

Docket No. EL18-\_\_\_\_  
 Volume 4A  
 Section 3

Exhibit \_\_ (KGM-1), Schedule D-2  
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OTTER TAIL POWER COMPANY  
 Electric Utility - State of South Dakota  
 RATE OF RETURN / COST OF CAPITAL SCHEDULES  
 Cost of Long-Term Debt

2017 Actual Year

Line No.	DESCRIPTION	Interest Rate	PRINCIPAL AMOUNTS OUTSTANDING												Total	Interest Cost	
			Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17			Dec-17
1	4.630% Series for 2021	4.630%	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$6,482,000
2	5.950% Unsecured Series A 2017 Senior Notes	5.950%	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	0	0	0	0	0	0	1,254,458
3	6.150% Unsecured Series B 2022 Senior Notes	6.150%	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	1,845,000
4	6.370% Unsecured Series C 2027 Senior Notes	6.370%	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	2,675,400
5	6.470% Series D 2037 Unsecured Senior Notes	6.470%	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	3,235,000
6	Total Debentures	0	\$295,000,000	\$295,000,000	\$295,000,000	\$295,000,000	\$295,000,000	\$295,000,000	\$295,000,000	\$295,000,000	\$262,000,000	\$262,000,000	\$262,000,000	\$262,000,000	\$262,000,000	\$262,000,000	\$15,491,858
7	<b>Series Bonds</b>																
8	4.680% 2028 Series 4.68%	4.680%	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	60000000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	2,808,000
9	5.470% 2043 Series 5.47%	5.470%	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90000000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	4,923,000
10	Total Series Bonds		\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$7,731,000
11																	
12	Subtotal Bond Balances		\$445,000,000	\$445,000,000	\$445,000,000	\$445,000,000	\$445,000,000	\$445,000,000	\$445,000,000	\$445,000,000	\$412,000,000	\$412,000,000	\$412,000,000	\$412,000,000	\$412,000,000	\$412,000,000	\$23,222,858
13																	
14	Loss/Gain on Reacquired Debt		(4,158,557)	(4,096,379)	(4,034,202)	(3,972,025)	(3,909,848)	(3,847,671)	(3,785,494)	(3,723,317)	(3,661,622)	(3,605,010)	(3,706,722)	(3,718,997)	(3,675,755)	(3,838,123)	705,079
15	Total Long-Term Debt Capital		\$440,841,443	\$440,903,621	\$440,965,798	\$441,027,975	\$441,090,152	\$441,152,329	\$441,214,506	\$441,276,683	\$408,338,378	\$408,394,990	\$408,293,278	\$408,281,003	\$408,324,245	\$428,469,569	\$23,927,938

WEIGHTED COST OF LONG-TERM DEBT 5.58%

2017 Test Year

Line No.	DESCRIPTION	Interest Rate	PRINCIPAL AMOUNTS OUTSTANDING												Total	Interest Cost	
			Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18			Dec-18
1	4.630% Series for 2021	4.630%	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$6,482,000
2	6.150% Unsecured Series B 2022 Senior Notes	6.150%	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	1,845,000
3	6.370% Unsecured Series C 2027 Senior Notes	6.370%	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	2,675,400
4	6.470% Series D 2037 Unsecured Senior Notes	6.470%	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	3,235,000
5	4.070% Unsecured Series A 2048 Senior Notes	4.070%	0	0	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	3,443,846
6	Total Debentures	0	\$262,000,000	\$262,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$362,000,000	\$17,681,246
7	<b>Series Bonds</b>																
8	4.680% 2029 Series	4.680%	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	60000000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	2,808,000
9	5.470% 2044 Series	5.470%	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90000000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	4,923,000
10	Total Series Bonds		\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$7,731,000
11																	
12	Subtotal Bond Balances		\$412,000,000	\$412,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$512,000,000	\$25,412,246
13																	
14	Loss/Gain on Reacquired Debt		(4,158,557)	(4,096,379)	(4,034,202)	(3,972,025)	(3,909,848)	(3,847,671)	(3,785,494)	(3,723,317)	(3,661,622)	(3,605,010)	(3,706,722)	(3,718,997)	(3,675,755)	(3,838,123)	705,079
15	Total Long-Term Debt Capital		\$407,841,443	\$407,903,621	\$507,965,798	\$508,027,975	\$508,090,152	\$508,152,329	\$508,214,506	\$508,276,683	\$508,338,378	\$508,394,990	\$508,293,278	\$508,281,003	\$508,324,245	\$492,777,261	\$26,117,325

WEIGHTED COST OF LONG-TERM DEBT 5.30%