

Otter Tail Power Company
South Dakota Retail Jurisdiction

IV. Cost of Capital ¹

2015 Actual

Line	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1 Long-Term Debt	\$447,157,310	48.19%	5.61%	2.70%
2 Short-Term Debt	-	0.00%		0.00%
3 Total Debt	<u>\$447,157,310</u>	<u>48.19%</u>		
4 Preferred Stock	-	0.00%	0.00%	0.00%
5 Common Equity	<u>\$480,693,810</u>	<u>51.81%</u>	9.25%	4.79%
6 Total Equity	\$480,693,810	51.81%		
7 Total Capital	\$927,851,120	100.00%		7.50%

2015 Normalized

Line	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8 Long-Term Debt	\$450,007,793	48.50%	5.57%	2.70%
9 Short-Term Debt	-	0.00%	0.00%	0.00%
10 Total Debt	<u>\$450,007,793</u>	<u>48.50%</u>		
11 Preferred Stock	-	0.00%	0.00%	0.00%
12 Common Equity	<u>\$477,843,327</u>	<u>51.50%</u>	9.48%	4.88%
13 Total Equity	\$477,843,327	51.50%		
14 Total Capital	\$927,851,121	100.00%		7.59%

¹ Based on 13 month averages, consistent with methodology approved in last rate case,
Docket No. EL10-011