

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
[www.otpc.com](http://www.otpc.com) (web site)

March 13, 2026



Ms. Leah Mohr  
Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, 1st floor  
500 East Capitol Avenue  
Pierre, SD 57501-5070

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DATA HAS BEEN EXCISED**

**Re: 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. EL25-040  
Supplemental Filing**

Dear Ms. Mohr:

Enclosed please find Otter Tail Power Company's Supplemental Filing to the above referenced Docket. Otter Tail provides the following information per the request of Commissioner Kristie Fiegen at the South Dakota Public Utilities Commission meeting on February 23, 2026.

**Southwest Power Pool Analysis:**

Otter Tail Power evaluated the cost effectiveness of shifting certain customer load from Southwest Power Pool (SPP) transmission service to Midcontinent Independent System Operator (MISO) service. The analysis compared the annual cost of new facilities required to serve the load from MISO against the annual SPP transmission charges that would be avoided.

The 2019 presentation (Attachment 1) identifies the locations where OTP currently takes SPP service and outlines the specific transmission projects required at each location to move that load to MISO. For each site, the presentation provides the estimated project cost, the resulting Annual Transmission Revenue Requirement (ATRR), and the annual SPP cost associated with continuing service under SPP.

This initial screening highlights locations where the ATRR appears lower than the annual SPP cost, indicating potential customer savings. Two locations—Rolette and Voltaire—showed favorable results in the 2019 study, making them candidates for more detailed evaluation. These projects were carried forward for updated analysis using current cost, load, and transmission rate data.

The 2024 spreadsheet (Attachment 2) provides an updated analysis. The first tab details the ATRR calculation using OTP's FERC-approved formula rate (Attachment O), which converts the total investment into an annual cost through depreciation, taxes, operation and maintenance expenses, and an allowed return on investment. This ATRR represents the annual cost to serve the load from MISO.

The second tab shows the calculation of estimated annual SPP cost that would be avoided if these loads were moved to MISO. This calculation uses SPP's cost per MW-year values, OTP's SPP coincident peak load percentages, and the load at each substation currently served by SPP.

The updated 2024 results indicated that, for both the Rolette and Voltaire, the ATRRs exceed the SPP transmission charges they would displace. Although both projects appeared cost-effective in 2019, the revised analysis shows that neither project would produce customer savings at this time.

**Milbank Area Reliability Project:**

Otter Tail Power response to DR SD-PUC-06.02 in Docket No. EL25-022 is provided in Attachment 3. It includes the analysis of the system upgrades required to reliably and safely serve existing customers in the Milbank area absent the large industrial expansion and compares those needs with the associated costs to the increased revenues received due to the large industrial expansion in the Milbank area.

Attachment 4 includes the electric service agreement with the large industrial customer in the Milbank area.

If you have any questions regarding this filing, please contact me at 218-739-8728 or [agrenier@otpc.com](mailto:agrenier@otpc.com).

Sincerely,

*/s/ AMBER GRENIER*  
Amber Grenier  
Manager, Regulatory Economics  
Regulatory Economics

vjm  
Enclosures  
By electronic filing