

**OTTER TAIL POWER COMPANY
2019 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
PROPOSED REMAINING LIVES & SALVAGE %'s FOR USE IN 2019**

<u>Account Number</u>	<u>Class of Utility Plant</u>	<u>Remaining Life (Yrs)</u>	<u>Net Salvage (%)</u>	<u>Amortization Period (Yrs)</u>
INTANGIBLES				
303.91	Software: 5-year Amortization Period			5
303.92	Software: 10-year Amortization Period			10
STEAM PRODUCTION				
<u>Big Stone Plant</u>				
311-101	Structures & Improvements	26.53	-5.8%	
312-101	Boiler Plant Equipment	26.54	-5.8%	
314-101	Turbogenerator Units	26.51	-5.8%	
315-101	Accessory Electric Equipment	26.53	-5.8%	
316-101	Misc. Power Plant Equipment	26.52	-5.8%	
<u>Hoot Lake Plant - Units 2 & 3</u>				
311-102	Structures & Improvements	2.49	-15.6%	
312-102	Boiler Plant Equipment	2.49	-15.6%	
312.1-102	Boiler Plant Equipment	31.16	0.0%	
314-102	Turbogenerator Units	2.49	-15.6%	
315-102	Accessory Electric Equipment	2.49	-15.6%	
316-102	Misc. Power Plant Equipment	2.49	-15.6%	
<u>Coyote Station</u>				
311-103	Structures & Improvements	21.81	-9.0%	
312-103	Boiler Plant Equipment	21.83	-9.0%	
314-103	Turbogenerator Units	21.84	-9.0%	
315-103	Accessory Electric Equipment	21.82	-9.0%	
316-103	Misc. Power Plant Equipment	21.84	-9.0%	
HYDRAULIC PRODUCTION				
<u>Hoot Lake Hydro Unit</u>				
331-131	Structures & Improvements	2.49	0.0%	
332-131	Reservoirs, Dams & Waterways	2.49	0.0%	
333-131	Water Wheels, Turbines & Gen.	2.49	0.0%	
334-131	Accessory Electric Equipment	2.49	0.0%	
335-131	Misc. Power Plant Equipment	2.49	0.0%	
<u>Wright Hydro Unit</u>				
331-132	Structures & Improvements	2.49	0.0%	
332-132	Reservoirs, Dams & Waterways	2.49	0.0%	
333-132	Water Wheels, Turbines & Gen.	2.49	0.0%	
334-132	Accessory Electric Equipment	2.49	0.0%	
335-132	Misc. Power Plant Equipment	2.49	0.0%	
<u>Pisgah Hydro Unit</u>				
331-133	Structures & Improvements	2.49	0.0%	
332-133	Reservoirs, Dams & Waterways	2.49	0.0%	
333-133	Water Wheels, Turbines & Gen.	2.49	0.0%	
334-133	Accessory Electric Equipment	2.49	0.0%	
335-133	Misc. Power Plant Equipment	2.49	0.0%	
<u>Dayton Hollow Hydro Unit</u>				
331-134	Structures & Improvements	2.49	0.0%	
332-134	Reservoirs, Dams & Waterways	2.49	0.0%	
333-134	Water Wheels, Turbines & Gen.	2.49	0.0%	
334-134	Accessory Electric Equipment	2.49	0.0%	
335-134	Misc. Power Plant Equipment	2.49	0.0%	

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<u>Taplin Gorge Hydro Unit</u>				
331-135	Structures & Improvements	2.49	0.0%	
332-135	Reservoirs, Dams & Waterways	2.49	0.0%	
333-135	Water Wheels, Turbines & Gen.	2.49	0.0%	
334-135	Accessory Electric Equipment	2.49	0.0%	
335-135	Misc. Power Plant Equipment	2.49	0.0%	
<u>Bemidji Hydro Unit</u>				
331-138	Structures & Improvements	2.49	0.0%	
332-138	Reservoirs, Dams & Waterways	2.49	0.0%	
333-138	Water Wheels, Turbines & Gen.	2.49	0.0%	
334-138	Accessory Electric Equipment	2.49	0.0%	
335-138	Misc. Power Plant Equipment	2.49	0.0%	
OTHER PRODUCTION				
<u>Jamestown Unit 1</u>				
341-140	Structures & Improvements	14.22	-5.9%	
342-140	Fuel Holders & Accessories	14.23	-5.9%	
343-140	Prime Movers	14.22	-5.9%	
345-140	Accessory Electric Equipment	14.21	-5.9%	
346-140	Misc. Power Plant Equipment	14.23	-5.9%	
<u>Jamestown Unit 2</u>				
341-142	Structures & Improvements	14.23	-5.9%	
342-142	Fuel Holders & Accessories	14.21	-5.9%	
343-142	Prime Movers	14.22	-5.9%	
345-142	Accessory Electric Equipment	14.23	-5.9%	
346-142	Misc. Power Plant Equipment	14.21	-5.9%	
<u>Lake Preston</u>				
341-141	Structures & Improvements	14.22	-6.9%	
342-141	Fuel Holders & Accessories	14.22	-6.9%	
343-141	Prime Movers	14.22	-6.9%	
345-141	Accessory Electric Equipment	14.22	-6.9%	
346-141	Misc. Power Plant Equipment	14.21	-6.9%	
<u>Fergus Falls Control Center</u>				
343-143	Prime Movers	11.32	-5.0%	
<u>Solway Combustion Turbine Plant</u>				
341-144	Structures & Improvements	19.01	-1.5%	
342-144	Fuel Holders & Accessories	19.01	-1.5%	
343-144	Prime Movers	19.01	-1.5%	
345-144	Accessory Electric Equipment	19.01	-1.5%	
346-144	Misc. Power Plant Equipment	19.01	-1.5%	
<u>Langdon Wind Energy Center</u>				
341-160	Structures & Improvements	13.27	-4.0%	
344-160	Generators	13.27	-4.0%	
345-160	Accessory Electric Equipment	13.27	-4.0%	
346-160	Misc. Power Plant Equipment	13.27	-4.0%	
<u>Ashtabula Wind Energy Center</u>				
341-161	Structures & Improvements	14.23	-3.4%	
344-161	Generators	14.23	-3.4%	
345-161	Accessory Electric Equipment	14.23	-3.4%	
346-161	Misc. Power Plant Equipment	14.23	-3.4%	

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<u>Luverne Wind Energy Center</u>				
341-162	Structures & Improvements	15.19	-5.9%	
344-162	Generators	15.19	-5.9%	
345-162	Accessory Electric Equipment	15.19	-5.9%	
346-162	Misc. Power Plant Equipment	15.20	-5.9%	
<u>Merricourt Wind Energy Center</u>				
341-163	Structures & Improvements	25.00	-4.0%	
344-163	Generators	25.00	-4.0%	
345-163	Accessory Electric Equipment	25.00	-4.0%	
346-163	Misc. Power Plant Equipment	25.00	-4.0%	
TRANSMISSION				
353	Station Equipment	55.33	-5.0%	
354	Towers & Fixtures	69.84	-10.0%	
355	Poles & Fixtures	59.02	-50.0%	
356	Overhead Conductor & Devices	61.24	-30.0%	
358	Underground Conductor & Devices	14.32	-5.0%	
DISTRIBUTION				
362	Station Equipment	34.63	5.0%	
364	Poles, Towers & Fixtures	48.80	-100.0%	
365	Overhead Conductor & Devices	43.13	-75.0%	
367	Underground Conductor & Devices	28.94	-5.0%	
368	Line Transformers	30.71	30.0%	
369	Overhead Services	30.41	-200.0%	
369.1	Underground Services	33.62	-20.0%	
370	Meters	20.02	0.0%	
370.1	Load Management Switches	2.70	0.0%	
370.20	Interruption Monitors			5
371.20	Other Private Lighting	24.42	0.0%	
373	Street Lighting & Signal System	15.68	-5.0%	
GENERAL PLANT				
Depreciable				
390	Structures & Improvements	33.73	5.0%	
390.1	General Office Buildings	20.89	47.3%	
390.2	Fleet Service Center Buildings	16.14	31.2%	
390.3	Central Stores Building	25.55	76.2%	
396	Power Operated Equipment	18.80	5.0%	
397.4	Communication Towers	32.06	-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
FIVE-YEAR REVIEW OF DEPRECIATION CERTIFICATION
Supplemental Comments

Future Additions and Retirements

As indicated in the 2019 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 Power Company (Otter Tail) is unaware of any major future additions or retirements that will materially affect this filing’s certification results.

In addition to discussing future additions or retirements that could affect the current certification results, it is the Company’s practice to discuss future (and potential future) additions or retirements that may influence *future* depreciation expense or *future* certification results. Historically Otter Tail described these types of project. What follows are updates on current projects or projects being considered.

On November 17, 2016, Otter Tail announced agreements with EDF Renewable Development Inc. and certain of its affiliated companies (collectively EDF) whereby EDF will develop and construct and OTP will acquire a 150-megawatt (MW) wind farm to be built near the southeastern North Dakota town of Merricourt. Otter Tail closed on the purchase of certain development assets from EDF in July 2016. Construction began on the project in August 2019 with a targeted completion in 2020. The project is expected to cost approximately \$270 million and have the capacity to generate enough energy to power more than 65,000 homes.

On March 27, 2017, the company announced plans to seek regulatory approvals to build a new 245 MW simple cycle, natural gas-fired electricity-generating station (Astoria Station) northwest of Astoria in Deuel County, South Dakota. This plant is located near the intersection of the Northern Border Pipeline and the Big Stone South-to-Brookings County 345-kilovolt electric transmission line. Construction began on Astoria Station in May of 2019. Upon completion Astoria Station will be a state-of-the-art, highly efficient simple-cycle natural gas combustion turbine. Otter Tail Power Company expects to invest about \$158 million in the project with a planned in-service date in 2021.

Together these new generation facilities will help offset the scheduled 2021 retirement of coal-fired Units 2 and 3 at Hoot Lake Plant located outside of Fergus Falls, MN. Astoria Station will help offset capacity needs, while the Merricourt wind farm will help offset energy needs. The Hoot Lake Plant units began serving customers in 1959 and 1964 respectively and have a combined output of 140-megawatts (MW).

**OTTER TAIL POWER COMPANY
2019 ANNUAL REVIEW OF DEPRECIATION CERTIFICATION
Comparison of Resource Plan and Depreciation Filing Retirement Dates**

Generating Unit	Retirement Dates			Comments
	Resource Plan 2017 - 2031	2019 Depreciation Study (Attachment No. 1)	Difference	
BASE LOAD				
➤ Hoot Lake Plant Units 2 & 3	Jun-2021	Jun-2021	None	Hoot Lake Plant units 2 & 3 have an Average Year of Final Retirement (AYFR) of 2021. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study identifies June 2021 as its retirement date. The IRP in Appendix F also adopts June 2021 as the retirement month matching the Depreciation filing. Due to the resulting regulatory lag associated with Otter Tails depreciation filings (from depreciation study date to depreciation effective date) Hoot Lake Plant will become fully depreciated including its net negative salvage percentage of 15.6% in June 2022 approximately the same time as it expects to complete decommissioning activities.
➤ Big Stone Plant	Jun-2046	Jun-2046	None	Big Stone Plant has an Average Year of Final Retirement (AYFR) of 2046. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2046 as its retirement date. The IRP in Appendix F also adopts June, 2046 as the retirement month matching the Depreciation filing.
➤ Coyote Station	Jun-2041	Jun-2041	None	Coyote Station has an Average Year of Final Retirement (AYFR) of 2041. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2041 as its retirement date. The IRP in Appendix F also adopts June, 2041 as the retirement month matching the Depreciation filing.
WIND				
➤ Langdon Wind Energy Center	Dec-2032	Jun-2032	6 months (outside of IRP study period)	The Langdon Wind Energy Center has an Average Year of Final Retirement (AYFR) of 2032. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2032 as its retirement date. The IRP models the Wind Farms as Purchase Power Agreements which expire at the end of their termination year, therefore the IRP uses December, 2032 as its retirement month.
➤ Ashtabula Wind Energy Center	Dec-2033	Jun-2033	6 months (outside of IRP study period)	The Ashtabula Wind Energy Center has an Average Year of Final Retirement (AYFR) of 2033. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2033 as its retirement date. The IRP models the Wind Farms as Purchase Power Agreements which expire at the end of their termination year, therefore the IRP uses December, 2033 as its retirement month.
➤ Luverne Wind Energy Center	Dec-2034	Jun-2034	6 months (outside of IRP study period)	The Luverne Wind Energy Center has an Average Year of Final Retirement (AYFR) of 2034. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2034 as its retirement date. The IRP models the Wind Farms as Purchase Power Agreements which expire at the end of their termination year, therefore the IRP uses December, 2034 as its retirement month.
➤ Merricourt Wind Energy Center	N/A	Jun-2045	N/A	The Merricourt Wind Energy Center (MWEC) has an Average Year of Final Retirement (AYFR) of 2045. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2045 as its retirement date. The 2016 IRP models the Wind Farms as Purchase Power Agreements which expire at the end of their termination year. The MWEC was not represented in that IRP as an OTP owned resource, but as a generic wind purchased power agreement.
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	The latest approved IRP assume these permanent hydro dam structures operate perpetually until a final retirement date is established. Depreciation Studies tie the retirement date to end of the current active FERC hydro operating license. This is the latest date these facilities can operate as generation resources until a new license renewal is granted pursuant to the satisfaction of its stated conditions. OTP is currently pursuing renewing its FERC Hydro license.
➤ 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	The latest approved IRP assumes permanent hydro dam structures operate perpetually until a final retirement date is established. Depreciation Studies tie the retirement date to end of current hydro license for other hydro structures which are of a similar vintage.
PEAKING				
➤ Jamestown Combustion Turbines - 2 units	Jun-2033	Jun-2033	None	The two Jamestown Combustion Turbines have an Average Year of Final Retirement (AYFR) of 2033. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2033 as its retirement date. The IRP in Appendix F also adopts June, 2033 as the retirement month matching the Depreciation filing.
➤ Lake Preston Combustion Turbine	Jun-2033	Jun-2033	None	The Lake Preston Combustion Turbine has an Average Year of Final Retirement (AYFR) of 2033. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2033 as its retirement date. The IRP in Appendix F also adopts June, 2033 as the retirement month matching the Depreciation filing.
➤ Solway Combustion Turbine	Jun-2038	Jun-2038	None	The Solway Combustion Turbine has an Average Year of Final Retirement (AYFR) of 2038. The Depreciation Study adopts a mid-year convention where all asset activity is assumed to take place on June 30th of its respective activity years, whether that activity is a plant addition or plant retirement. Therefore the depreciation study has June, 2038 as its retirement date. The IRP in Appendix F also adopts June, 2038 as the retirement month matching the Depreciation filing.
➤ 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:

Otter Tail 's most recently approve IRP was filed under Docket No. E07-RP-16-386. In the RP's, 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 used for appropriate depreciation expense allocation of our current investment over the current plants remaining life. The RP is far less exact in the long-term, so there can be potential difference because of the intended purposes and assumptions the two filings.

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of its
2019 Annual Review of Depreciation Certification
Docket No. E017/D-19-**

I, Mikayla Osterman, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf 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
Initial Filing**

Dated this **30st** day of **August 2019**.

/s/ MIKAYLA OSTERMAN
Mikayla Osterman
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_GEN_SL_Otter Tail Power Company_2019Depreciation
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation
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_GEN_SL_Otter Tail Power Company_2019Depreciation
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_GEN_SL_Otter Tail Power Company_2019Depreciation
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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_GEN_SL_Otter Tail Power Company_2019Depreciation
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_GEN_SL_Otter Tail Power Company_2019Depreciation
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation
Kavita	Maini	kmains@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Steel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation
Stuart	Tommerdahl	stommerdahl@otpc.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_GEN_SL_Otter Tail Power Company_2019Depreciation
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_2019Depreciation