

Moody's Rating Factors
Otter Tail Power Company

Line No.

1	Regulated Electric and Gas Utilities Industry	Current LTM	
2	Grid [1][2]	3/31/2017	
3	Factor 1 : Regulatory Framework (25%)	Measure	Score
4	a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A
5	b) Consistency and Predictability of Regulation	A	A
6			
7			
8	Factor 2 : Ability to Recover Costs and Earn Returns (25%)		
9	a) Timeliness of Recovery of Operating and Capital Costs	A	A
10	b) Sufficiency of Rates and Returns	Baa	Baa
11			
12			
13	Factor 3 : Diversification (10%)		
14	a) Market Position	Baa	Baa
15	b) Generation and Fuel Diversity	Ba	Ba
16			
17	Factor 4 : Financial Strength (40%)		
18	a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.5x	A
19	b) CFO pre-WC / Debt (3 Year Avg)	22.5%	A
20	c) CFO pre-WC - Dividends / Debt (3 Year Avg)	15.7%	Baa
21	d) Debt / Capitalization (3 Year Avg)	42.7%	A
22			
23	Rating:		
24	Grid-Indicated Rating Before Notching Adjustment		A3
25	HoldCo Structural Subordination Notching	0	0
26	a) Indicated Rating from Grid		A3
27	b) Actual Rating Assigned		A3

[3]Moody's 12-18 Month Forward View As of March 2017	
Measure	Score
A	A
A	A
Aa	Aa
Baa	Baa
Baa	Baa
Baa	Baa
6x-6.4x	Aa
23%-27%	A
16%-20%	A
36%-40%	A
	A2
0	0
	A2
	A3

29 [1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 3/31/2017(L) [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures. Source: Moody's Financial Metrics™