

Flotation Cost Adjustment

Two most recent open market common stock issuances per company, if available

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
Company	Date	Shares Issued	Offering Price	Underwriting Discount	Offering Expense	Net Proceeds Per Share	Total Flotation Costs	Gross Equity Issue Before Costs	Net Proceeds	Flotation Cost Percentage
Otter Tail Corporation	2004-05	3,075,000	\$25.45	\$0.9500	\$391,452	\$24.37	\$3,312,702	\$78,258,750	\$74,946,048	4.233%
Otter Tail Corporation	2008	5,175,000	\$30.00	\$1.0875	\$807,185	\$28.76	\$6,434,997	\$155,250,000	\$148,815,003	4.145%
Otter Tail Corporation - ESPP	2004	66,958	\$19.31	\$0.0000	\$0	\$19.31	\$0	\$1,292,959	\$1,292,959	0.000%
Otter Tail Corporation - ESPP	2009	62,450	\$19.18	\$0.0000	\$0	\$19.18	\$0	\$1,197,791	\$1,197,791	0.000%
Otter Tail Corporation - ESPP	2014	39,222	\$26.75	\$0.0000	\$0	\$26.75	\$0	\$1,049,188	\$1,049,188	0.000%
Otter Tail Corporation - ESPP	2015	42,253	\$25.93	\$0.0000	\$0	\$25.93	\$0	\$1,095,620	\$1,095,620	0.000%
Otter Tail Corporation - ESPP	2016	53,875	\$27.68	\$0.0000	\$0	\$27.68	\$1,159	\$1,491,266	\$1,490,107	0.078%
Otter Tail Corporation - ESPP	2017	5,284	\$39.85	\$0.0000	\$0	\$39.78	\$367	\$210,585	\$210,218	0.174%
Otter Tail Corporation - DRIP	2004	223,165	\$19.30	\$0.0000	\$0	\$19.30	\$0	\$4,308,033	\$4,308,033	0.000%
Otter Tail Corporation - DRIP	2009	233,943	\$19.21	\$0.0000	\$0	\$19.18	\$5,877	\$4,493,385	\$4,487,508	0.131%
Otter Tail Corporation - DRIP	2014	288,045	\$26.76	\$0.0000	\$0	\$26.76	\$0	\$7,707,964	\$7,707,964	0.000%
Otter Tail Corporation - DRIP	2015	330,379	\$25.93	\$0.0000	\$56,545	\$25.76	\$56,545	\$8,566,009	\$8,509,464	0.660%
Otter Tail Corporation - DRIP	2016	302,524	\$32.09	\$0.0000	\$0	\$31.98	\$32,973	\$9,708,531	\$9,675,558	0.340%
Otter Tail Corporation - DRIP	2017	107,285	\$38.58	\$0.0000	\$0	\$38.42	\$17,554	\$4,139,552	\$4,121,998	0.424%
Otter Tail Corporation - ATM	2014	519,636	\$29.69	\$0.5903	\$780,616	\$27.42	\$1,087,343	\$15,336,352	\$14,249,009	7.090%
Otter Tail Corporation - ATM	2015	133,197	\$28.00	\$0.4241	\$339,160	\$25.45	\$395,645	\$3,785,244	\$3,389,599	10.452%
Otter Tail Corporation - ATM	2016	1,014,115	\$33.00	\$0.0000	\$561,548	\$32.22	\$561,548	\$33,235,729	\$32,674,181	1.690%
Mean							\$700,395	\$19,478,056		
							WEIGHTED AVERAGE FLOTATION COSTS:		3.60%	[10]

Constant Growth Discounted Cash Flow Model Adjusted for Flotation Costs - 30 Day Average Stock Price

		[11]	[12]	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]
Company	Ticker	Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield Current	Adjusted for Flot. Costs	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	DCF k(e)	Flotation Adjusted DCF k(e)
ALLETE, Inc.	ALE	\$2.24	\$70.32	3.19%	3.27%	3.39%	6.10%	5.00%	5.00%	5.37%	8.64%	8.76%
Alliant Energy Corporation	LNT	\$1.34	\$39.05	3.43%	3.53%	3.66%	5.40%	5.45%	6.00%	5.62%	9.14%	9.28%
Black Hills Corporation	BKH	\$1.90	\$53.18	3.57%	3.66%	3.80%	4.10%	3.50%	7.50%	5.03%	8.70%	8.83%
Ei Paso Electric Company	EE	\$1.34	\$50.76	2.64%	2.71%	2.81%	5.10%	5.20%	5.00%	5.10%	7.81%	7.91%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$33.54	3.70%	3.79%	3.93%	5.60%	8.50%	1.50%	5.20%	8.99%	9.13%
IDACORP, Inc.	IDA	\$2.36	\$83.89	2.81%	2.86%	2.97%	4.10%	3.10%	3.50%	3.57%	6.43%	6.54%
Northwestern Corporation	NWE	\$2.20	\$52.40	4.20%	4.26%	4.42%	2.40%	2.42%	4.50%	3.11%	7.37%	7.53%
OGE Energy Corp.	OGE	\$1.33	\$31.38	4.24%	4.36%	4.53%	6.00%	5.80%	6.00%	5.93%	10.30%	10.46%
PNM Resources, Inc.	PNM	\$1.06	\$36.12	2.93%	3.03%	3.14%	5.80%	5.90%	7.50%	6.40%	9.43%	9.54%
PROXY GROUP MEAN											8.53%	8.66%

DCF Result Adjusted For Flotation Costs: 8.66%  
DCF Result Unadjusted For Flotation Costs: 8.53%  
Difference (Flotation Cost Adjustment): 0.13% [22]

Notes:

The proxy group DCF result is adjusted for flotation costs by dividing each company's expected dividend yield by (1 - flotation cost). The flotation cost adjustment is derived as the difference between the unadjusted DCF result and the DCF result adjusted for flotation costs.

[1] Source: Company provided information  
[2] Source: Company provided information  
[3] Source: Company provided information  
[4] Source: Company provided information  
[5] Equals [8] / [1]  
[6] Equals [4] + ([1] x [3])  
[7] Equals [1] x [2]  
[8] Equals [7] - [6]  
[9] Equals [6] / [7]  
[10] Equals average [6] / average [7]  
[11] Source: Bloomberg Professional

[12] Source: Bloomberg Professional  
[13] Equals [11] / [12]  
[14] Equals [3] x (1 + 0.5 x [19])  
[15] Equals [4] / (1 - 0.036)  
[16] Source: Zacks  
[17] Source: Yahoo! Finance  
[18] Source: Value Line  
[19] Equals Average([16], [17], [18])  
[20] Equals [14] + [17]  
[21] Equals [15] + [19]  
[22] Equals average [21] - average [20]