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October 14, 2014



Dr. Burl Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

**RE: In the Matter of Otter Tail Power Company’s Petition for Approval of the Annual Rate Update to its Environmental Upgrades Cost Recovery Rider Rate, Rate Schedule 13.08  
Docket No. E017/M-14-647  
Supplemental Informational Filing**

Dear Dr. Haar:

Otter Tail Power Company (“Otter Tail”) submits this Supplemental Informational Filing to demonstrate the impact of two different implementation dates, November 1, 2014 and December 1, 2014. Otter Tail also explains the impact of budget reductions on the baghouse and Activated Carbon Injection (“ACI”) system.

After discussions with Department of Commerce (“DOC”) Staff, Otter Tail has prepared two updated versions of the Environmental Upgrades Cost Recovery Rider Rate (“ECR”). Otter Tail’s initial request filed July 31, 2014 was based on a collection period from October 1, 2014 to September 30, 2015. Attachment A updates Attachments 1-4 from Otter Tail’s July 31, 2014 filing using the collection period of November 1, 2014 to September 30, 2015. Attachment B updates Attachments 1-4 from Otter Tail’s July 31, 2014 filing using the collection period of December 1, 2014 to September 30, 2015. Table One below shows the rate for the three implementation dates.

Table One	
October 1, 2014	6.515%
November 1, 2014	6.731%
December 1, 2014	7.006%

Table Two shows the incremental impact of the rate update for the three implementation dates.

Table Two			
	Residential	Commercial	Industrial
October 1, 2014	2.378%	2.381%	2.358%
November 1, 2014	2.579%	2.582%	2.557%
December 1, 2014	2.835%	2.838%	2.811%

In addition, DOC Staff requested updated information on the bag house and ACI exclusion calculation. The budget reductions to the baghouse and ACI have been proportional to the overall project budget reductions. As a result Otter Tail continues to use the same percentage (10.40%) as was used in the initial filing in Docket No. E017/M-13-648. The following is the description of the baghouse and ACI exclusion from page 6 of Otter Tail's July 31, 2014 filing in Docket E017/M-14-647:

*“Baghouse and ACI exclusion.* The Commission's ADP approval did not include the new baghouse portion of the AQCS project or the ACI system that is being added to comply with the MATS rule. The baghouse was not part of the ADP approval because the Commission determined it to be beyond the scope of the ADP statute, not because it was found imprudent. The ACI system was not included in Otter Tail's ADP request, because it did not fit within the scope of the ADP statute. The construction of the baghouse is expected to cost \$38 million in the revised budget (total project). The construction of the ACI system equipment is expected to cost approximately \$2 million in the revised budget (total project). To remove these costs, a portion of the monthly CWIP balance, and AFUDC through 2013, is removed in the same ratio as the cost of the baghouse and ACI as compared to the total AQCS project cost. The ratio is found by dividing the total projected cost of the baghouse and ACI by the total projected cost of the AQCS project (inclusive of the baghouse and ACI). The ratio is approximately 10.40 percent and this amount is removed from the project costs to arrive at the AQCS costs excluding the baghouse and ACI. The AFUDC calculation does not exclude the baghouse directly. Rather, the baghouse exclusion is calculated in the CWIP calculation section (Attachment 2, pages 1-3, lines 13 and 14). Within that section, the baghouse portion of each month's CWIP and AFUDC amounts are removed from the totals.”

Otter Tail hopes the Commission finds this information helpful.

Otter Tail has electronically filed this document with the Commission which, in compliance with Minn. Rule 7829.1300, subp. 2, also constitutes service on the Department of Commerce, Division of Energy Resources and the Office of Attorney General, Antitrust and Utilities Division. A copy of the filing has been served on all persons on the official service list for this docket. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8607 or at [pbeithon@otpc.com](mailto:pbeithon@otpc.com).

Sincerely,

/s/ PETE BEITHON  
Pete Beithon, Manager  
Regulatory Recovery

jce  
Enclosures  
By electronic filing  
c: Service List

**Otter Tail Power Company  
Environmental Cost Recovery Rider  
Supplemental/Information Filing  
Docket No. E017/M-14-647**

**Summary of Revenue Requirements**

Line No.	Revenue Requirements	2014-2015
1	Air Quality Control System	\$9,077,350
2	Carrying Cost	1,788
3	True Up	692,826
4	Total	<u>\$9,771,964</u>

Otter Tail Power Company  
Environmental Cost Recovery Rider Revenue Requirement Calc  
Supplemental Information Filing  
Docket No. E017/M-14-647

Line No.	Year>>	2013												2013 Actual Total																						
		Actual Total	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November		Actual December																					
<b>RATE BASE</b>																																				
1	Plant Balance	0	0	0	0	0	0	0	0	0	0	0	0	0																						
2	Accumulated, Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0																						
3	Net Plant in Service	0	0	0	0	0	0	0	0	0	0	0	0	0																						
<b>CWIP Calculation</b>																																				
5	Eligible AFUDC CWIP		21,057,583	21,312,487	22,634,317	27,354,559	28,705,631	31,116,292	37,224,815	44,970,982	55,511,149	62,301,483	70,427,366	78,772,183																						
6	Additional CWIP		254,904	1,321,829	4,720,242	1,351,072	2,410,661	6,108,524	7,746,167	10,540,167	6,790,335	8,125,883	8,344,818	7,038,696																						
7	Ending Eligible AFUDC CWIP	21,057,583	21,312,487	22,634,317	27,354,559	28,705,631	31,116,292	37,224,815	44,970,982	55,511,149	62,301,483	70,427,366	78,772,183	85,810,879																						
<b>AFUDC</b>																																				
9	Additional AFUDC		133,819	137,920	158,007	161,640	172,088	208,725	261,280	314,216	367,428	472,238	542,328	615,308																						
10	Ending AFUDC		133,819	271,739	429,745	591,386	763,473	972,198	1,233,478	1,547,694	1,915,122	2,387,360	2,929,688	3,544,995																						
11	AFUDC Rate		7.5800%	7.5320%	7.5860%	6.9200%	6.9040%	7.3300%	7.6290%	7.5050%	7.4850%	8.5390%	8.7238%	8.9726%																						
<b>Bag House Exclusion</b>																																				
13	Additional Bag House Exclusion		(46,835)	(150,141)	(505,568)	(155,255)	(267,049)	(655,003)	(831,035)	(1,127,131)	(742,657)	(892,209)	(922,260)	(793,885)																						
14	Total Bag House Exclusion	(1,914,879)	(1,961,815)	(2,111,956)	(2,617,524)	(2,772,779)	(3,039,827)	(3,694,830)	(4,525,866)	(5,652,996)	(6,395,653)	(7,287,862)	(8,210,122)	(9,004,007)																						
15	Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	0	0	0	0	0	0	0																						
16	Ending Rate Base	19,142,703	19,484,491	20,794,099	25,166,780	26,524,238	28,839,938	34,502,183	41,678,594	51,405,846	57,820,952	65,526,864	73,491,749	80,351,868																						
17																																				
18	Average Rate Base		3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861																						
19			<b>2013 does not use a revenue requirements calculation, only the AFUDC accrual.</b>																																	
20	Return on Rate Base																																			
21																																				
22	Available for Return (equity portion of rate base)																																			
<b>EXPENSES</b>																																				
24	O&M and Depreciation																																			
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28	Total O&M and Depreciation Expense																																			
29																																				
30																																				
31	Income before Taxes																																			
32	Available for Return (from above)																																			
33	Taxable Income (grossed up)	1.7056																																		
34																																				
35	Income Taxes																																			
36	Current and Def Income Taxes	41.37%																																		
37	Total Income Tax Expense																																			
38																																				
39																																				
<b>REVENUE REQUIREMENTS</b>																																				
41	Expenses																																			
42	Return on Rate Base																																			
43	Subtotal Revenue Requirements																																			
44	Adjustments																																			
45	Total Revenue Requirements																																			
46																																				
47	Base Demand Factor	75.29%																																		
48	Peak Demand Factor	24.71%																																		
49																																				
50	Minnesota share - E1 factor	51.5408%																																		
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1			MN Cap Structure with allowed ROE per order.																																	
2			Capital Structure																																	
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Otter Tail Power Company  
Environmental Cost Recovery Rider Revenue Requirement Calc  
Supplemental Information Filing  
Docket No. E017M-14-647

Line No.	Year>>	2015 Projected January	2015 Projected February	2015 Projected March	2015 Projected April	2015 Projected May	2015 Projected June	2015 Projected July	2015 Projected August	2015 Projected September	2015 Projected October	2015 Projected November	2015 Projected December	2015 Projected Total
<b>RATE BASE</b>														
1	Plant Balance	0	0	0	0	0	0	0	0	0	185,697,112	189,399,840	190,151,233	190,151,233
2	Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	(515,309)	(1,040,894)	(1,040,894)
3	Net Plant in Service	0	0	0	0	0	0	0	0	0	185,697,112	188,884,531	189,110,339	189,110,339
<b>CWIP Calculation</b>														
5	Eligible AFUDC CWIP	147,760,631	153,334,681	161,791,090	169,631,796	176,849,542	183,766,843	189,357,047	192,185,084	195,005,777	197,379,435	17,686,173	17,792,538	17,792,538
6	Additional CWIP	5,574,050	8,456,409	7,840,706	7,217,746	6,917,301	5,590,204	2,828,037	2,820,693	2,373,658	(179,693,262)	106,365	87,217	87,217
7	Ending Eligible AFUDC CWIP	153,334,681	161,791,090	169,631,796	176,849,542	183,766,843	189,357,047	192,185,084	195,005,777	197,379,435	17,686,173	17,792,538	17,792,538	17,792,538
8	AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Additional AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Ending AFUDC	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995
11	AFUDC Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Bag House Exclusion	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Additional Bag House Exclusion	(579,712)	(879,484)	(815,449)	(750,660)	(719,413)	(581,392)	(294,122)	(293,358)	(246,865)	(624,412)	(106,365)	(87,217)	(87,217)
14	Total Bag House Exclusion	(16,026,014)	(16,905,497)	(17,720,946)	(18,471,606)	(19,191,020)	(19,772,412)	(20,066,534)	(20,359,891)	(20,606,757)	(21,231,169)	(21,337,534)	(21,424,751)	(21,424,751)
15	Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	0	0	0	(3,739,237)	(7,265,290)	(10,787,092)	(10,787,092)
16	Ending Rate Base	140,853,663	148,430,588	155,455,845	161,922,931	168,120,819	173,129,630	175,663,546	178,190,881	180,317,674	181,957,875	181,619,241	178,323,247	178,323,247
17	Average Rate Base	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162
18														
19														
20	Return on Rate Base	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	14,306,017
21														
22	Available for Return (equity portion of rate base)	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	9,228,198
23														
<b>EXPENSES</b>														
24	O&M and Depreciation	0	0	0	0	0	0	0	0	0	125,610	125,610	125,610	376,830
25	Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
27	Book Depreciation	0	0	0	0	0	0	0	0	0	0	515,309	525,585	1,040,894
28	Total O&M and Depreciation Expense	0	0	0	0	0	0	0	0	0	125,610	640,919	651,195	1,417,724
29														
30														
31	Income before Taxes	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	9,228,198
32	Available for Return (from above)	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	9,228,198
33	Taxable Income (grossed up)	1,7056	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	15,739,720
34														
35	Income Taxes	41.37%	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	6,511,522
36	Current and Def Income Taxes	41.37%	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	6,511,522
37	Total Income Tax Expense	41.37%	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	6,511,522
38														
39														
<b>REVENUE REQUIREMENTS</b>														
40														
41	Expenses	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	668,237	1,183,546	1,193,821	7,929,246
42	Return on Rate Base	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	14,306,017
43	Subtotal Revenue Requirements	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,860,405	2,375,714	2,385,989	22,235,263
44	Adjustments													
45	Total Revenue Requirements	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,860,405	2,375,714	2,385,989	22,235,263
46														
47	Base Demand Factor	75.29%	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,400,607	1,788,558	1,796,294	16,739,833
48	Peak Demand Factor	24.71%	428,753	428,753	428,753	428,753	428,753	428,753	428,753	428,753	459,798	587,156	589,696	5,495,430
49														
50	Minnesota share - E1 factor	51.54009%	673,144	673,144	673,144	673,144	673,144	673,144	673,144	673,144	721,884	921,837	925,824	8,627,846
51	Minnesota share - D1 factor	48.30099%	207,092	207,092	207,092	207,092	207,092	207,092	207,092	207,092	222,086	283,602	284,828	2,654,342
52														
53	Minnesota Revenue Requirements		880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	943,971	1,205,439	1,210,653	11,282,187
54														
<b>SUPPORTING INFORMATION / DATA</b>														
1														
2														
3														
4	Capital Structure													
5	Debt													
6	Preferred equity													
7	Common equity													
8	Total													
9														
10	Project life (years)													
11														
12														
13	Statutory Tax Rate		41.37%		31.57%		9.80%							
14	Tax conversion factor		1.70561											
15	Base Demand Factor		75.29%											
16	Peak Demand Factor		24.71%											
17	MN share - E1 factor		51.54009%											
18	MN share - D1 factor		48.30099%											
19														
20	Deferred Tax													
21	Book depreciation	0	0	0	0	0	0	0	0	0	0	515,309	525,585	1,040,894
22	Tax depreciation-Federal	0	0	0	0	0	0	0	0	0	9,038,522	9,038,522	9,038,522	27,115,566
23	Tax depreciation-State	0	0	0	0	0	0	0	0	0	9,038,522	9,038,522	9,038,522	27,115,566
24	Federal deferred income taxes	35.00%	0	0	0	0	0	0	0	0	(2,853,461)	(2,690,778)	(2,687,534)	(8,231,774)
25	State deferred income taxes	35.00%	0	0	0	0	0	0	0	0	(885,775)	(835,275)	(834,268)	(2,555,318)

Otter Tail Power Company  
Environmental Cost Recovery Rider Tracker  
Supplemental/Informational Filing  
Docket No. E017/M-14-647

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2013												2014										
		January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Projected	July Projected	August Projected	September Projected	October Projected	Collection Period
1	Revenue Requirements	0	0	0	0	0	0	0	0	0	0	0	0	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	5,776,124
2	Air Quality Control System	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Billed (forecast kWh x adj factor)	0	0	0	0	0	0	0	0	0	0	0	0	641,917	619,350	558,128	531,915	473,531	424,980	451,134	477,685	471,700	442,387	5,092,728
4																								
5	Difference	0	0	0	0	0	0	0	0	0	0	0	0	(64,305)	(41,738)	19,484	45,698	104,082	152,632	126,478	99,927	105,912	135,225	
6	Carrying Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(764)	(630)	(307)	438	1,537	2,455	3,190	3,973	
7	Cumulative Difference	0	0	0	0	0	0	0	0	0	0	0	0	(64,305)	(106,504)	(87,784)	(42,716)	61,059	214,129	342,144	444,526	553,628	692,626	
8																								
9	Carrying Charge Calculation	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(764)	(630)	(307)	438	1,537	2,455	3,190	3,973	4,971	14,401
10	Cumulative Carrying Charge	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(1,226)	(1,856)	(2,162)	(1,724)	(187)	2,268	5,457	9,430	14,401	
11	Carrying cost	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%
12																								
13																								
14	Forecasted Sales (MWh)																		157,400	167,087	176,920	174,704	163,847	839,958

Approved in Docket E017/M-13-648

SUMMARY	Oct 2013 - Sept 2014
Revenue Requirements	\$6,173,838
Carrying Charge	(38,914)
Total Revenue Requirements	\$6,134,924
Dec 2013 - Sept 2014 projected sales in mWh	2,272,477
Average Rate	\$0.00270

Otter Tail Power Company  
Environmental Cost Recovery Rider Tracker  
Supplemental/Informational Filing  
Docket No. E017/M-14-647

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2014			2015									Collection Period	
		November Projected	December Projected	YE Projected	January Projected	February Projected	March Projected	April Projected	May Projected	June Projected	July Projected	August Projected	September Projected		
1	Revenue Requirements														
2	Air Quality Control System	577,612	577,612	12,707,473	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	9,077,350
3	Billed (forecast kWh x adj factor)	839,592	932,827	11,957,875	1,042,105	1,027,695	933,140	850,236	772,270	764,773	812,651	902,680	893,995	893,995	9,771,964
4															
5	Difference	(261,979)	(355,215)		(161,869)	(147,459)	(52,904)	30,001	107,966	115,463	67,585	(22,444)	(13,759)	(13,759)	
6	Carrying Charge	4,971	3,127		601	(556)	(1,618)	(2,010)	(1,809)	(1,047)	(226)	257	98	98	1,788
7	Cumulative Difference	435,818	83,731		(77,537)	(225,552)	(280,075)	(252,084)	(145,927)	(31,511)	35,948	13,661	0	0	
8															
9	Carrying Charge Calculation	3,127	601		(556)	(1,618)	(2,010)	(1,809)	(1,047)	(226)	257	98	0	0	
10	Cumulative Carrying Charge	17,529	18,130		17,573	15,955	13,345	12,136	11,089	10,863	11,120	11,218	11,218	11,218	
11	Carrying cost	8.61%	8.61%		8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%
12															
13															
14	Forecasted Sales (MWh)	183,894	204,315	2,068,126	228,250	225,094	204,384	186,226	169,149	167,507	177,993	197,712	195,810	195,810	2,140,336

SUMMARY	Nov 2014 - Sept 2015
Revenue Requirements	\$9,077,350
Carrying Charge	1,788
2014 True Up	692,826
Total Revenue Requirements	\$9,771,964
Nov 2014 - Sept 2015 projected sales in mWh	2,140,336
Average Rate	\$0.00457



**Otter Tail Power Company  
Environmental Cost Recovery Rider  
Supplemental/Information Filing  
Docket No. E017/M-14-647**

**Rate Design**

**Minnesota Revenue Requirements \$9,771,964**

**Percent of Revenue**

Forecasted Retail Sales, all classes (Nov 2014 - Sept 2015)	\$145,182,080
12 Month Revenue Requirement	\$9,771,964
Percentage of revenue rate	6.731%

**Otter Tail Power Company  
Environmental Cost Recovery Rider  
Supplemental/Information Filing  
Docket No. E017/M-14-647**

**Summary of Revenue Requirements**

Line No.	Revenue Requirements	2014-2015
1	Air Quality Control System	\$8,499,737
2	Carrying Cost	10,073
3	True Up	<u>778,895</u>
4	Total	<u><u>\$9,288,706</u></u>





Otter Tail Power Company  
Environmental Cost Recovery Rider Revenue Requirement Calc  
Supplemental Information Filing  
Docket No. E017M-14-647

Line No.	Year>>	2015 Projected January	2015 Projected February	2015 Projected March	2015 Projected April	2015 Projected May	2015 Projected June	2015 Projected July	2015 Projected August	2015 Projected September	2015 Projected October	2015 Projected November	2015 Projected December	2015 Projected Total
<b>RATE BASE</b>														
1	Plant Balance	0	0	0	0	0	0	0	0	0	185,697,112	189,399,840	190,151,233	190,151,233
2	Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	(515,309)	(1,040,894)	(1,040,894)
3	Net Plant in Service	0	0	0	0	0	0	0	0	0	185,697,112	188,884,531	189,110,339	189,110,339
<b>CWIP Calculation</b>														
4	Eligible AFUDC CWIP	147,760,631	153,334,681	161,791,090	169,631,796	176,849,542	183,766,843	189,357,047	192,185,084	195,005,777	197,379,435	17,686,173	17,792,538	17,792,538
5	Additional CWIP	5,574,050	8,456,409	7,840,706	7,217,746	6,917,301	5,590,204	2,828,037	2,820,693	2,373,658	(179,693,262)	106,365	87,217	87,217
6	Ending Eligible AFUDC CWIP	153,334,681	161,791,090	169,631,796	176,849,542	183,766,843	189,357,047	192,185,084	195,005,777	197,379,435	17,686,173	17,792,538	17,792,538	17,792,538
<b>AFUDC</b>														
7	Additional AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Ending AFUDC	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995
9	AFUDC Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bag House Exclusion													
11	Additional Bag House Exclusion	(579,712)	(879,484)	(815,449)	(750,660)	(719,413)	(581,392)	(294,122)	(293,358)	(246,865)	(624,412)	(106,365)	(87,217)	(87,217)
12	Total Bag House Exclusion	(16,026,014)	(16,905,497)	(17,720,946)	(18,417,806)	(19,191,020)	(19,772,412)	(20,066,534)	(20,359,891)	(20,606,757)	(21,231,169)	(21,337,534)	(21,424,751)	(21,424,751)
13	Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	0	0	0	(3,739,237)	(7,265,290)	(10,787,092)	(10,787,092)
14	Ending Rate Base	140,853,663	148,430,588	155,455,845	161,922,931	168,120,819	173,129,630	175,663,546	178,190,881	180,317,674	181,957,875	181,619,241	178,323,247	178,323,247
15	Average Rate Base	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162
16	Return on Rate Base	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168
17	Available for Return (equity portion of rate base)	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016
18														9,228,198
<b>EXPENSES</b>														
<i>O&amp;M and Depreciation</i>														
19	Operating Costs	0	0	0	0	0	0	0	0	0	125,610	125,610	125,610	376,830
20	Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Book Depreciation	0	0	0	0	0	0	0	0	0	0	515,309	525,585	1,040,894
22	Total O&M and Depreciation Expense	0	0	0	0	0	0	0	0	0	125,610	640,919	651,195	1,417,724
23	Income before Taxes													
24	Available for Return (from above)	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016
25	Taxable Income (grossed up)	1,705,6	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	15,739,720
<b>Income Taxes</b>														
26	Current and Def Income Taxes	41.37%	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	6,511,522
27	Total Income Tax Expense		542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	6,511,522
<b>REVENUE REQUIREMENTS</b>														
28	Expenses		542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	668,237	1,183,546	1,193,821
29	Return on Rate Base		1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	14,306,017
30	Subtotal Revenue Requirements		1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,860,405	2,375,714	2,385,989
31	Adjustments													
32	Total Revenue Requirements		1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,860,405	2,375,714	2,385,989
33	Base Demand Factor	75.29%	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,400,607	1,788,558	1,796,294	16,739,833
34	Peak Demand Factor	24.71%	428,753	428,753	428,753	428,753	428,753	428,753	428,753	428,753	459,798	587,156	589,696	5,495,430
35	Minnesota share - E1 factor	51.5408%	673,144	673,144	673,144	673,144	673,144	673,144	673,144	673,144	721,884	921,837	925,824	8,627,846
36	Minnesota share - D1 factor	48.3009%	207,092	207,092	207,092	207,092	207,092	207,092	207,092	207,092	222,086	283,602	284,828	2,654,342
37	Minnesota Revenue Requirement:		880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	943,971	1,205,439	1,210,653	11,282,187

Line No.	SUPPORTING INFORMATION / DATA													
1	MN Cap Structure with allowed ROE per order:													
2	Capital Structure													
3	Debt	Ratio	Cost	WA Cost	Property tax									0.00%
4		48.28%	6.33%	3.06%	2015 composite rate									
5	Preferred equity	0.00%	0.00%	0.00%										
6	Common equity	51.72%	10.74%	5.55%										
7	Total	100.00%		8.61%	Overall Return									
8	Book Tax													
9	Project life (years)	30	7-year MACRS											
10	Federal State													
11	Statutory Tax Rate	41.37%	31.57%	9.80%										
12	Tax conversion factor	1.70561												
13	Base Demand Factor	75.29%												
14	Peak Demand Factor	24.71%												
15	MN share - E1 factor	51.5408%												
16	MN share - D1 factor	48.3009%												
17	Deferred Tax													
18	Book depreciation	0	0	0	0	0	0	0	0	0	0	515,309	525,585	1,040,894
19	Tax depreciation-Federal	0	0	0	0	0	0	0	0	0	9,038,522	9,038,522	9,038,522	27,115,566
20	Tax depreciation-State	0	0	0	0	0	0	0	0	0	9,038,522	9,038,522	9,038,522	27,115,566
21	Federal deferred income taxes	35.00%	0	0	0	0	0	0	0	0	(2,853,461)	(2,680,778)	(2,687,534)	(8,231,774)
22	State deferred income taxes		0	0	0	0	0	0	0	0	(885,775)	(835,275)	(834,268)	(2,555,318)

Otter Tail Power Company  
Environmental Cost Recovery Rider Tracker  
Docket No. E017M-14-647

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2013												2014												Collection Period
		January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected		
1	Revenue Requirements	0	0	0	0	0	0	0	0	0	0	0	0	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	6,353,736	
2	Air Quality Control System	0	0	0	0	0	0	0	0	0	0	0	0	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	6,353,736	
3	Billed (forecast kWh x adj factor)	0	0	0	0	0	0	0	0	0	0	0	0	641,917	619,350	558,128	531,915	473,531	424,980	451,134	477,685	471,700	442,387	496,515	5,589,242	
4	Difference	0	0	0	0	0	0	0	0	0	0	0	0	(64,305)	(41,738)	19,484	45,698	104,082	152,632	126,478	99,927	105,912	135,225	81,098		
5	Carrying Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(764)	(630)	(307)	438	1,537	2,455	3,190	3,973	4,971		
6	Cumulative Difference	0	0	0	0	0	0	0	0	0	0	0	0	(64,305)	(106,504)	(87,784)	(42,716)	61,059	214,129	342,144	444,526	553,628	692,826	778,895		
7	Carrying Charge Calculation	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(764)	(630)	(307)	438	1,537	2,455	3,190	3,973	4,971	5,589		
8	Cumulative Carrying Charge	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(1,226)	(1,856)	(2,162)	(1,724)	(187)	2,268	5,457	9,430	14,401	19,990		
9	Carrying cost	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	
10	Forecasted Sales (MWh)																		157,400	167,087	176,920	174,704	163,847	183,894		

Approved in Docket E017M-13-646		Oct 2013 - Sept 2014
<b>SUMMARY</b>		
Revenue Requirements		\$6,173,838
Carrying Charge		(38,914)
Total Revenue Requirements		\$6,134,924
Dec 2013 - Sept 2014 projected sales in mWh		2,272,477
Average Rate		\$0.00270

Otter Tail Power Company  
Environmental Cost Recovery Rider Tracker  
Docket No. E017M-14-647

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2014		2015										Collection Period		
		December Projected	YE Projected	January Projected	February Projected	March Projected	April Projected	May Projected	June Projected	July Projected	August Projected	September Projected				
1	Revenue Requirements															
2	Air Quality Control System	577,612	13,285,085	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	8,499,737
3	Billed (forecast kWh x adj factor)	970,040	12,148,525	1,083,677	1,068,692	970,366	884,153	803,078	795,282	845,070	938,690	929,659	929,659	929,659	929,659	9,288,706
4	Difference	(392,427)		(203,441)	(188,456)	(90,129)	(3,917)	77,158	84,954	35,166	(58,454)	(49,423)	(49,423)	(49,423)	(49,423)	
5	Carrying Charge	5,589		2,813	1,374	31	(615)	(648)	(99)	510	766	352	352	352	352	10,073
6	Cumulative Difference	392,057		191,430	4,347	(85,751)	(90,284)	(13,774)	71,082	106,758	49,070	0	0	0	0	
7	Carrying Charge Calculation	2,813		1,374	31	(615)	(648)	(99)	510	766	352	0	0	0	0	
8	Cumulative Carrying Charge	22,804		24,177	24,209	23,593	22,945	22,847	23,357	24,123	24,475	24,475	24,475	24,475	24,475	
9	Carrying cost	8.61%		8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	
10	Forecasted Sales (MWh)	204,315	1,228,168	228,250	225,094	204,384	186,226	169,149	167,507	177,993	197,712	195,810	195,810	195,810	195,810	1,956,441

SUMMARY		Dec 2014 - Sept 2015
Revenue Requirements		\$8,499,737
Carrying Charge		10,073
2014 True Up		778,895
Total Revenue Requirements		\$9,288,706
Oct 2014 - Sept 2015 projected sales in mWh		1,956,441
Average Rate		\$0.00475

**Otter Tail Power Company  
Environmental Cost Recovery Rider  
Docket No. E017/M-14-647**

**Rate Design**

**Minnesota Revenue Requirements \$9,288,706**

**Percent of Revenue**

Forecasted Retail Sales, all classes (Dec 2014 - Sept 2015)	\$132,589,456
12 Month Revenue Requirement	\$9,288,706
Percentage of revenue rate	7.006%



**CERTIFICATE OF SERVICE**

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Rate Update to its Environmental Upgrades Cost Recovery Rider Rate, Rate Schedule 13.08  
Docket No. E017/M-14-647**

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  
Supplemental Informational Filing**

Dated this **14th** day of **October, 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
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-647_M-14-647
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_14-647_M-14-647
Peter	Beithon	pbeithon@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_14-647_M-14-647
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	150 S. 5th Street, #1200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-647_M-14-647
Gary	Chesnut	gchesnut@agp.com	AG Processing Inc. a cooperative	12700 West Dodge Road PO Box 2047 Omaha, NE 681032047	Electronic Service	No	OFF_SL_14-647_M-14-647
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St  Superior, WI 54880-4421	Electronic Service	No	OFF_SL_14-647_M-14-647
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_14-647_M-14-647
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_14-647_M-14-647
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_14-647_M-14-647
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2  Superior, WI 54880	Electronic Service	No	OFF_SL_14-647_M-14-647
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-647_M-14-647

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