

Otter Tail Power Company (SD)
Electric Utility - South Dakota Retail Jurisdiction
Cost of Service Study
2023 Actuals

Revenue Requirement & Return Summary

Capital Structure		Rate	Ratio	Weighted Cost	Composite Income Tax Rates		
1	Long Term Debt	\$ 743,350,333	4.33%	42.76%	1.85%	State of South Dakota Tax Rate	0.00%
2	Short Term Debt	\$ 51,127,180	6.96%	2.94%	0.21%	Federal Statutory Tax Rate	21.00%
3	Preferred Stock	\$ -	0.00%	0.00%	0.00%	Federal Effective Tax Rate (1-State Rate x Fed Rate)	21.00%
4	Common Equity	\$ 943,746,541	7.79%	54.29%	4.23%	Total South Dakota Composite Tax Rate	21.00%
5	Required Earned Rate of Return			6.28%		Total Corporate Composite Tax Rate	21.00%

	Total Company Electric	SD Retail Electric	All Others
Rate of Return (ROR)			
6 Total Operating Income	\$ 113,398,085	\$ 8,709,813	\$ 104,688,272
7 Total Average Rate Base	\$ 1,760,083,173	\$ 143,277,087	\$ 1,616,806,085
8 ROR (Operating Income/Rate Base)	\$ 0	\$ 0	\$ 0
Return on Equity (ROE)			
9 Total Operating Income	\$ 113,398,085	\$ 8,709,813	\$ 104,688,272
10 Debt Interest (Rate Base x Weighted Debt Cost)	\$ 32,596,740	\$ 2,653,492	\$ 29,943,249
11 Preferred Stock (Rate Base x Weighted Preferred Cost)	\$ -	\$ -	\$ -
12 Earnings Available for Common	\$ 80,801,344	\$ 6,056,321	\$ 74,745,023
13 Equity Rate Base (Rate Base x Equity Ratio)	\$ 955,614,670	\$ 77,790,464	\$ 877,824,206
14 ROE (Earnings for Common / Equity Rate Base)	8.46%	7.79%	8.51%
Revenue Deficiency			
15 Require Operating Income (Rate Base x Required Return)		\$ 9,750,296	
16 Operating Income		\$ 8,709,813	
17 Operating Income Deficiency		\$ 1,040,483	
18 Incremental Taxes		\$ 277,346	
19 Revenue Deficiency		\$ 1,317,830	
Total Retail Revenue Requirements			
20 Retail Related Revenues		\$ 42,524,887	
21 Revenue Deficiency		\$ 1,317,830	
22 Total Retail Revenue Requirements		\$ 43,842,718	
23 Percentage Increase (Decrease)		3.10%	