

Otter Tail Power Company
Description of Utility Operations

Otter Tail Power Company (OTP), a wholly owned subsidiary of Otter Tail Corporation, is an electric utility, whose address is 215 South Cascade Street, Fergus Falls, Minnesota, 56537, and telephone number is (218) 739-8200. OTP is a Minnesota corporation and is duly authorized to do business in the State of South Dakota. OTP owns and operates an integrated electric utility system providing electric utility service at retail in northeastern South Dakota, eastern North Dakota, and western Minnesota. Based on December 31, 2009, OTP serves 129,284 retail electric customers, of which 11,742 are located in South Dakota. OTP's service territory covers a 50,000 square mile area of Minnesota, North Dakota, and South Dakota.

OTP's service territory is predominately rural. OTP's integrated system serves approximately 451 incorporated and unincorporated communities of which 53 are in South Dakota. To illustrate the rural nature of the communities, the average population of the communities we serve is approximately 400, and over one-half of the communities we serve have populations of fewer than 200. Only three of our communities have populations exceeding 10,000: Jamestown, North Dakota (pop. 14,630), Fergus Falls, Minnesota (pop. 13,636), and Bemidji, Minnesota (pop. 13,541). In South Dakota, the largest towns are Milbank, Sisseton, Britton, and Clear Lake. OTP also serves customers at retail outside of the platted areas of municipalities. OTP owns a total of 5,148.6 miles of transmission line. To help provide more reliable service at lower cost in the long term, our electric system is interconnected directly with neighboring suppliers.

OTP owns and operates generating stations, which supply a large portion of its power. OTP is the operating agent of two jointly owned generating plants. The first generating plant is the Big Stone Plant in northeastern South Dakota. Big Stone Plant has been in commercial operation since May 1975. The second generating plant known as the Coyote Station is located in western North Dakota. Commercial operation of Coyote Station began on May 1, 1981. OTP has sole ownership and operation of the Hoot Lake Plant located at Fergus Falls, Minnesota. OTP also owns peaking plants that are located in Jamestown, North Dakota, Lake Preston, South Dakota, and Solway, Minnesota. OTP's most recent generation investments are wind generation near Langdon, Ashtabula and Luverne, North Dakota.

Breakdown of Sales Between Jurisdictional and Nonjurisdictional

Of OTP's total electric energy sales of 4,241,735,827 kWh, 411,821,658 kWh are under the jurisdiction of the South Dakota Public Utilities Commission. See Statement I, Page 1 of 2.

Status of Latest Rate Proceeding

OTP's most recent electric rate proceeding (Docket No. EL08-30) was filed with the South Dakota Public Utilities Commission on October 31, 2008. Final rates were approved by the South Dakota Public Utilities Commission and placed into effect on July 1, 2009.