

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
Allocated Cost of Service
2007 Actual Year and Test Year

Statement N, pages 2 – 9, are the adjusted and actual test period cost of service allocated to class of customer. The remaining detail for the adjusted and actual test period cost of service allocated to customer classes appear in Volume 4A, Tab – 2007 Test Year Work Papers and Tab – 2007 Actual Year Work Papers, respectively. Adjustments to the Actual Year to arrive at the 2007 Test Year can also be found in Volume 4A, Tab – 2007 Test Year Work Papers. Otter Tail's Cost Allocation Procedures Manual appears in Exhibit __ (PJB-1), Schedule 10.

1. Grouping and allocation of various items of cost and credits to cost of service into functional totals appear in the cost of service study located in Volume 4A, Tab – 2007 Test Year Work Papers.
2. Classification of items of cost and credits into demand, energy, customer or other appropriate categories appear in the cost of service study located in Volume 4A, Tab – 2007 Test Year Work Papers.
3. Otter Tail does not consider for rate purposes any special facilities to be devoted entirely to the jurisdictional service involved.
4. Computations showing the energy responsibilities of the jurisdictional service, based upon consideration of energy sales under the proposed rate schedules and the kWh delivered from the filing public utility's supply system, appear in the cost of service study located in Volume 4A, Tab – 2007 Test Year Work Papers in the energy allocation factors E1 and E2.
5. Otter Tail's peak electric hour losses are 10.1%. System energy losses applicable to jurisdictional sales are 4.25% to 8.1% of Otter Tail's system output depending on the class of service.
6. Details of allocation of general or common or joint costs to various functions appear in Exhibit __ (PJB-1), Schedule 10.
7. Sufficient detailed breakdown of operation and maintenance expense accounts and taxes to disclose how component items have been classified among energy, class of customer or other category of cost appears in Exhibit __ (PJB-1), Schedule 10.

OTTER TAIL POWER COMPANY
CLASS COST OF SERVICE STUDY
ACTUAL YEAR 2007 - 10 CLASSES

RUN = ACTUAL PAGE 1-2

LINE NO	ITEM	ALLOC	SOUTH DAKOTA	RESIDENTIAL	FARMS	GENERAL SERVICE	LARGE GENERAL SERVICE	IRRIGATION	OUTDOOR LIGHTING	OPA	CONTROLLED WATER HEATING	CONTROLLED SERVICE INTERRUPT	CONTROLLED SERVICE DEFERRED
1	RATE BASE		53,592,374	17,714,541	1,514,089	12,812,811	15,482,875	79,790	1,455,941	556,770	1,332,654	2,112,572	427,465
2	TOTAL AVAILABLE FOR RETURN		2,836,375	749,320	(4,691)	1,222,522	994,126	796	43,141	4,333	(42,185)	(86,874)	17
3	RATE OF RETURN EARNED		5.23%	4.23%	-0.31%	9.47%	6.42%	1.00%	2.80%	0.80%	-3.17%	-4.28%	0.06%
4	RATE OF RETURN REQUESTED		9.15%	9.15%	9.15%	9.15%	9.15%	9.15%	9.15%	9.15%	9.15%	9.15%	9.15%
5	OPERATING INCOME REQUIRED		4,303,702	1,620,680	158,537	1,181,522	1,416,663	7,300	135,664	48,474	121,533	193,309	36,113
6	TOTAL AVAILABLE FOR RETURN		2,836,375	749,320	(4,691)	1,222,522	994,126	796	43,141	4,333	(42,185)	(86,874)	17
7	OPERATING INCOME DEFICIENCY		2,067,326	871,360	143,226	(41,400)	422,537	6,501	92,713	43,141	164,123	263,974	39,046
8	INCREMENTAL TAXES	1.540773	1,117,954	471,316	77,454	(22,388)	228,507	3,515	50,191	23,546	88,753	153,868	21,142
9	REVENUE INCREASE REQUIRED		3,185,280	1,342,876	220,982	(83,787)	651,084	10,518	143,004	67,086	252,878	437,540	60,233
10	PERCENTAGE INCREASE		12.55%	17.47%	43.98%	-0.96%	7.81%	41.78%	27.64%	31.37%	89.84%	45.61%	30.29%

Outer Tail Corporation db/a Outer Tail Power Company
STATEMENT N

OUTER TAIL POWER COMPANY
 CLASS COST OF SERVICE STUDY
 ACTUAL YEAR 2007 - 10 CLASSES

RUN = ACTUAL

LINE NO	ITEM	ALCO	SOUTH DAKOTA	RESIDENTIAL	FARMS	GENERAL SERVICE	LARGE GENERAL SERVICE	IRRIGATION	OUTDOOR LIGHTING	OPA	CONTROLLED WATER HEATING	CONTROLLED SERVICE INTERRUPT	CONTROLLED SERVICE DEFERRED
1	ELECTRIC PLANT IN SERVICE		95,500,987	31,700,046	2,709,785	22,033,865	27,332,317	144,464	2,875,130	943,222	2,462,739	3,778,387	781,252
2	ACCUMULATED DEPRECIATION		(38,097,142)	(12,657,505)	(1,081,855)	(8,189,839)	(10,388,471)	(57,916)	(1,088,813)	(376,187)	(960,315)	(1,512,384)	(503,878)
3	NET PLANT EXCLUDING BIG STONE PLANT CAPITALIZED ITEMS		57,403,844	19,042,541	1,627,929	13,844,026	16,943,846	86,548	1,886,318	567,035	1,502,424	2,266,003	457,373
4	NET CAPITALIZED ITEMS - BIG STONE PLANT		10,715	2,945	278	2,694	4,407	0	120	117	68	37	51
5	NET ELECTRIC PLANT IN SERVICE		57,414,560	19,045,485	1,628,208	13,846,720	16,948,253	86,548	1,886,338	567,172	1,502,491	2,266,040	457,424
6	PLANT HELD FOR FUTURE USE		2,865	1,065	86	855	519	9	132	25	126	210	33
7	CONSTRUCTION WORK IN PROGRESS		0	0	0	0	0	0	0	0	0	0	0
8	MATERIALS AND SUPPLIES		1,223,736	418,566	35,496	201,696	315,483	2,385	40,035	11,720	37,258	81,456	11,016
9	FUEL STOCKS		786,577	211,970	19,856	165,375	330,995	0	9,073	8,566	5,209	1,895	3,837
10	PREPAYMENTS		(172,229)	(57,131)	(4,884)	(41,538)	(48,400)	(260)	(4,819)	(1,701)	(4,508)	(8,797)	(1,372)
11	CUSTOMER ADVANCES		(13,895)	(4,689)	(394)	(3,351)	(3,385)	(21)	(389)	(137)	(348)	(549)	(111)
12	CASH WORKING CAPITAL		928,358	250,086	22,233	203,577	308,068	946	18,696	8,102	17,860	48,032	8,841
13	ACCUMULATED DEFERRED INCOME TAXES		(6,577,600)	(2,181,813)	(188,533)	(1,588,328)	(1,588,867)	(9,327)	(184,027)	(64,977)	(165,234)	(259,803)	(52,404)
14	UNAMORTIZED BALANCE - SPRITWOOD		0	0	0	0	0	0	0	0	0	0	0
15	UNAMORTIZED RATE CASE EXPENSE		0	0	0	0	0	0	0	0	0	0	0
16	TOTAL AVERAGE RATE BASE		53,592,374	17,714,541	1,514,069	12,812,911	15,402,978	79,762	1,465,841	528,770	1,332,854	2,112,572	427,465

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
STATEMENT N
CLASS COST OF SERVICE STUDIES
2007 ACTUAL YEAR

Statement N
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Line No.	Description
1	The remaining detail for the 2007 Actual Year Class Cost of Service Study can be found in Volume 4A, Tab - 2007 Actual Year.
2	

OTTER TAIL POWER COMPANY
 CLASS COST OF SERVICE STUDY
 TEST YEAR 2007 - 10 CLASSES
 TEST YEAR 2007 ACTUAL WITH KNOWN AND MEASURABLE CHANGES

RUN = TEST YEAR PAGE 1-2

LINE NO	ITEM	ALLOC	SOUTH DAKOTA	RESIDENTIAL	FARMS	GENERAL SERVICE	LARGE GENERAL SERVICE	IRRIGATION	OUTDOOR LIGHTING	OPA	CONTROLLED WATER HEATING	CONTROLLED SERVICE INTERRUPT	CONTROLLED SERVICE DEFERRED
1	RATE BASE		60,230,600	19,338,179	1,682,846	14,484,695	18,718,947	75,118	1,510,036	902,881	1,342,328	2,016,196	449,404
2	TOTAL AVAILABLE FOR RETURN		2,834,096	700,542	53,017	1,154,261	964,084	1,384	44,949	4,422	(38,982)	(63,280)	2,897
3	RATE OF RETURN EARNED		4.71%	3.96%	3.15%	7.86%	5.19%	1.54%	2.96%	0.73%	-2.79%	-3.14%	0.64%
4	RATE OF RETURN REQUESTED		8.69%	8.69%	8.69%	8.69%	8.69%	8.69%	8.69%	8.69%	8.69%	8.69%	8.69%
5	OPERATING INCOME REQUIRED		5,354,516	1,719,164	149,014	1,269,576	1,683,337	6,276	134,242	53,605	118,333	179,415	39,852
6	TOTAL AVAILABLE FOR RETURN		2,834,096	700,542	53,017	1,154,261	964,084	1,384	44,949	4,422	(38,982)	(63,280)	2,897
7	OPERATING INCOME DEFICIENCY		2,520,422	1,019,622	96,397	134,316	699,322	5,204	89,293	49,183	150,314	242,695	37,555
8	INCREMENTAL TAXES	GRCF = 1.540772	1,382,976	548,517	52,237	72,635	378,029	2,883	48,267	26,597	64,531	131,243	20,038
9	REVENUE INCREASE REQUIRED		3,883,369	1,567,139	148,634	206,953	1,077,081	8,157	132,560	75,780	245,345	373,937	57,593
10	PERCENTAGE INCREASE		15.30%	20.32%	24.89%	3.16%	12.84%	34.17%	28.20%	35.53%	48.89%	38.06%	28.76%

Otter Tail Corporation dba OTTER TAIL POWER COMPANY
 STATEMENT N

OTTER TAIL POWER COMPANY
 CLASS COST OF SERVICE STUDY
 TEST YEAR 2007 - 10 CLASSES
 TEST YEAR - 2007 ACTUAL WITH KNOWN AND MEASURABLE CHANGES

LINE NO	ITEM	ALLOC	SOUTH DAKOTA	RESIDENTIAL	FARMS	GENERAL SERVICE	LARGE GENERAL SERVICE	IRRIGATION	OUTDOOR LIGHTING	OPA	CONTROLLED HEATING	CONTROLLED SERVICE INTERRUPT	CONTROLLED DEFERRED
1	ELECTRIC PLANT IN SERVICE		111,334,200	36,026,019	3,102,106	26,759,281	34,040,535	144,326	2,848,323	1,111,149	2,547,939	3,856,778	836,473
2	ACCUMULATED DEPRECIATION		(44,074,086)	(14,403,400)	(1,247,755)	(10,597,050)	(13,185,702)	(60,384)	(1,150,866)	(437,795)	(1,048,787)	(1,608,219)	(337,385)
3	NET PLANT EXCLUDING BIG STONE PLANT CAPITALIZED ITEMS		67,260,111	21,617,619	1,854,351	16,162,196	20,854,833	84,042	1,697,457	673,353	1,501,172	2,248,559	501,088
4	NET CAPITALIZED ITEMS - BIG STONE PLANT		10,715	2,558	279	2,873	4,534	0	120	117	67	37	51
5	NET ELECTRIC PLANT IN SERVICE		67,270,827	21,620,177	1,854,630	16,165,069	20,859,367	84,042	1,697,577	673,470	1,501,239	2,248,596	501,139
6	PLANT HELD FOR FUTURE USE		2,846	1,037	85	644	519	0	131	25	128	216	33
7	CONSTRUCTION WORK IN PROGRESS		0	0	0	0	0	0	0	0	0	0	0
8	MATERIALS AND SUPPLIES		1,202,429	409,319	34,986	283,323	310,316	2,374	46,569	11,418	37,633	61,471	10,873
9	FUEL STOCKS		756,356	203,734	16,163	196,694	318,872	0	8,710	6,227	5,023	1,961	3,771
10	PREPAYMENTS		(2,855,920)	(917,848)	(79,800)	(667,513)	(886,322)	(3,366)	(71,659)	(28,591)	(63,751)	(65,541)	(21,279)
11	CUSTOMER ADVANCES		(12,093)	(2,987)	(356)	(2,911)	(3,753)	(15)	(303)	(121)	(276)	(405)	(86)
12	CASH WORKING CAPITAL		269,775	83,311	6,505	60,792	88,706	274	5,540	2,644	5,210	14,147	2,556
13	ACCUMULATED DEFERRED INCOME TAXES		(6,403,518)	(2,858,094)	(176,113)	(1,541,351)	(1,983,148)	(8,000)	(186,859)	(84,110)	(142,303)	(214,330)	(47,704)
14	UNAMORTIZED BALANCE - SPIRITWOOD		0	0	0	0	0	0	0	0	0	0	0
15	UNAMORTIZED RATE CASE EXPENSE		0	0	0	0	0	0	0	0	0	0	0
16	TOTAL AVERAGE RATE BASE		60,230,800	19,335,179	1,682,648	14,454,695	18,716,947	75,116	1,570,008	602,861	1,342,308	2,016,108	449,094

Other Tail Corporation dba OTTER TAIL POWER COMPANY
STATEMENT N

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OTTER TAIL POWER COMPANY
CLASS COST OF SERVICE STUDY
TEST YEAR 2007 - 10 CLASSES
TEST YEAR - 2007 ACTUAL WITH KNOWN AND MEASURABLE CHANGES

RUN = TEST YEAR

PAGE 1-2

LINE NO	ITEM	ALLO.	SOUTH DAKOTA	RESIDENTIAL	FARMS	GENERAL SERVICE	LARGE GENERAL SERVICE	IRRIGATION	OUTDOOR LIGHTING	ORA	CONTROLLED WATER HEATING	CONTROLLED SERVICE INTERRUPT	CONTROLLED SERVICE DEFERRED
1	OPERATING REVENUES		26,375,778	7,663,669	595,513	6,540,313	3,268,664	23,506	525,080	213,185	359,453	967,344	186,308
2	SALES OF ELECTRICITY		3,174,946	916,257	75,289	710,582	1,117,575	3,304	46,843	30,979	57,855	178,385	32,003
3	OTHER OPERATING REVENUE												
4	TOTAL OPERATING REVENUE		28,550,723	8,583,925	670,792	7,250,895	8,416,036	27,211	574,923	244,167	417,303	1,135,709	220,370
5	OPERATING EXPENSES												
6	PRODUCTION EXPENSES		15,443,701	3,862,705	340,545	3,036,180	6,140,565	11,748	171,219	152,140	229,234	933,197	166,199
7	TRANSMISSION EXPENSES		971,158	313,408	32,190	283,278	329,890	0	7,531	10,874	2,102	1,511	2,413
8	DISTRIBUTION EXPENSES		1,497,102	565,194	42,916	300,844	146,285	5,723	173,555	11,972	89,782	126,623	20,825
9	CUSTOMER ACCOUNTING EXPENSES		1,008,332	678,629	27,220	234,631	4,346	1,374	3,544	1,972	1,692	1,692	1,692
10	CUSTOMER SERVICE AND INFORMATION EXPENSES		243,356	109,068	4,132	129,839	18,355	1,330	1,304	2,391	333	541	238
11	SALES AND MARKETING EXPENSES		243,356	109,068	4,132	129,839	18,355	1,330	1,304	2,391	333	541	238
12	ADMINISTRATIVE AND GENERAL EXPENSES		3,054,404	1,191,406	94,982	721,438	739,502	3,821	103,318	1,388	74,320	314	121
13	CHARITABLE CONTRIBUTIONS			0	0	0	0	0	0	0	0	0	0
14	DEPRECIATION EXPENSE		3,177,201	1,023,431	87,880	760,553	964,473	4,073	81,038	31,583	73,359	107,173	24,189
15	AMORTIZATION OF BIG STONE PLANT CAPITALIZED COSTS		0	0	0	0	0	0	0	0	0	0	0
16	SPRINTWOOD AMORTIZATION		0	0	0	0	0	0	0	0	0	0	0
17	GENERAL TAXES		973,916	313,013	27,241	234,482	302,227	1,217	28,435	9,750	21,734	32,582	7,255
18	TOTAL OPERATING EXPENSES		26,510,737	8,241,499	654,280	6,033,094	8,945,238	28,940	564,625	265,338	558,794	1,372,322	243,318
19	NET OPERATING INCOME BEFORE INCOME TAXES		2,039,987	341,628	18,512	1,217,822	796,521	(850)	30,298	(16,391)	(109,491)	(178,613)	(15,248)
20	INCOME TAXES		(848,136)	(274,444)	(23,837)	(254,079)	(259,321)	(1,096)	(21,698)	(9,485)	(19,410)	(26,398)	(6,387)
21	DEFERRED INCOME TAXES		(23,796)	(7,848)	(886)	(5,729)	(7,383)	(20)	(567)	(238)	(521)	(796)	(177)
22	TOTAL INCOME TAX EXPENSE		(871,932)	(282,292)	(24,724)	(259,808)	(266,704)	(1,116)	(22,265)	(10,623)	(20,921)	(27,194)	(6,564)
23	NET OPERATING INCOME		1,168,055	61,336	(6,212)	957,984	530,817	(254)	7,033	(26,416)	(39,401)	(20,812)	(11,812)
24	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION												
25	TOTAL AVAILABLE FOR RETURN		1,168,055	61,336	(6,212)	957,984	530,817	(254)	7,033	(26,416)	(39,401)	(20,812)	(11,812)

Otter Tail Corporation d/b/a OTTER TAIL POWER COMPANY
STATEMENT N
CLASS COST OF SERVICE STUDIES
2007 TEST YEAR

Statement N
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Line No.	Description
1	The remaining detail of the 2007 Test Year Class Cost of Service Study can be found in Volume 4A, Tab - 2007 Test Year Work Papers.
2	