

Otter Tail Power Company
South Dakota Retail Jurisdiction

I. Return on Equity

Actual Return on Equity (ROE)		2023		2022		2021	
(In Thousands)							
1	Operating Income from Electric Operations (Exhibit 2)	\$	8,710	\$	8,996	\$	7,819
2	Average Regulated Rate Base (Exhibit 3)	\$	143,277	\$	133,144	\$	131,795
3	Rate of Return on Rate Base (Line 1/Line 2)		6.08%		6.76%		5.93%
4	Weighted Cost of Debt (Exhibit 4)		4.33%		4.35%		4.50%
5	Weighted Cost of Preferred Stock (Exhibit 4)		0.00%		0.00%		0.00%
6	Percent of Equity in Capital Structure		54.29%		53.59%		52.66%
7	Return on Equity (ROE)		7.79%		8.84%		7.22%

Normalization Impact

8	Operating Income from Electric Operations	\$	8,564	\$	8,541	\$	7,799
9	Impact of weather on MWh Sales		1,235		9,233		906
10	Impact of Weather on Electric Operating Income	\$	(146)	\$	(455)	\$	(21)
11	Weather Normalized Operating Income	\$	8,564	\$	8,541	\$	7,799
12	Average Regulated Rate Base	\$	143,276	\$	133,118	\$	131,795
13	Weather Normalized Rate of Return on Rate Base		6.18%		6.42%		5.92%
14	Weather Normalized Return on Equity (ROE)		7.60%		8.21%		7.20%