STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Rate Update to Rate Schedule, Section 13.05, Transmission Cost Recovery Rider

Docket No. EL25-

PETITION

I. PETITION SUMMARY

This filing for Otter Tail Power Company's (Otter Tail Power or the Company) Transmission Cost Recovery Rider (TCRR) includes the following:

A. Annual updated actual and forecasted costs and collections associated with six previously approved projects that were moved into base rates as of December 1, 2025;
B. Regional transmission expenses and revenues recovered in the TCRR;
C. In compliance with the Order dated February 23, 2022, Docket No. EL21-031, Otter Tail Power updated the D2 allocation factor used through November 2025 to reflect all load changes, including the new large load in North Dakota and the increased load in South Dakota. This update is discussed in Section VIII below. The D2 allocation factor used from December 2025 through the remainder of the recovery period matches the proposed Rate Case allocation factor.[1]
D. Proposes a rate implementation date of March 1, 2026.
E. The South Dakota projected revenue requirement for the recovery period of March 1, 2026, to February 28, 2027, is $1,379,077. Residential customers using 1,000 kWh monthly will see a bill decrease of approximately $3.84.

II. INTRODUCTION

In compliance with the South Dakota Public Utilities Commission's (Commission) Orders,[2] Otter Tail Power respectfully petitions for approval of its annual update to its TCRR rate.

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[1] Proposed in Docket No. EL25-022.
[2] Previous TCRR Docket Nos. EL10-015, EL12-054, EL13-029, EL14-090, EL15-045, EL16-035, EL17-048, EL18-048, EL19-039, EL20-032, EL21-031, EL22-031, EL23-033 EL24-034.

This Petition proposes to recover revenue requirements over the 12-month period from March 1, 2026, through February 28, 2027. The TCRR update incorporates actual investment costs, expenses, and revenues for existing projects and approved recovery items through September 2025. It also includes updated forecasts for the remainder of the current recovery period ending February 28, 2026, and projections for the proposed recovery period ending February 28, 2027. No new projects are included in this annual update.

The proposed revenue requirements are calculated in accordance with the Settlement Stipulation approved by the Commission in Docket No. EL12-054. Projects qualifying for regional cost allocation through the Midcontinent Independent System Operator (MISO) tariff are accounted for using the "refined split" method. The rate of return (ROR) is based on Otter Tail Power's actual capital structure as of December 31, 2024, and uses the return on equity (ROE) and capital structure methodology approved by the Commission in Docket No. EL12-054.

As shown in Attachment 2, the proposed revenue for the March 1, 2026, through February 28, 2027, recovery period is $1,379,077 – a decrease of $1,409,329 compared to the prior periods requirement of $2,788,406.[3]

Per the TCRR Order dated August 30, 2013, in Docket No. EL13-029, if the annual updates for MISO 26 and 26A Schedules – expected January 2026 – differ materially from current forecasts, Otter Tail Power will submit a supplemental filing by February 1, 2026, to revise the TCRR rates. If submitted, the tracker will be updated with actuals through December 2025.

For a residential customer using 1,000 kWh per month, the proposed updates result in a monthly bill decrease of $3.84 per month. For a Large General Service (LGS) customer using 486 kW and 222,350 kWh, the bill impact is a decrease of $604.56 per month. These class impacts include class-specific true-ups as described in more detail below.

III. GENERAL FILING INFORMATION

A. Name, address, and telephone number of the utility making the filing

Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8200

[3] Approved in Commission's February 12, 2025, Order in Docket No. EL24-034.

B. Name, address, and telephone number of the attorney for Otter Tail Power Company

Lauren D. Donofrio
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8774

C. Title of utility employee responsible for filing

Derek Haugen
Rates Analyst, Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8444

Paula Foster
Supervisor, Regulatory Analysis, Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218)739-8042

D. The Company also requests that the following contact(s) be placed on the Commission's official service list for this matter:

Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
regulatory_filing_coordinators@otpco.com

Amber Grenier
Manager, Regulatory Economics
Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8728
agrenier@otpco.com

E. The date of filing and the date changes will take effect

The date of this filing is November 3, 2025. Otter Tail Power proposes the updated rates be applied to usage on and after March 1, 2026.

F. Statutes controlling schedule for processing the filing

Otter Tail Power submits this Rider filing for Commission approval consistent with the 30-day notice requirement set forth in South Dakota Codified Laws 49-34A-12. Otter Tail Power will provide notice of this proceeding in a bill message to its customers, as shown in Attachment 23 to this Petition, in the month of November.

In accordance with ARSD 20:10:16:01 (2), which requires the Utility to provide notice of all rate schedule changes and customer impacts, Otter Tail Power plans to provide notice to customers in the form of a bill insert. Attachment 24 to this Petition reflects the language proposed for this customer notice, which will be included with customer bills in the month the rate becomes effective.

Otter Tail Power includes Attachment 25 to comply with ARSD 20:10:13:26, which requires the Utility to report all rate schedule changes and customer impacts.

IV. TCRR

A. Background

In this Petition, Otter Tail Power provides a proposed update to its rate schedule, Section 13.05, in compliance with Paragraph 10 of the Settlement Stipulation approved by the Commission's Docket No. EL10-015 TCRR Order, referenced above. This Petition also incorporates the filing date approved by the Commission's Docket No. EL13-029 TCRR Order, referenced above, which requires the following:

> **Annual Reporting:** The Parties agree OTP will submit an annual TCR filing on a going forward basis to be received by the PUC by November 1 of each year. Based on this annual report, OTP will adjust the TCR rate each year based on actual costs and collections.

The Commission's Docket No. EL10-015 TCRR Order was made pursuant to SDCL 49-34A-25.1 and 49-34A-25.2. Annual updates to the approved tariff rate schedule are governed by SDCL 49-34A-25.3 and 49-34A-25.4, which read as follows:

> 49-34A-25.3. Filing for annual rate adjustments—Contents. A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved pursuant to §49-34A-25.2. In the utility's filing, the public utility shall provide:
>
> 1) A description of and context for the facilities included for recovery;
> 2) A schedule for implementation of applicable projects;
> 3) The public utility's costs for these projects;
> 4) A description of the public utility's efforts to ensure the lowest reasonable costs to ratepayers for the project; and
> 5) Calculations to establish that the rate adjustment is consistent with the terms of the tariff established in §49-34A-25.2.
>
> 49-34A-25.4. Standards for approval of annual rate adjustments. Upon receiving a filing under §49-34A-25.3 for a rate adjustment pursuant to the tariff established in §49-34A-25.2, the commission shall approve the annual rate adjustments if, after notice, hearing, and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest reasonable cost to ratepayers.

Consistent with these statutory requirements, the Commission Approved Settlement Stipulation in Docket No. EL10-015 required as follows:

> In the future, OTP's investment in new transmission projects will require Commission approval in a future TCR annual update filing through which Commission Staff shall be provided an opportunity to review such projects for statutory compliance. Such projects may be regional, like those described in this Settlement or they may be local (projects that do not qualify for regional cost allocation through MISO's FERC authorized rates). (EL10-015 TCR Order Settlement Stipulation, page 4, paragraph 3).

In compliance with the above referenced statutes and Settlement Stipulations, this Petition provides information on Otter Tail Power's calculations updating its TCRR rate so Commission Staff may review the calculations and projects for statutory compliance.

B. TCRR annual update revenue requirements calculations

Attachments 1-4A include the following components used in Otter Tail Power's proposed rate update:

- Attachment 1: Projected Revenue
- Attachment 2: Revenue Requirements Summary
- Attachment 3: Rate Design
- Attachment 4: Tracker Summary
- Attachment 5: True-Up by Class

Attachments 15-20 contain the revenue requirement calculations for each previously approved transmission projects identified in this filing. Attachment 4 reflects the removal of certain projects from the TCRR, effective of December 1, 2025, coinciding with the implementation of interim rates.

Attachment 14 provides the revenue requirement for the Transmission Adjustment approved in Otter Tail Power's last Rate Case, Docket No. EL18-021,[4] and by the Commission's September 19, 2019 Order in Docket No. EL18-048. This adjustment is also discontinued in the rider when interim rates take effect in the current rate case.

All calculations presented in the referenced attachments comply with prior TCRR Settlement Stipulations approved by the Commission and are consistent Otter Tail Power's current TCRR rate methodology.

Specifically, the calculations of the revenue requirement in this year's Petition include the following:

Rate base section. This section provides details on the amount of plant in service, accumulated depreciation, construction work in progress (CWIP)[5] (if applicable), accumulated deferred taxes, including the effect of proration on Federal amounts, and a 13-month average rate base calculation.

Expense section. The expenses applicable to a project are listed here and include operating costs, property taxes, depreciation, and income taxes.

Revenue requirements section. This section shows the components of the revenue requirements, including expenses and return on investment and any credits to the revenue requirement for monies received for use of Otter Tail Power facilities by wholesale customers.

Return on investment (cost of capital). Pursuant to Section III, 3. Rate of Return, in the Commission-approved Settlement Stipulation in Docket No. EL 12-054 Otter Tail Power's revenue requirement for the retail load obligations of the transmission investment are to be based on the rate of return methodology agreed to in the EL 12-054 Settlement Stipulation. This method uses the Company's actual capital structure as of December 31 of the prior year for the following year's calculation and the return on equity ordered by the

[4] Commission's July 11, 2019, Order Granting Joint Motion for Approval of Settlement Stipulation; Order Approving Settlement Stipulation in Docket No. EL18-048.

[5] SDCL 49-34A-25.2 allows a current return on CWIP.

Commission in Otter Tail Power's most recent rate case, Docket No. EL18-021.

Depreciation expense. Depreciation expense is calculated using the Company's current depreciation rates.

Property taxes. The property tax calculation is based on Otter Tail Power's composite tax rate for the jurisdiction in which the transmission facilities are located and is calculated in accordance with the procedures specified by that state.

Operation and Maintenance (O&M) expense. Annual O&M expense of the transmission lines includes costs related to line patrol and inspections, vegetation management, small repair items, storm restoration, and supervision of this work. Scheduled transmission line patrols are typically done annually on all high voltage transmission lines operated at 100 kV and above. Unscheduled patrols are completed for line sections with unexplained interruptions. Vegetation management of new lines is typically limited during the first five years, since the Company's construction standard for new transmission lines is to remove as many trees as possible within a specified easement area prior to construction. After five years, vegetation management is completed based on information gathered during line patrols.

Proration of Federal Accumulated Deferred Income Taxes (ADIT). Otter Tail Power provides Attachment 12 to this filing to show the ADIT proration calculation impact on the revenue requirement for the recovery period. Otter Tail Power preserved the effect of the proration for the true-up period in order to maintain compliance with Section 1.167(l)-l(h)(6)(ii) of the Internal Revenue Service (IRS) regulations and to avoid a tax normalization violation. Otter Tail Power includes Attachment 13 in this filing, which shows the preservation of the proration of ADIT resulting in a decrease to the revenue requirement of $5,929, plus any applicable carrying charge. This item is included on Line 13 of Attachment 4 to this filing.

MISO Schedule 26 and 26A expenses. Schedule 26 and Schedule 26A costs for the upcoming recovery period appear on lines 16 and 17 of the Tracker Summary (Attachment 4) and are shown separately in Attachment 6. As stated in the EL12-054 Settlement Stipulation, Section III, 4.b., "the TCR will flow through the jurisdictional share of Schedule 26 and Schedule 26A expenses incurred by OTP as an active member of MISO, adjusted for the amount of such expenses associated with OTP's investment in projects that are not included in the rider."

Southwest Power Pool (SPP) Related Expenses (Attachment 7) and MISO Related Revenues (Attachment 8). SPP Schedules 7, 8, and 9 refer to different types of transmission service that Otter Tail Power may secure for serving the Company's load in SPP, which represent firm point-to-point, non-firm point-to-point, and network integration transmission service, respectively. Expenses that Otter Tail Power has incurred and estimates to incur through SPP Schedules 7, 8, and 9 as a result of securing transmission service in SPP appear on Line 18 of the Tracker Summary (Attachment 4) and are also shown separately in Attachment 7.

SPP Schedule 11 expenses are for projects approved through SPP's Integrated Transmission Planning process. The expenses included in this TCRR update are the Company's forecasted share of the costs for these new transmission projects approved by SPP, whose costs are shared on a regional and zonal basis. SPP Schedule 11 expense appears on Line 19 of the Tracker Summary (Attachment 4) and is also shown separately in Attachment 7.

MISO Schedule 26 and 26A revenues. Schedule 26 and 26A revenues, for the recovery period, appear on lines 25 and 26, respectively, of the Tracker Summary (Attachment 4) and are shown separately on Attachment 8 (Schedule 26) and Attachment 9 (Schedule 26A). As stated in the EL12-054 Settlement Stipulation, Section III, 2.c:

> Retail customers will be credited a pro-rata share of FERC-authorized MISO Schedule 26 revenues associated with the Company's MISO-determined responsibility for OTP's investment in the regional transmission projects, offsetting corresponding Schedule 26 expenses. The Company will retain the portion of its Schedule 26 revenues associated with other MISO members' responsibility for OTP's investment in the projects in order to cover the remaining revenue requirements for such projects.

MISO Tariff Schedule 37 and Schedule 38 Revenue Credits. The TCRR rate update calculation includes revenue credits to reflect revenues received from MISO pursuant to Schedules 37 and 38 of the MISO Tariff. The Schedule 37 revenues represent Otter Tail Power's share of the Schedule 26 cost allocation assigned to former MISO transmission owners that have withdrawn from MISO. These owners have an ongoing obligation to pay for MISO

Schedule 26 transmission projects due to their prior MISO membership. In Attachment 10, there are no forecasted amounts for Schedule 37 and 38 revenues. MISO does not provide a separate forecast for those revenues but includes any Schedule 37 and 38 revenues within the Schedule 26 revenue forecasts that MISO develops. MISO does delineate Schedule 37 and 38 revenues when reporting actuals. The Schedule 37 revenue credit reflected in this TCRR update is $1,039 as shown in Attachment 4, line 26. The Schedule 38 revenue credit reflected in this TCRR update is $1,257 shown in Attachment 4, line 27. These are actual amounts through September 2025 and are included as part of the 2025 true-up amount.

MISO Multi-Value Project Auction Revenue Rights (MVP ARR) Revenue. The MVP ARR revenues are derived from increased transmission capacity attributable to MVP projects placed in service within the MISO footprint. The value of the MVP ARR is determined during MISO's annual Financial Transmission Rights auction process. The revenues are distributed monthly to all MISO market participants similar to the way Schedule 26A expenses are allocated to MISO market participants for all MVP projects. The revenue is identified in Attachment 11 and is reflected as a credit in the rider shown in Attachment 4, line 28.

Revenue credit for administrative and general expenses recovered through MISO tariff for non-retail portion of projects qualifying for regional cost allocation. These TCRR rate update calculations include a revenue credit (reduction to TCRR revenue requirements) to account for reimbursements through MISO's tariff for administrative and general operating and maintenance expenses. The revenue credit is for the entire amount of such revenues received through the MISO tariff, whether related to the retail or non-retail portion of projects that qualify for regional cost allocations. This application provides reimbursement to retail customers for any such costs through the TCRR that may already be recovered through the Company's current retail rates. The revenue credit is reflected in Attachments 8, 9, and 10 on the lines titled "Overhead Credit for Non-Retail Share" for each project. For the 2025 calendar year, the percentage is between seven and eight percent of the total investment in the projects. This percentage was established as part of the FERC-approved MISO tariff.

C. Projects previously approved for recovery

Table 1 below lists six projects previously approved for inclusion in Otter Tail Power's TCRR, along with the corresponding case number. Updated retail allocation of costs and revenues for these projects, covering 2026 and 2027 are provided in Attachments 15-20. Attachment 21 includes a map showing the geographical location of these projects within the Company's service territory.

Table 1

	Project	Docket No.	Attachment
1	Lake Norden Area Transmission Project	EL 18-048	15
2	Big Stone South to Ellendale Projects	EL 18-048	16
3	Erie-Frazee 115 kV Project	EL 20-032	17
4	Grant County Norcross 115 kV Project	EL 20-032	18
5	Oslo Lake Ardoch 115 kV	EL 22-031	19
6	Milbank Area Reliability	EL 23-033	20

As of December 1, 2025 – the scheduled effective date for interim rates in the current rate case - the first five projects in Table 1 are excluded from the calculation of the TCRR revenue requirement. Phase 1 of the Milbank Area Reliability project has also been removed from the TCRR rider and incorporated into interim rates. However, Phase 2 remains in the tracker to be recovered in the proposed TCRR rates.

V. RATE DESIGN

The TCRR allocation factors and rate design follow the terms of the approved Docket No. EL10-015 Settlement Stipulation Order, paragraph 6. Specifically, the TCRR rate design uses the transmission demand D2 allocation factor, discussed in Section VIII below, to allocate total revenue requirements across jurisdictions. Within South Dakota, class-specific D2 allocation factors approved in Otter Tail Power's Rate Case Docket No. EL18-021 are used to distribute revenue requirement among rate classes. The LGS class is allocated 46.95 percent of the retail revenue requirement, while the remaining 53.05 percent is distributed among non-LGS rate classes.

As outlined in Docket No. EL10-015 Settlement Stipulation Order, Otter Tail Power's current LGS rate design incorporates the forecasted demand and energy revenue components ($/kW-month and ¢/kWh, respectively) to recover the transmission project costs in alignment with the existing LGS base rate design. For this update, the LGS rate design is similarly based on forecasted demand and energy revenue components for the proposed recovery period, using a 35 percent demand and 65 percent energy split.

For non-LGS retail rate classes, Otter Tail Power proposes to continue an energy-only rate, consistent with the current Commission-approved rate structure. Each rate class is calculated as a separate energy-based (kWh) charge determined by dividing the total class revenue requirement by the corresponding kilowatt-hour sales.

The February 12, 2019 Staff Memorandum in Docket No. EL18-048, outlines the methodology for incorporating class allocations of prior period true-up amounts. Attachment 4A includes revenue requirements, billings, and the resulting over-or-under recovery by rate class. The projected true-up is based on actual data from March through September 2025. Otter Tail Power reviewed actual sales and the net revenue requirement for each class to determine the true-up balance, including applicable carrying charges. The total prior period true-up, shown in Attachment 4A (Line 10) is a credit of $199,443. This amount is incorporated into the rate design present in Attachment 3.

VI. RATE APPLICATION AND IMPACT

As previously noted, the annual revenue requirement for the proposed recovery period of March 2026 through February 2027 decreases from $2,788,406 for the March 2025 through February 2026 period to $1,379,077, which includes a projected true-up balance credit of ($199,443) for the current collection period.

Table 2 below compares the summaries of revenue requirements approved in Docket No. EL24-034 (2024 TCRR Update) to this filing and helps illustrate the factors which contribute to the difference between the current revenue requirement (in the 2024 TCRR Update) and the proposed revenue requirement. As noted above, the proposed effective date of the change in rates is March 1, 2026.

As of December 1, 2025, the projects listed on lines 1-5 of Table 2, along with Phase 1 of the Milbank Area Reliability project on line 7, have been removed from the proposed recovery period. These projects will instead be recovered through interim rates established in the current rate case.

Table 2
Difference Between Current and Proposed Revenue Requirement Components

	A	B	C	D
		February 12, 2025 Approved Filing EL23-034	**Proposed**	
Line No.	**Description**	**March 1, 2025-February 28, 2026**	**March 1, 2026 - February 28, 2027**	**Difference**
1	Transmission Adjustment-EL18-021	341,323	0	(341,323)
2	Big Stone South to Ellendale	17,651	0	(17,651)
3	Lake Norden Area Transmission	303,223	0	(303,223)
4	Erie Project	81,650	0	(81,650)
5	Norcross Project	49,311	0	(49,311)
6	Oslo Lake Ardoch 115 kV	106,178	0	(341,323)
7	Milbank Area Reliability	248,540	183,272	165,621
8				
9	SD Filing Fee	4,000	4,000	0
10				
11	MISO Schedule 26 Expense	1,230,486	1,298,731	68,246
12	MISO Schedule 26A Expense	1,123,000	1,172,195	49,196
13				
14	SPP Schedule 7, 8 and 9 Expense	248,439	250,017	1,578
15	SPP Schedule 11 Expense	30,959	34,407	3,447
16				
17	MISO Schedule 7, 8, & 9 Revenue	(106,305)	(521,985)	(415,680)
18	MISO Schedule 9 Revenue	(31,718)	0	31,718
19	MISO Schedule 26 Revenue	(311,820)	(450,462)	(138,642)
20	MISO Schedule 26A Revenue	(232,377)	(369,423)	(137,046)
21	MISO Schedule 37 Revenue	0	0	0
22	MISO Schedule 38 Revenue	0	0	0
23	MISO MVP ARR Revenue	(22,826)	(13,406)	9,420
24				
25				
26	Carrying Cost	(4,621)	(8,827)	(4,206)
27	True-Up	(286,687)	(199,443)	87,244
28				
29	Total	2,788,406	1,379,077	(1,072,262)

Table 2 presents a component-level comparison of revenue requirements between the 2024 TCRR Update and the current filing:

- Column A identifies the individual components that make up the revenue requirements for the proposed recovery period.
- Column B shows the revenue requirement for each component from the 2024 TCRR Update.
- Column C provides the proposed revenue requirement for each component in this filing.

- Column D is the difference between the prior and proposed values (Column B minus Colum C), highlighting changes that contribute to the overall increase.

Column E in Table 3 below shows the rate changes between the 2024 TCRR Update (Column C) and the proposed rates in this update (Column D).

Table 3

	A	B	C	D	E
Line No.	**Class**	**Rate Type**	**Rates Effective Mar '25 - Feb '26**	**Rates Effective Mar '26 - Feb '27**	**Difference**
1	Large General Service Class	$ / kW	0.943	0.409	-0.5346
2	Large General Service Class	$ / kWh	0.003	0.001	-0.0016
3					
4	Controlled Service	$ / kWh	0.001	0.000	-0.0006
5	Lighting	$ / kWh	0.003	0.001	-0.0017
6	All Other Service	$ / kWh	0.007	0.004	-0.0038

For a residential customer using 1,000 kWh per month, the proposed rate change results in a monthly bill decrease of $3.84. For a LGS customer using 486 kW and 222,350 kWh per month, the monthly bill decrease is $604.56.

The total revenue requirement for the March 2026 through February 2027 recovery period is $1,379,077, as shown in Attachment 3 (Line 3, Column E). The TCRR applies to all electric service provided under Otter Tail Power's retail rate schedules. For administrative purposes, the charge appears on customer bills under the "Transmission Cost Recovery" line item. The proposed rates, effective March 1, 2026, through February 28, 2027, are outlined below:

Table 4
TCRR Rates

Class	$ / kWh	$ / kW
Large General Service	0.0012	0.409
Controlled Service	0.0005	
Lighting	0.0011	
All Other Service	0.0035	

Attachment 24 includes the proposed customer notice and outlines the rate impact associated with this filing.

VII. TCRR TARIFF SHEET

Attachment 22 to this Petition includes both the redline and clean versions of Otter Tail Power's TCRR tariff sheet, Section 13.05. The RATE section of the tariff sheet has been updated to reflect the proposed changes outlined in this annual update. Section 13.05 also includes administrative updates, such as replacing Bruce G. Gerhardson with Stuart D. Tommerdahl, Manager of Regulation & Retail Energy Solutions, in the footer of page 2. Additionally, the "Mandatory and Voluntary Riders" paragraph was also moved from page 2 to page 1 to maintain formatting consistency with other South Dakota rate schedules.

VIII. NEW LARGE LOAD CUSTOMER IN NORTH DAKOTA

In Otter Tail Power's 2021 TCRR filing, Docket No. EL21-031, the Commission order stated:

> That Otter Tail Power shall file additional information in its next TCR filing regarding all costs and benefits associated with the new 100 MW load customer in North Dakota and specifically address how these costs and benefits impact South Dakota customers. Otter Tail Power shall include any necessary adjustments to jurisdictional allocation factors.

Updated Jurisdictional Factors

The D2 allocation factor used throughout the TCRR tracker has been updated in accordance with the Commission's Order. Historically, the TCRR rates were calculated using the D2 factor approved in the most recent South Dakota General Rate Case. Beginning with the 2022 TCRR filing, Otter Tail Power began incorporating D2 factors based on actual data from the prior year to reflect the impact of the new North Dakota load addition referenced in the 2021 TCRR Order and the shifting of load distributions between jurisdictions. The 9.19 percent D2 factor approved in the most recent rate case was used for calculations for periods prior to January 2023. Actual data was used to calculate the D2 allocation factors for 2023 and 2024. The forecasted D2 factor of 10.58 percent is applied through November 2025, after which the D2 allocation factor calculated for the current rate case, 10.69 percent, will be used beginning December 1, 2025.

IX. SPP BYPASS UPDATE

Otter Tail Power renewed its transmission service with the Southwest Power Pool (SPP) in 2021, extending service through the end of 2027. The Company intends to further extend this agreement for an additional five years, through 2032. Based on ongoing cost evaluations, continued participation in SPP remains more economical than pursuing alternative transmission options.

Otter Tail Power continues to monitor the SPP-related expenses and evaluate them against the potential cost of building new facilities to bypass some or all of the SPP system. Updates on these evaluations and any related decisions will be provided in future TCRR filings.

X. FILING FEE

Under SDCL 49-1A-8, the Commission may require a deposit of up to $50,000 for the filing of a tariff for approval under the provisions of 49-34A-4 and 49-34A-25.1 to 49-34A-25.4, inclusive, or makes a filing pursuant to 49-34A-97 to 49-34A-100. Otter Tail Power will pay such deposit amount as the Commission determines appropriate, upon the Commission's Order assessing such fee.

XI. CONCLUSION

For the foregoing reasons, Otter Tail Power respectfully requests approval to implement these updates to the Company's Transmission Cost Recovery Rider, Section 13.05, effective March 1, 2026.

Date: November 3, 2025

Respectfully submitted:

OTTER TAIL POWER COMPANY

/s/ DEREK HAUGEN

Derek Haugen
Rates Analyst
Regulatory Economics
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8444