

Otter Tail Power Company
South Dakota Retail Jurisdiction

IV. Cost of Capital ¹

2014 Actual

Line		<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$438,564,786	51.44%	5.47%	2.81%
2	Short-Term Debt	-	0.00%		0.00%
3	Total Debt	<u>\$438,564,786</u>	<u>51.44%</u>		
4	Preferred Stock	-	0.00%	0.00%	0.00%
5	Common Equity	<u>\$414,092,932</u>	<u>48.56%</u>	11.16%	5.42%
6	Total Equity	<u>\$414,092,932</u>	<u>48.56%</u>		
7	Total Capital	\$852,657,718	100.00%		8.23%

2014 Normalized

Line		<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt	\$413,538,993	48.50%	5.47%	2.65%
9	Short-Term Debt	-	0.00%	0.00%	0.00%
10	Total Debt	<u>\$413,538,993</u>	<u>48.50%</u>		
11	Preferred Stock	-	0.00%	0.00%	0.00%
12	Common Equity	<u>\$439,118,725</u>	<u>51.50%</u>	10.49%	5.40%
13	Total Equity	<u>\$439,118,725</u>	<u>51.50%</u>		
14	Total Capital	\$852,657,718	100.00%		8.06%

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