

**Otter Tail Power Company  
South Dakota Retail Jurisdiction**

**IV. Cost of Capital** <sup>1</sup>

**2018 Actual**

Line		<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$521,046,487	47.34%	5.27%	2.50%
2	Short-Term Debt		0.00%		0.00%
3	Total Debt	<u>\$521,046,487</u>	<u>47.34%</u>		
4	Preferred Stock	-	0.00%	0.00%	0.00%
5	Common Equity	\$579,641,733	52.66%	5.62%	2.96%
6	Total Equity	<u>\$579,641,733</u>	<u>52.66%</u>		
7	Total Capital	\$1,100,688,221	100.00%		5.46%

**2018 Normalized**

Line		<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt	\$521,046,487	47.34%	5.27%	2.50%
9	Short-Term Debt	-	0.00%	0.00%	0.00%
10	Total Debt	<u>\$521,046,487</u>	<u>47.34%</u>		
11	Preferred Stock	-	0.00%	0.00%	0.00%
12	Common Equity	\$579,641,733	52.66%	5.01%	2.64%
13	Total Equity	<u>\$579,641,733</u>	<u>52.66%</u>		
14	Total Capital	\$1,100,688,221	100.00%		5.14%

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