

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

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

**2016 Actual**

Line	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1 Long-Term Debt	\$471,921,734	47.33%	5.41%	2.56%
2 Short-Term Debt	-	0.00%		0.00%
3 Total Debt	<u>\$471,921,734</u>	<u>47.33%</u>		
4 Preferred Stock	-	0.00%	0.00%	0.00%
5 Common Equity	<u>\$525,252,099</u>	<u>52.67%</u>	7.80%	4.11%
6 Total Equity	<u>\$525,252,099</u>	<u>52.67%</u>		
7 Total Capital	\$997,173,833	100.00%		6.67%

**2016 Normalized**

Line	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8 Long-Term Debt	\$471,921,734	47.33%	5.41%	2.56%
9 Short-Term Debt	-	0.00%	0.00%	0.00%
10 Total Debt	<u>\$471,921,734</u>	<u>47.33%</u>		
11 Preferred Stock	-	0.00%	0.00%	0.00%
12 Common Equity	<u>\$525,252,099</u>	<u>52.67%</u>	8.45%	4.45%
13 Total Equity	<u>\$525,252,099</u>	<u>52.67%</u>		
14 Total Capital	\$997,173,833	100.00%		7.01%

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