

OTTER TAIL POWER COMPANY
ELECTRIC UTILITY - STATE OF SOUTH DAKOTA
OPERATING INCOME STATEMENT SCHEDULES
OPERATING INCOME STATEMENT ALLOCATION FACTORS

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The allocation factors on this page were used to determine South Dakota jurisdictional rate base amounts for all of the years presented in these schedules. Accounts not on this page have been directly assigned to jurisdictions. Descriptions under the Allocation Factor column with a / means the first method was used in historic actual the method after the / is used in the Class Cost of Service

The following allocation factors are used to compute South Dakota jurisdictional amounts for Expenses as listed below.

Line No.	Description	Allocation Basis
<u>ELEMENT OF OPERATING INCOME</u>		
1	<u>Operating Revenues</u>	
2	Sales of Electricity	Direct Assignment (R10)
3	Other Operating Revenues	
4	Municipalities	Direct Assignment (FERC only)
5		
6	Other Electric Revenues	
7	Late Fees	
8	Connection Fees	Direct Assignment
9	Wheeling	Direct Assignment (FERC only)
10	Income - Rent	Total Net Plant in Service Ratio (NEPIS)
11	Integrated Transmission Agreements	Total Net Plant in Service Ratio (NEPIS)
12	Load Control and Dispatch (also MISO Trans Rev.)	Total Net Plant in Service Ratio Excluding Direct Assignment (NEPIS EXDA)
13	All Other	Total Net Plant in Service Ratio (NEPIS)
14	Loan Pool Interest	Directly assigned to Jurisdiction
15		
16	<u>Operating Expenses</u>	
17	Production Expenses	
18	Production and Purchase Expenses	
19	Base Demand	kwh Sales Factor (E1)
20	Peak Demand	Generation Demand Factor (D1)
21	Base Energy	kwh Sales Factor (E2)
22	Peak Energy	Generation Demand Factor (D1)
23		
24	Transmission Expenses	Transmission Demand Factor (D2)
25	Transmission Expenses per kW	Transmission Demand Factor - 12 CP (D5)
26	Transmission Expenses per KkWh	kwh Sales Factor (E2)
27		
28	Distribution Expenses	
29	Primary Demand	Distribution Primary Demand Factor (D3)
30	Secondary Demand	Distribution Secondary Demand Factor (D4)
31	Primary Customer	Total Retail Service Locations Factor (C2)
32	Secondary Customer	Total Secondary Retail Service Locations Factor (C3)
33	Streetlighting	Streetlight Factor (C4)
34	Area Lighting	Area Light Factor (C5)
35	Meters	Meter Factor (C6)
36	Load Management Expenses	Load Management Factor (C9)
37		
38	Customer Accounts Expenses	
39	Meter Reading	Meter Reading Factor (C7)
40	Other	Total System Service Locations Factor (C8)

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Line No.	Description	Allocation Basis
	ELEMENT OF OPERATING INCOME	<u>ALLOCATION FACTOR</u>
1	<u>Operating Expenses - continued</u>	
2	Customer Service & Informational	
3	Expenses	
4	Conservation & Promotional Rebates	Direct Assignment / E2
5	Customer Assistance Expenses	Direct Assignment / C1
6	All Other	Total Retail Customers Factor (C1)
7		
8	Sales Expenses	
9	Off-Peak Development	Direct Assignment
10	All Other	Total Retail Customers Factor (C1)
11		
12	Administrative and General Expenses	
13	A & G Salaries, Office Supplies &	
14	Exp., & Employee Pensions & Benefits	
15	Production	Production Expense Ratio (Excl. Energy
16		Related) (OXPD)
17	Transmission	Transmission Expense Ratio (D2)
18	Distribution	Distribution Expense Ratio (OXD)
19	Customer Accounts	Customer Accounts Expense Ratio (OXC)
20	Customer Service & Informational	Customer Service & Informational Expense (C1)
21		Ratio (OXI)
22	Load Management Expenses	Load Management Factor (C9)
23	Outside Services	Total Net Plant in Service Ratio (NEPIS)
24	Property Insurance	Total Net Plant in Service Ratio (NEPIS)
25	Injuries and Damages	Total Net Plant in Service Ratio (NEPIS)
26		
27	Regulatory Commission Expenses	Direct Assignment
28	General Advertising	Total Retail Customers Factor (C1)
29	Miscellaneous General Expenses, Rents	
30	and Maintenance of General Plant	General Plant in Service Ratio (P90)
31		
32	Charitable Contributions	Direct Assignment
33		
34	Depreciation Expenses	
35	Production	
36	Base Demand	kwh Sales Factor (E1)
37	Peak Demand	Generation Demand Factor (D1)
38	Base Energy	kwh Sales Factor (E2)
39	Transmission	Transmission Demand Factor (D2)
40	Distribution	P60
41	General	General Plant in Service Ratio (P90)
42	Intangible	General Plant in Service Ratio (P90)
43		
44	General Taxes	Total Net Plant in Service Ratio Excluding Direct Assignment
45	General Taxes (Direct Ferc)	(NEPIS EXDA) / Total Net Plant in Service Ratio (NEPIS)
46	Other Expense	Direct FERC
		Direct / Gross Production Plant in Service Ratio (P10)

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Line No.	Description	Allocation Basis
	<u>ELEMENT OF OPERATING INCOME</u>	<u>ALLOCATION FACTOR</u>
1	<u>Operating Expenses - continued</u>	
2	Investment Tax Credit	
3	Amortization of Prior Years' Credits	Total Gross Plant in Service Ratio (EPIS)
4	Debits Utilized	Federal Income Taxes Before Credits (EPIS)
5	Production Tax Credits	kwh Sales Factor (E2)
6		
7	Deferred Income Tax Expense	
8	Items South Dakota flows through:	
9	Federal	Total Net Plant in Service Ratio excluding South Dakota (NPMNR)
10		
11	Minnesota	Total Net Plant in Service - MN Ratio (NPISM)
12		
13	North Dakota	Total Net Plant in Service - ND Ratio (NPISN)
14		
15		
16	All Other:	
17	Federal - transfer from Current Income Taxes - NOL	Direct/Total Net Plant in Service Ratio (NEPIS)
18	Federal	Total Net Plant in Service Ratio (NEPIS)
19	Minnesota - transfer from Current Income Taxes - NOL	Direct/Total Net Plant in Service - MN Ratio (NPISM)
20	Minnesota	Total Net Plant in Service - MN Ratio (NPISM)
21		
22	North Dakota - transfer from Current Income Taxes - NOL	Direct/Total Net Plant in Service - ND Ratio (NPISN)
23	North Dakota	Total Net Plant in Service - ND Ratio (NPISN)
24		
25		
26	Income Taxes	
27	Federal - transfer to Deferred Income Taxes - NOL	
28	Federal Income Taxes	Separately Calculated by Jurisdiction
29	Minnesota - transfer to Deferred Income Taxes - NOL	
30	Minnesota Income Taxes	Separately Calculated by Jurisdiction
31	North Dakota - transfer to Deferred Income Taxes - NOL	
32	North Dakota Income Taxes	Separately Calculated by Jurisdiction
33		
34	Allowance for Funds Used	
35	During Construction	Other Construction Work in Progress Ratio (CWIP Accruing AFDC) (CWIPLT)
36		
37		
38	NOTE: See Schedule B-5, Pages 3 through 6 for allocation factor values	