

Otter Tail Power Company
South Dakota Retail Jurisdiction

IV. Cost of Capital ¹

2012 Actual

Line	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1 Long-Term Debt	\$335,170,526	49.29%	5.77%	2.84%
2 Short-Term Debt	-	0.00%		0.00%
3 Total Debt	<u>\$335,170,526</u>	<u>49.29%</u>		
4 Preferred Stock	-	0.00%	0.00%	0.00%
5 Common Equity	<u>\$344,783,175</u>	<u>50.71%</u>	9.82%	4.98%
6 Total Equity	<u>\$344,783,175</u>	<u>50.71%</u>		
7 Total Capital	\$679,953,701	100.00%		7.82%

2012 Normalized

Line	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8 Long-Term Debt	\$335,170,526	49.29%	5.77%	2.84%
9 Short-Term Debt	-	0.00%	0.00%	0.00%
10 Total Debt	<u>\$335,170,526</u>	<u>49.29%</u>		
11 Preferred Stock	-	0.00%	0.00%	0.00%
12 Common Equity	<u>\$344,783,175</u>	<u>50.71%</u>	9.57%	4.85%
13 Total Equity	<u>\$344,783,175</u>	<u>50.71%</u>		
14 Total Capital	\$679,953,701	100.00%		7.70%

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