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February 17, 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 2013 Five-Year Review of Depreciation Certification Docket No. E017/D-13-795 REPLY COMMENTS

Dear Dr. Haar:

Otter Tail Power Company ("Otter Tail") hereby submits Reply Comments in Docket No. E017/D-13-795. Also enclosed is a Certificate of Service.

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

Sincerely,

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

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

In the Matter of the Petition of Otter Tail Power Company's 2013 Five-Year Review of Depreciation Certification Docket No. E017/D-13-795

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

### I. INTRODUCTION AND BACKGROUND

These Reply Comments respond to the January 17, 2014 Comments filed by Minnesota Department of Commerce, Division of Energy Resources ("Department") in the above-captioned matter. In these Reply Comments Otter Tail Power Company ("Otter Tail") accepts the Department's recommendation to delay extending the remaining life for the Big Stone Plant until the air quality control system ("AQCS") project, which is currently under construction, goes into service or is close to being in service. These Reply Comments also provide an explanation of the change in salvage rates for three buildings--Otter Tail's General Office, Fleet Service Center and Central Stores warehouse—as requested by the Department.

The Department and Otter Tail appear to be in agreement on the other aspects of this 5year depreciation study, with the possible exception of Otter Tail's Generating Assets Remaining Life Policy, which has been the subject of discussion in Otter Tail's last several depreciationrelated dockets. However, while the parties may not be in full agreement on this issue, Otter Tail agrees with the Department's recommendation that the Commission need not take any specific action related to the Policy at this time due to the small impact it is expected to have for the next several years. Otter Tail will continue to discuss the Policy with the Department to see if common ground can be reached, and the Department can continue to monitor the policy and its effects as they indicates in their Comments.

### II. OTTER TAIL ACCEPTS THE DEPARTMENT'S RECOMMENDATION TO RETAIN THE CURRENT REMAINING LIFE FOR THE BIG STONE PLANT UNTIL THE AIR QUALITY CONTROL SYSTEM CURRENTLY UNDER CONSTRUCTION IS IN SERVICE OR CLOSE TO BEING IN SERVICE.

In its Comments, the Department recommends that Otter Tail retain its current remaining life for Big Stone Plant until the Air Quality Control System currently under construction goes into service or is close to being in service. 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. Therefore, Otter Tail will plan to include its remaining life extension for the plant in its next depreciation filing, at which time the Department and the Commission can reevaluate the progress of the AQCS project and its expected in-service date. The Department also recommends that Otter Tail should recalculate the Big Stone plant's salvage rate using the current remaining life assumption. As earlier indicated, Otter Tail accepts these recommendations. Attachment A to these Reply Comments replaces page 1 of the original Attachment No. 2 and is revised to reflect the current remaining life and recalculated salvage percentages for Big Stone Plant as requested by the Department.

### III. EXPLANATION OF THE CHANGE IN SALVAGE RATES FOR FERC ACCOUNTS 390.10 – GENERAL OFFICE BUILDINGS, 390.20 – FLEET SERVICE CENTER BUILDINGS AND 390.30 – CENTRAL STORES BUILDING

As indicated above, the Department requested in its Comments that Otter Tail explain how the salvage rates were derived and any specific changes to its depreciation policies or assumptions that caused the large changes in the proposed salvage rates, and the reasons why those changes are reasonable for FERC accounts 390.10 – General Office Buildings, 390.20 – Fleet Service Center Buildings and 390.30 – Central Stores Building.

As is further explained in detail below, the salvage rates for these General Plant building properties were derived in coordination with Otter Tail's Building and Facilities Department and based upon the buildings' assessed values for property taxes. Otter Tail believes this is a reasonable method of determining the salvage rates for these assets. The reason for the large change in the salvage rates for these building assets is that historically Otter Tail had only allotted for interim retirements within these General Plant Average Year of Final Retirement (AYFR) accounts and had not included their final retirements in the salvage component. After discussions with Otter Tail's consultant in the course of preparing this 5-year depreciation study, Otter Tail determined that it would not be accurate to continue without establishing salvage values that include these buildings' final retirements. The following narrative provides a more

detailed explanation of how Otter Tail became aware of the need to establish these final retirement assumptions and how the salvage rates were derived.

In conjunction with this Five-Year Comprehensive Depreciation Study, Otter Tail contracted for the completion of Decommissioning Studies for its Production facilities which are AYFR properties. During the analysis phase of these studies, Otter Tail's consultant inquired about the final retirement plans for Otter Tail's other AFYR property outside of the Production function. These properties consist of three large primary support real property buildings: Otter Tail's General Office, its Fleet Service Center and its Central Stores warehouse. The accounting treatment for these buildings is different from Otter Tail's other smaller General Plant building facilities, which are accounted for as mass assets. These three primary support buildings are differentiated due to their size and centralized functions relative to other General Plant buildings.

Including appropriate salvage amounts results in more accurate depreciation rates. The formula for calculating depreciation rates generally includes three account-specific elements: the ratio of the depreciation reserve to gross plant; the remaining life of the particular assets in that account; and their expected salvage. The salvage element nets a cost of removal component against any anticipated salvage proceeds and is commonly referred to as net salvage. This results in the possibility of having either a negative salvage (cost of removal is greater than salvage proceeds) or a positive salvage (salvage proceeds are greater than cost of removal). Salvage can include sale proceeds for working assets no longer used and useful, salvage proceeds for items retired and scrapped, or they may be in the form of returned good units of property from plant in service back into inventory until they can be used again. Further salvage delineations include the fact that the salvage percentage contemplates both interim and final salvage influences. The final salvage component relates primarily to AYFR property because mass asset accounts should never be fully retired at one time without replacement and therefore mass property typically records only interim retirements. For example, typically all poles in the Transmission function would never be retired at one time without replacement. AYFR property on the other hand anticipates its terminal retirement. Therefore, Otter Tail has historically incorporated plant decommissioning studies for its generation facilities to help determine the appropriate salvage percentage to include in its annual depreciation rates. These studies have typically been conducted in conjunction with our comprehensive five-year depreciation studies such as this one.

During the analysis stages of this current five-year study, Otter Tail's consultant noted that while it had terminal decommissioning analysis for its production generation AYFR

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facilities, Otter Tail did not have an assessment for the three General Plant building AYFR properties. That is, Otter Tail had historically only allotted for interim retirements within these General Plant AYFR accounts and had not considered their final retirements. After discussions with the consultant, Otter Tail determined that the current practice was not an accurate approach to use for these buildings and therefore should be corrected.

Otter Tail then contacted its Buildings and Facilities Department to determine what would be the most likely terminal disposition of the General Office, Fleet Service Center and Central Stores Warehouse building. Building and Facilities personnel determined that the most likely scenario for these buildings' terminal retirement would be to sell them as working buildings (See OTP Response to IR MN-DOC-016, attached to the Department's Comments). Otter Tail then utilized the property tax assessed values for the buildings to establish a reasonable fair market value approximation for salvage percentage calculation purposes. (See Attachment B to these Reply Comments, originally filed as the Attachment to IR MN-DOC-019, which illustrates how the actual salvage percentages were derived for these facilities).

#### IV. CONCLUSION

For the reasons explained in these Reply Comments, Otter Tail requests an Order from the Commission authorizing its proposed remaining lives and salvage percentages for 2014, with the noted adjustments reflecting the current remaining life and updated salvage percentage for the Big Stone Plant which will be retained until the AQCS project is in service or close to being in service.

Dated: February 17, 2014

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: <u>/s/ LOYAL K. DEMMER, CMA.</u> Loyal K. Demmer, CMA Depreciation Accountant Otter Tail Power Company 215 S. Cascade Street Fergus Falls, MN 56537 (218) 739-8659 Idemmer@otpco.com

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

<u>Account</u> Number	Class of Utility Plant	<u>Remaining</u> Life (Yrs)	<u>Net Salvage</u> <u>(%)</u>	Amortization Period (Yrs)
STEAM F	PRODUCTION			
	Big Stone Plant		44.00/ 0.40/	
	Structures & Improvements	<del>31.98</del> 14.22		
	Boiler Plant Equipment	<del>32.02</del> 14.23		
	Turbogenerator Units	<del>32.04</del> 14.23		
	Accessory Electric Equipment Misc. Power Plant Equipment	<del>32.01</del> 14.22 <del>32.02</del> 14.23		
310-101	Nisc. Fower Flam Equipment	<del>32.02</del> 14.23	-11.0% -1.9%	
	Hoot Lake Plant - Units 2 & 3			
311-102	Structures & Improvements	7.42	-14.3%	
312-102	Boiler Plant Equipment	7.43	-14.3%	
	Turbogenerator Units	7.43	-14.3%	
	Accessory Electric Equipment	7.42	-14.3%	
316-102	Misc. Power Plant Equipment	7.43	-14.2%	
211 102	Coyote Station	27.41	0 70/	
	Structures & Improvements Boiler Plant Equipment	27.41	-8.7% -8.7%	
		27.42		
	Turbogenerator Units Accessory Electric Equipment	27.44	-8.7% -8.7%	
	Misc. Power Plant Equipment	27.42	-8.3%	
310-103	Misc. Fower Flant Equipment	27.44	-0.3%	
HYDRAU	ILIC PRODUCTION			
	Hoot Lake Hydro Unit			
	Structures & Improvements	8.40	0.0%	
	Reservoirs, Dams & Waterways	8.40	0.0%	
	Water Wheels, Turbines & Gen.	8.40	0.0%	
	Accessory Electric Equipment	8.40	0.0%	
335-131	Misc. Power Plant Equipment	8.41	0.0%	
	Wright Hydro Unit			
331-132	Structures & Improvements	8.40	0.0%	
	Reservoirs, Dams & Waterways	8.41	0.0%	
	Water Wheels, Turbines & Gen.	8.41	0.0%	
	Accessory Electric Equipment	8.41	0.0%	
	Misc. Power Plant Equipment	8.41	0.0%	
224 422	Pisgah Hydro Unit	0.40	0.00/	
	Structures & Improvements	8.40	0.0%	
	Reservoirs, Dams & Waterways	8.41	0.0%	
	Water Wheels, Turbines & Gen.	8.41 8.41	0.0%	
	Accessory Electric Equipment Misc. Power Plant Equipment	8.41 8.41	0.0% 0.0%	
555-155	Nisc. Fower Flant Equipment	0.41	0.078	
	Dayton Hollow Hydro Unit			
	Structures & Improvements	8.41	0.0%	
	Reservoirs, Dams & Waterways	8.41	0.0%	
	Water Wheels, Turbines & Gen.	8.41	0.0%	
	Accessory Electric Equipment	8.41	0.0%	
335-134	Misc. Power Plant Equipment	8.41	0.0%	
	Taplin Gorge Hydro Unit			
331-135	Structures & Improvements	8.39	0.0%	
	Reservoirs, Dams & Waterways	8.41	0.0%	

2013 Five Year Depres Analysis of Demolition	Cost (Future Final Net Salvage Cost) as they relate to Futu	re Salvage RatesSal	vage Percent														Attachm
Books Dated: 12/31/2		Ŭ															
<u>A</u>	<u>B</u> <u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>1</u>	ī	K	L	M	N	<u>0</u>	<u>P</u>	<u>Q</u>	<u>R</u>	<u>s</u>
				D - E	F/D		F-H	J as to I		J x K				H x O	L with M @ N	Q/I	P + Q
										070							
		OTP LTD Plant		OTD Suprising				Total Decommissionin	OTP	OTP	Assumed A	verage Year of Final				Final Net	
		Investment	OTP   TD Plant	OTP Surviving Plant in Service	%	Interim Future	Final Future	g Cost	hip	g Cost	Average Inflation	Retirement	Interim Net	Interim Future	Final Future	Salvage	Total Future
Generation Reso	FERC Account number and Description	Additions	Retirements		Surviving		Retirements	12/31/2012	Share	12/31/2012	Rate	(AYFR)		Net Salvage	Net Salvage	Rate	Net Salvage
Hoot Lake Plant	311 Structures and Improvements	\$ 6,349,602			96.3%			\$ 741,707	100.0%		2.0%	2020	-5.0%	\$ (6,007)			\$ (875,035)
	312 Boiler Plant Equipment	40,839,399	5,796,789	35,042,610	85.8%	648,221	34,394,389	4,254,000	100.0%	4,254,000	2.0%	2020	-5.0%	(32,411)	(4,984,239)	-14.5%	(5,016,650)
	314 Turbogenerator Units	12,026,325	1,319,378	10,706,947	89.0%	205,932	10,501,015	1,298,797	100.0%	1,298,797	2.0%	2020	-5.0%	(10,297)	(1,521,747)	-14.5%	(1,532,044)
	315 Accessory Electrical Equipment	2,385,752	25,310		98.9%	46,831	2,313,611			286,154	2.0%	2020	-5.0%	(2,342)	(335,275)	-14.5%	(337,617)
	316 Miscellaneous Power Plant Equipment	1,143,370	102,987		91.0%	18,881	1,021,502	126,342		126,342	2.0%	2020	0.0%	-	(148,030)	-14.5%	(148,030)
		\$ 62,744,448	\$ 7,477,090	\$ 55,267,358	88.1%	\$ 1,039,998	\$ 54,227,360	\$ 6,707,000	100.0%	\$ 6,707,000	2.0%	2020	-4.9%	\$ (51,056)	\$ (7,858,319)	-14.5%	\$ (7,909,375)
Big Stone Plant	311 Structures and Improvements	\$ 23,144,082	\$ 418,496	\$ 22,725,586	98.2%	\$ 2,035,002	\$ 20,690,584	- \$ 2,473,016	53.9%	\$ 1,332,956	2.0%	2046	-5.0%	\$ (101,750)	\$ (2,613,494)	-12.6%	\$ (2,715,244)
	312 Boiler Plant Equipment	95,788,054	18,337,088	77,450,966	80.9%	6,797,339	70,653,627	8,444,786		4,551,739	2.0%	2046	-5.0%	(339,867)	(8,924,486)	-12.6%	(9,264,353)
	314 Turbogenerator Units	32,487,714		27,188,707	83.7%	2,353,378	24,835,329	2,968,411		1,599,974	2.0%	2046	-5.0%	(117,669)	(3,137,030)	-12.6%	(3,254,699)
	315 Accessory Electrical Equipment	9,732,979	488,290	9,244,689	95.0%	821,237	8,423,452	1,006,802	53.9%	542,667	2.0%	2046	-5.0%	(41,062)	(1,063,993)	-12.6%	(1,105,055)
	316 Miscellaneous Power Plant Equipment	3,504,717	918,928	2,585,789	73.8%	226,553	2,359,236			151,990	2.0%	2046	0.0%	-	(298,003)	-12.6%	(298,003)
		\$ 164,657,546	\$ 25,461,809	\$ 139,195,737	84.5%	\$ 12,233,509	\$ 126,962,228	\$ 15,175,000	53.9%	\$ 8,179,325	2.0%	2046	-4.9%	\$ (600,348)	\$ (16,037,006)	-12.6%	\$ (16,637,354)
Country Station	211 Structures and Improvements	¢ 00 600 640	¢ 630 776	\$ 22.004.000	09 10/	¢ 2,400.064	\$ 30,503,902	- -	25.0%	1 EF2 0C4	2.0%	20/1	E 09/	¢ (134 E 40)	¢ (2 750 000)	0.0%	¢ (2002540)
Coyote Station	311 Structures and Improvements 312 Boiler Plant Equipment	\$ 33,623,642 101,286,528		\$ 32,994,866 90,366,423	98.1% 89.2%	\$ 2,490,964 6,781,174	\$ 30,503,902 83,585,249	\$ 4,437,325 12,152,956		\$ 1,553,064 4,253,535	2.0% 2.0%	2041 2041	-5.0% -5.0%	\$ (124,548) (339,059)	\$ (2,758,000) (7,553,617)	-9.0% -9.0%	\$ (2,882,548) (7,892,676)
	312 Boller Plant Equipment 314 Turbogenerator Units	30,560,167	7,865,911	22,694,256	89.2% 74.3%	1,670,225	21,024,031	3,052,044		4,253,535 1,068,215	2.0%	2041 2041	-5.0%	(83,511)	(1,896,985)	-9.0%	(1,980,496)
	315 Accessory Electrical Equipment	12,747,921	848,226	11,899,695	93.3%	890,264	11,009,431	1,600,334		560,117	2.0%	2041	-5.0%	(44,513)	(994,681)	-9.0%	(1,039,194)
	316 Miscellaneous Power Plant Equipment	2,859,068	1,017,672		64.4%	135,585	1,705,811	247,641	35.0%	86,674	2.0%	2041	0.0%		(153,920)	-9.0%	(153,920)
		\$ 181,077,326	\$ 21,280,690	\$ 159,796,636	88.2%	\$ 11,968,212	\$ 147,828,424	\$ 21,490,300	35.0%	\$ 7,521,605	2.0%	2041	-4.9%	\$ (591,631)	\$ (13,357,203)	-9.0%	\$ (13,948,834)
laws 1	244 Characterization 11	é	A	¢	00 504	A	é 250.055	-	100.00		2.021	2022		ć	* 19.00-		ć (2.620)
Jamestown	341 Structures and Improvements	\$ 266,395			99.5%	\$ 7,114			100.0%		2.0%	2023		Ş -	\$ (3,628)		\$ (3,628)
	342 Fuel Holders & Accessories 343 Prime Movers	599,588 6,923,561	149,841 248,706	449,747 6,674,855	75.0% 96.4%	11,806 180,729	437,941 6,494,126		100.0% 100.0%	4,952 73,428	2.0% 2.0%	2023 2023			(6,157) (91,299)	-1.4% -1.4%	(6,157) (91,299)
	345 Accessory Electrical Equipment	242,133	18,913		92.2%	6,018	217,202		100.0%	2,456	2.0%	2023			(3,054)	-1.4%	(3,054)
	346 Miscellaneous Power Plant Equipment	109,578		109,578	100.0%	2,873	106,705		100.0%	1,206	2.0%	2023		-	(1,500)	-1.4%	(1,500)
		\$ 8,141,255	\$ 418,683	\$ 7,722,572	94.9%	\$ 208,540	\$ 7,514,032	\$ 84,960	100.0%	\$ 84,960	2.0%	2023		\$ -	\$ (105,638)	-1.4%	\$ (105,638)
								-									
Lake Preston	341 Structures and Improvements	\$ 205,566			100.0%		\$ 199,978		100.0%		2.0%	2023		\$ -	\$ (4,973)		\$ (4,973)
	342 Fuel Holders & Accessories 343 Prime Movers	373,513 3,248,402	44,808 76,336	328,705 3,172,066	88.0% 97.7%	8,816 86,155	319,889 3,085,911		100.0% 100.0%	6,398 61,717	2.0% 2.0%	2023 2023		-	(7,955) (76,737)	-2.5% -2.5%	(7,955) (76,737)
	345 Accessory Electrical Equipment	373,791	4,511		98.8%	10,069	359,211		100.0%	7,184	2.0%	2023		1	(8,932)	-2.5%	(8,932)
	346 Miscellaneous Power Plant Equipment	25,227	3,620	21,607	85.7%	585	21,022		100.0%	420	2.0%	2023		-	(523)	-2.5%	(523)
		\$ 4,226,499	\$ 129,274	\$ 4,097,225	96.9%	\$ 111,214	\$ 3,986,011	\$ 79,718	100.0%	\$ 79,718	2.0%	2023		\$-	\$ (99,120)	-2.5%	\$ (99,120)
								-									
Solway	341 Structures and Improvements	\$ 4,259,853	\$ 8,000		99.8%	\$ 272,111			100.0%		2.0%	2038		\$ -	\$ (16,756)	-0.4%	
	342 Fuel Holders & Accessories 343 Prime Movers	1,003,596 21,254,836	34,746	1,003,596 21,220,090	100.0% 99.8%	64,203 1,358,174	939,393 19,861,916		100.0% 100.0%	2,363 49,972	2.0% 2.0%	2038 2038		-	(3,955) (83,624)	-0.4% -0.4%	(3,955) (83,624)
	345 Accessory Electrical Equipment	1,253,141	34,740	1,253,141	100.0%	80,224	1,172,917		100.0%	2,951	2.0%	2038		1	(4,938)	-0.4%	(4,938)
	346 Miscellaneous Power Plant Equipment	311,722		311,722	100.0%	19,901	291,821		100.0%	734	2.0%	2038			(1,228)	-0.4%	(1,228)
		\$ 28,083,148	\$ 42,746	\$ 28,040,402	99.8%	\$ 1,794,613			100.0%		2.0%	2038		\$ -	\$ (110,501)	-0.4%	
								-									
Langdon Wind Genera		\$ 2,484,069		\$ 2,484,069	100.0%		\$ 2,364,430		100.0%		2.0%	2032		\$-	\$ (36,364)		\$ (36,364)
	344 Generators	69,297,707	458,118		99.3%	3,315,052	65,524,537	678,178		678,178	2.0%	2032		-	(1,007,737)	-1.5%	(1,007,737)
	345 Accessory Electrical Equipment 346 Miscellaneous Power Plant Equipment	6,990,877 41,430		6,990,877 41,430	100.0% 100.0%	336,637 1,972	6,654,240 39,458		100.0% 100.0%	68,871 408	2.0% 2.0%	2032 2032		-	(102,339) (606)	-1.5% -1.5%	(102,339) (606)
	340 Miscenarieous rower Plant Equipment	\$ 78,814,083	\$ 458.118	\$ 78,355,965	99.4%		\$ 74,582,665		100.0%		2.0%	2032		\$ -	\$ (1,147,046)		\$ (1,147,046)
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Ashtabula Wind Gene	ration 341 Structures and Improvements	\$ 3,248,290		\$ 3,248,290	100.0%	\$ 164,263	\$ 3,084,027	\$ 25,653	100.0%	\$ 25,653	2.0%	2033		\$-	\$ (38,881)	-1.3%	\$ (38,881)
	344 Generators	106,510,924		106,510,924	100.0%	5,385,966	101,124,958	841,146		841,146	2.0%	2033		-	(1,274,896)	-1.3%	(1,274,896)
	345 Accessory Electrical Equipment	6,219,783		6,219,783	100.0%		5,905,255		100.0%	49,119		2033		-	(74,448)	-1.3%	(74,448)
	346 Miscellaneous Power Plant Equipment	18,534 \$ 115,997,531	\$ -	18,534 \$ 115,997,531	100.0%	928 ¢ E 96E 69E	17,606	140	100.0%	146 \$ 916,064	2.0%	2033 2033		- ¢	(222) \$ (1,388,447)	-1.3%	(222) \$ (1,388,447)
		\$ 115,997,551	Ş -	\$ 115,997,551	100.0%	\$ 5,605,065	\$ 110,151,640	\$ 910,004 -	100.0%	5 910,004	2.0%	2055		Ş -	\$ (1,500,447)	-1.5%	\$ (1,566,447)
Luverne Wind Genera	tion 341 Structures and Improvements	\$ 2,266,581		\$ 2,266,581	100.0%	\$ 120,046	\$ 2,146,535	\$ 29,615	100.0%	\$ 29,615	2.0%	2034		\$ -	\$ (45,785)	-2.1%	\$ (45,785)
	344 Generators	65,342,937	203,709		99.7%	3,449,866	61,689,362	851,112		851,112		2034		-	(1,315,802)	-2.1%	(1,315,802)
	345 Accessory Electrical Equipment	4,851,757		4,851,757	100.0%	256,966	4,594,791	63,393	100.0%	63,393	2.0%	2034		-	(98,005)	-2.1%	(98,005)
	346 Miscellaneous Power Plant Equipment	43,640		43,640	100.0%	2,294	41,346		100.0%	570	2.0%	2034		-	(882)	-2.1%	(882)
		\$ 72,504,915	\$ 203,709	\$ 72,301,206	99.7%	\$ 3,829,172	\$ 68,472,034	\$ 944,691	100.0%	\$ 944,691	2.0%	2034		\$ -	\$ (1,460,474)	-2.1%	\$ (1,460,474)
General Office	390.1 Structures and Improvements	\$ 6,733,229	\$ 1,196,846	\$ 5,536,383	82.2%	\$ 251,391	\$ 5,284,992	< (1 002 200)	100.0%	\$ (1,993,300)	2.0%	2030	-5.0%	\$ (12,570)	\$ 2,846,923	53.9%	\$ 2,834,353
Fleet Service Center	390.1 Structures and Improvements 390.2 Structures and Improvements	\$ 6,733,229 892,597	\$ 1,196,846 77,442		82.2% 91.3%	\$ 251,391 26,523	\$ 5,284,992 788,632	\$ (1,993,300) (244,163)		(244,163)		2030	-5.0%	\$ (12,570) (1,326)	\$ 2,846,923 315,851	40.1%	\$ 2,834,353 314,525
Central Stores	390.3 Structures and Improvements	3,941,360				233,509	3,670,657	(2,371,691)		(2,371,691)		2025	-5.0%	(11,675)			3,728,243
	· · · · · · · · · · · ·										_					_	
		\$ 727,813,937	\$ 56,783,601	\$ 671,030,336	92.2%	\$ 41,335,666	\$ 629,694,670	\$ 41,626,541	19.5%	\$ 20,662,171				\$ (1,268,606)	\$ (34,661,062)	-5.5%	\$ (35,929,668)
	Note:	1	1	1	2	3	3	4	4	4	4	4	3	3	4	3	3
	General Blue cells represent data input, black cells repre	sent calculations															

3 2013 Depreciation Rate Study, Statement E, page 41 - 43

4 2013 Decommissioning Study, 2013 Depreciation Rate Study, Table 3, Page 12, escalation to Remaining Life with 2% average annual inflation

# **CERTIFICATE OF SERVICE**

#### RE: In the Matter of Otter Tail Power Company's 2013 Five-Year Review of Depreciation Certification Docket No. E017/D-13-795

I, Jana C. 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 Reply Comments

Dated this 17th day of February, 2014

/s/ JANA C. EMERY

Jana C. Emery Regulatory Filings Coordinator Otter Tail Power Company 215 South Cascade Street Fergus Falls MN 56537 (218) 739-8879

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