ 1,269,330	\$ 3,121,286	\$ 1,277,647	\$ 20,319	\$ 8,317	
<u>Solway Combustion Turbine</u>									
341.00 Structures and Improvements	\$ 4,277,574	0.41020961	\$ 125,333	\$ 51,413	\$ 125,761	\$ 51,588	\$ 428	\$ 175	
342.00 Fuel Holders and Accessories	1,003,596	0.41020961	29,506	12,104	29,506	12,104			
343.00 Prime Movers	21,277,936	0.41020961	623,444	255,743	623,444	255,743			
344.00 Generators									
345.00 Accessory Electric Equipment	1,253,141	0.41020961	36,592	15,010	36,466	14,959	(126)	(51)	
346.00 Miscellaneous Power Plant Equipment	326,153	0.41020961	9,850	4,041	10,013	4,107	163	66	
Total Solway Combustion Turbine	\$ 28,138,400		\$ 824,725	\$ 338,311	\$ 825,190	\$ 338,501	\$ 465	\$ 190	
<u>Fergus Falls Control Center</u>									
341.00 Structures and Improvements	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
342.00 Fuel Holders and Accessories									
343.00 Prime Movers	591,638	0.41020961	17,986	7,378	17,986	7,378			
344.00 Generators									
345.00 Accessory Electric Equipment									
346.00 Miscellaneous Power Plant Equipment									
Total Fergus Falls Control Center	\$ 591,638		\$ 17,986	\$ 7,378	\$ 17,986	\$ 7,378	\$ -	\$ -	