

# Section 1: 10-K/A (FORM 10-K/A)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## FORM 10-K/A

### Amendment No. 1

(Mark One)

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended **December 31, 2017**

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **0-53713**

### OTTER TAIL CORPORATION

(Exact name of registrant as specified in its charter)

**MINNESOTA**

(State or other jurisdiction of incorporation or organization)

**27-0383995**

(I.R.S. Employer Identification No.)

**215 SOUTH CASCADE STREET, BOX 496, FERGUS FALLS,  
MINNESOTA**

(Address of principal executive offices)

**56538-0496**

(Zip Code)

Registrant's telephone number, including area code: **866-410-8780**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

**COMMON SHARES, par value \$5.00 per share**

Name of each exchange on which registered

**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Non-Accelerated Filer

(Do not check if a smaller reporting company)

Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of common stock held by non-affiliates, computed by reference to the last sales price on June 30, 2017 was **\$1,500,154,049**.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:  
**39,626,594 Common Shares (\$5 par value) as of February 8, 2018.**

Documents Incorporated by Reference:

No documents are incorporated by reference into this Amendment No. 1 on Form 10-K/A. Certain information required by Part III of the Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission on February 20, 2018, has been incorporated by reference from the Proxy Statement for the 2018 Annual Meeting.

## **EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-K/A (this “Amendment”) amends Otter Tail Corporation’s Annual Report on Form 10-K for the year ended December 31, 2017, which was originally filed with the Securities and Exchange Commission (the “Commission”) on February 20, 2018 (the “Original Filing”). Otter Tail Corporation is filing this Amendment for the sole purpose of inserting the conformed signature of our independent registered public accounting firm on their Report of Independent Registered Public Accounting Firm with respect to the audited financial statements included in the Original Filing which was inadvertently omitted. Accordingly, Item 8 of Part II of the Original Filing is being amended hereby solely to reflect this conformed signature. In addition, as required by Rule 12b-15 of the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are included herein as exhibits to this Amendment. Accordingly, Item 15 of Part IV of the Original Filing is being amended hereby solely to reflect the filing of these new exhibits.

This Amendment does not make any other changes to the Original Filing and does not reflect events occurring after the Original Filing or modify or update any of the information contained therein in any way other than as expressly described in this Amendment.

## **Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
Otter Tail Corporation

#### **Opinions on the Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying consolidated balance sheets and statements of capitalization of Otter Tail Corporation and subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, common shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Otter Tail Corporation and subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

#### **Basis for Opinions**

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report Regarding Internal Controls Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

#### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota

February 20, 2018

We have served as the Company's auditor since 1944.



**OTTER TAIL CORPORATION**  
**Consolidated Balance Sheets, December 31**

(in thousands)

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 16,216	\$ --
Accounts Receivable:		
Trade (less allowance for doubtful accounts of \$1,094 for 2017 and \$1,246 for 2016)	68,466	68,242
Other	7,761	5,850
Inventories	88,034	83,740
Unbilled Revenues	22,427	20,080
Income Taxes Receivable	1,181	662
Regulatory Assets	22,551	21,297
Other	12,491	8,144
<b>Total Current Assets</b>	<b>239,127</b>	<b>208,015</b>
<b>Investments</b>	<b>8,629</b>	<b>8,417</b>
<b>Other Assets</b>	<b>36,006</b>	<b>34,104</b>
<b>Goodwill</b>	<b>37,572</b>	<b>37,572</b>
<b>Other Intangibles-Net</b>	<b>13,765</b>	<b>14,958</b>
<b>Regulatory Assets</b>	<b>129,576</b>	<b>132,094</b>
<b>Plant</b>		
Electric Plant in Service	1,981,018	1,860,357
Nonelectric Operations	216,937	211,826
Construction Work in Progress	141,067	153,261
<b>Total Gross Plant</b>	<b>2,339,022</b>	<b>2,225,444</b>
Less Accumulated Depreciation and Amortization	799,419	748,219
<b>Net Plant</b>	<b>1,539,603</b>	<b>1,477,225</b>
<b>Total Assets</b>	<b>\$ 2,004,278</b>	<b>\$ 1,912,385</b>

See accompanying notes to consolidated financial statements.

**OTTER TAIL CORPORATION**  
**Consolidated Balance Sheets, December 31**

(in thousands, except share data)

	2017	2016
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-Term Debt	\$ 112,371	\$ 42,883
Current Maturities of Long-Term Debt	186	33,201
Accounts Payable	84,185	89,350
Accrued Salaries and Wages	21,534	17,497
Accrued Taxes	16,808	16,000
Regulatory Liabilities	9,688	3,294
Other Accrued Liabilities	11,389	12,083
Liabilities of Discontinued Operations	492	1,363
Total Current Liabilities	256,653	215,671
Pensions Benefit Liability	109,708	97,627
Other Postretirement Benefits Liability	69,774	62,571
Other Noncurrent Liabilities	22,769	21,706
<b>Commitments and Contingencies (note 8)</b>		
<b>Deferred Credits</b>		
Deferred Income Taxes	100,501	226,591
Deferred Tax Credits	21,379	22,849
Regulatory Liabilities	232,893	82,433
Other	3,329	7,492
Total Deferred Credits	358,102	339,365
<b>Capitalization (page 67)</b>		
Long-Term Debt—Net	490,380	505,341
Cumulative Preferred Shares – Authorized 1,500,000 Shares Without Par Value; Outstanding – None	--	--
Cumulative Preference Shares – Authorized 1,000,000 Shares Without Par Value; Outstanding – None	--	--
Common Shares, Par Value \$5 Per Share—Authorized, 50,000,000 Shares; Outstanding, 2017—39,557,491 Shares; 2016—39,348,136 Shares	197,787	196,741
Premium on Common Shares	343,450	337,684
Retained Earnings	161,286	139,479
Accumulated Other Comprehensive Loss	(5,631)	(3,800)
Total Common Equity	696,892	670,104
Total Capitalization	1,187,272	1,175,445
<b>Total Liabilities and Equity</b>	<b>\$ 2,004,278</b>	<b>\$ 1,912,385</b>

See accompanying notes to consolidated financial statements.

**OTTER TAIL CORPORATION**
**Consolidated Statements of Income—For the Years Ended December 31**
*(in thousands, except per-share amounts)*

	2017		2016		2015
<b>Operating Revenues</b>					
Electric	\$ 434,506	\$	427,349	\$	407,039
Product Sales	414,844		376,190		372,765
Total Operating Revenues	849,350		803,539		779,804
<b>Operating Expenses</b>					
Production Fuel – Electric	59,690		54,792		42,744
Purchased Power – Electric System Use	64,807		63,226		78,150
Electric Operation and Maintenance Expenses	151,319		151,225		140,768
Cost of Products Sold (depreciation included below)	316,562		295,222		295,032
Other Nonelectric Expenses	43,240		40,264		40,021
Depreciation and Amortization	72,545		73,445		60,363
Property Taxes – Electric	15,053		14,266		13,512
Total Operating Expenses	723,216		692,440		670,590
<b>Operating Income</b>	126,134		111,099		109,214
<b>Interest Charges</b>	29,604		31,886		31,160
<b>Other Income</b>	2,632		2,905		2,177
<b>Income Before Income Taxes – Continuing Operations</b>	99,162		82,118		80,231
<b>Income Tax Expense – Continuing Operations</b>	27,043		20,081		21,642
<b>Net Income from Continuing Operations</b>	72,119		62,037		58,589
<b>Discontinued Operations</b>					
Income (Loss) – net of Income Tax Expense (Benefit) of \$213 in 2017, \$138 in 2016, and (\$1,539) in 2015	320		284		(5,404)
Impairment Loss – net of Income Tax (Benefit) of \$0 in 2015	--		--		(1,000)
Gain on Disposition – net of Income Tax Expense of \$4,530 in 2015	--		--		7,160
<b>Net Income from Discontinued Operations</b>	320		284		756
<b>Total Net Income</b>	\$ 72,439	\$	62,321	\$	59,345
<b>Average Number of Common Shares Outstanding—Basic</b>	39,457		38,546		37,495
<b>Average Number of Common Shares Outstanding—Diluted</b>	39,748		38,731		37,668
<b>Basic Earnings Per Common Share:</b>					
Continuing Operations	\$ 1.83	\$	1.61	\$	1.56
Discontinued Operations	\$ 0.01	\$	0.01	\$	0.02
	\$ 1.84	\$	1.62	\$	1.58
<b>Diluted Earnings Per Common Share:</b>					
Continuing Operations	\$ 1.81	\$	1.60	\$	1.56
Discontinued Operations	\$ 0.01	\$	0.01	\$	0.02
	\$ 1.82	\$	1.61	\$	1.58
<b>Dividends Declared Per Common Share</b>	\$ 1.28	\$	1.25	\$	1.23

*See accompanying notes to consolidated financial statements.*



**OTTER TAIL CORPORATION****Consolidated Statements of Comprehensive Income—For the Years Ended December 31***(in thousands)*

	2017		2016		2015
<b>Net Income</b>	<b>\$ 72,439</b>	\$	62,321	\$	59,345
<b>Other Comprehensive Income (Loss):</b>					
Unrealized Loss on Available-for-Sale Securities:					
Reversal of Previously Recognized Gains Realized on Sale of Investments and Included in Other Income During Period	(15)		(3)		(3)
Gains (Losses) Arising During Period	115		(14)		(49)
Income Tax (Expense) Benefit	(35)		6		18
Change in Unrealized Losses on Available-for-Sale Securities – net-of-tax	65		(11)		(34)
Pension and Postretirement Benefit Plans:					
Actuarial (Losses) Gains Net of Regulatory Allocation Adjustment	(3,791)		(445)		510
Amortization of Unrecognized Postretirement Benefit Costs (note 10)	629		628		821
Income Tax Benefit (Expense)	1,266		(74)		(532)
Pension and Postretirement Benefit Plans – net-of-tax	(1,896)		109		799
<b>Total Other Comprehensive Income (Loss)</b>	<b>(1,831)</b>		98		765
<b>Total Comprehensive Income</b>	<b>\$ 70,608</b>	\$	62,419	\$	60,110

*See accompanying notes to consolidated financial statements.*

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**OTTER TAIL CORPORATION**

**Consolidated Statements of Common Shareholders' Equity**

<i>(in thousands, except common shares outstanding)</i>	<b>Common Shares Outstanding</b>	<b>Par Value, Common Shares</b>	<b>Premium on Common Shares</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income/(Loss)</b>	<b>Total Common Equity</b>
<b>Balance, December 31, 2014</b>	<b>37,218,053</b>	<b>\$ 186,090</b>	<b>\$</b>			