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**ENERGY ADJUSTMENT RIDER
 (Identified on the bill as Energy Adjustment)**

DESCRIPTION: Otter Tail Power Company’s Energy Adjustment Rider (EAR) is a rate mechanism approved by the South Dakota Public Utilities Commission that allows for the recovery of the Company’s variable fuel and purchased power costs that are not included in standard electric rates. These costs vary due to changes in fuel prices, wholesale market conditions, and system operating requirements.

ENERGY ADJUSTMENT CHARGE: There shall be added to each Customer’s the monthly bill an Energy Adjustment Charge calculated by multiplying the Customer’s applicable monthly billing Kilowatt Hours (kWh) by the Customer’s applicable billed Energy Adjustment Factor (EAF) per kWh. The billed EAF, expressed in cents amount per Kilowatt Hour kWh and (rounded to the nearest 0.001¢,) will be the average monthly cost of Energy per Kilowatt Hour kWh as determined for that Customer’s service category. –The average cost of Energy per Kilowatt Hour for the current period shall be calculated from data covering actual costs from the most recent three month period as follows:

~~Energy costs from actual months 1, 2 and 3 plus unrecovered (or less over recovered) prior cumulative Energy costs plus (or minus) the carrying charge, divided by the associated Energy (reduced for average system losses) associated with retail sales for actual months 1, 2 and 3 equals the cost of Energy amount.~~

~~The applicable adjustment will be applied to each Customer's bill beginning with the first day of the calendar month.~~

ENERGY ADJUSTMENT FACTOR (EAF): A separate EAF will be determined for each Customer service category defined by Customer class. The EAF for each service category shall be calculated by multiplying is the sum of the Ccurrent Pperiod Aaverage Ccost of Energy and applicable monthly true-up, multiplied by the applicable EAF Rratio. The applicable EAF for each calendar month will be applied to that calendar month’s daily pro-ration of Energy usage included on the bill.

Service Category	Section	EAF Ratio
Residential	9.01, 9.02	1.065
Farm	9.03, 11.02	1.011
General Service	10.01, 10.02, 10.03, 11.05	1.037
Large General Service	10.04, 10.05, 11.01, 14.03, 14.13	0.981
Super Large General Service	10.06	0.981
Outdoor Lighting	11.03, 11.04, 11.07	0.871



South Dakota P.U.C. Volume II
 Section 13.01
ELECTRIC RATE SCHEDULE
Energy Adjustment Rider

Fergus Falls, Minnesota

~~Seventh~~~~Sixth~~ Revised Sheet No. 1 Cancelling ~~Sixth~~~~Fifth~~ Revised Sheet No. 1

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Controlled Service Deferred Load	14.01, 14.06	0.864
Controlled Service - Interruptible	14.04, 14.12	0.861
Controlled Service Off-Peak	14.07	0.995

SOUTH DAKOTA PUBLIC
 UTILITIES COMMISSION

Date Filed: ~~May 20, 2026~~~~February 27,~~
~~2026~~

Approved by order dated: ~~March 12, 2026~~
 Docket No. EL26-5-022

Matthew J. Olsen
 Vice President, Regulatory

EFFECTIVE with bills
 rendered on and after
~~August 1, 2026~~~~April 1, 2026,~~
 in South Dakota



Fergus Falls, Minnesota

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The applicable EAF for each calendar month will be applied to that calendar month's daily pro-
ration of Energy usage ~~included~~ on the Customer's bill. ~~The applicable adjustment will be
applied to each Customer's bill~~ beginning with the first day of the calendar month.

The cost of Energy shall be determined as follows:

1. **Fuel Costs:** The ~~cost~~expense of fossil ~~and other fuels, including but not limited to,~~
biomass, wood, refuse derived fuel (RDF), and tire derived fuel (TDF), as recorded in
Account 151 ~~of the FERC's Uniform System of Accounts for Public Utilities and
Licensees, along with the cost of reagents, fuel additive, and emission allowances
required for the operation of~~ used in the Company's generating plants, ~~and the costs of
reagents and emission allowances for the Company to operate its generating plants~~ in
compliance with the associated Federal Environmental Protection Agency rules and
regulations.
- ~~2. The utility's share of the expense of fossil fuel, as recorded in Account 151, used in
jointly owned or leased plants.~~
- ~~3. **Purchased Power:** The net Energy cost of purchased power under Account 555 Energy
purchases when such Energy is purchased occurs on an economic dispatch basis,
excluding ~~ive of any~~ Capacity or Demand charges.~~
- ~~4. **Renewable Purchased Power:** The net cost of Energy purchaseds from ~~any facility
utilizing~~ wind or other renewable Energy ~~conversion systems for the generation of
Electric Energy facilities, regardless of~~ whether ~~or not those~~ such purchases are made ~~occur~~
on an economic dispatch basis.~~
- ~~5. **Exclusion:** Renewable energy purchased for the TailWinds program ~~is not
included in the Energy Adjustment Rider calculation.~~~~
4. ~~The~~ Actual, identifiable fossil and nuclear fuel expense associated with Energy
purchased for reasons other than identified in ~~23~~ and ~~34~~ above.
5. ~~6~~ **Market-Energy-Related Costs:** ~~The net C~~costs incurred to meet ~~or revenues linked to~~
the utility's load-serving obligation, including revenues from utility-owned generation
serving South Dakota Customers, as well as the costs and credits associated with
participation in wholesale electric Energy markets and Ancillary Services Markets
(ASM) operated by Regional Transmission Organizations, Independent System



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Energy Adjustment Rider

~~Fifth~~~~Fourth~~ Revised Sheet No. 2 Cancelling ~~Fourth~~~~Third~~ Revised Sheet No. 2

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Operators or similar entities ~~approved by that have received~~ Federal Energy Regulatory Commission ~~approval to administer such operate the Energy~~ markets.

Exclusions: ~~Excluding any~~ Market Energy related costs under Section 14.02 and Section 14.16.

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(Continued)

- ~~7. The actual identifiable fossil and nuclear fuel expense associated with Energy purchased for reasons other than identified in 3 and 4 above.~~
- ~~8. Less the fuel and other related costs recovered through intersystem sales.~~
- ~~9. One hundred percent (100%) of the Company's South Dakota jurisdictional asset based margins shall be credited to the Energy Adjustment Rider. The margins will be calculated after the close of the calendar month and included as a credit in the calculation of the monthly Energy Adjustment Rider. Asset based margins are defined as revenue minus expenses associated with asset based transactions Energy sales.~~
- ~~10. Midcontinent Independent System Operator (MISO) Ancillary Services Market (ASM) transactions (excluding ancillary services revenues and expenses derived through OTP's individual FERC approved Control Area Services Operations Tariff) shall flow through the Energy Adjustment Rider.~~
- 6. **11Renewable Energy Credits:** Ninety percent (90%) of South Dakota renewable Energy credits sold shall be credited to the Energy Adjustment Rider.
- 7. **12Emission Allowances Sold:** Any allocable emission allowances sold shall be credited to (flow through) the Energy Adjustment Rider.
- ~~13. The Energy cost of avoided purchased power resulting from Hoot Lake Solar output.~~
- ~~14. Excluding any Market Energy related costs under Section 14.16.~~
- 8. **15Steam and Water Sales Impacts:** The costs of fuel and reagents associated with resulting from steam and water sales, as well as and the revenues received from steam and water sales shall be included in the Energy Adjustment Rider.
- 9. **16Net MISO Planning Resource Auction Costs:** ~~Known~~The capacity costs and revenues associated with the MISO Planning Resource Auction ~~capacity costs will be added to the Energy Adjustment Rider or revenues will be credited (flow through) the Energy Adjustment Rider.~~

~~The Company's Customers will be served with the lowest cost resources available when the Company is engaged in asset based transactions. For purposes of comparing which resources are lowest cost under this paragraph and for purposes of determining what order of dispatch constitutes "economic dispatch" under this rate schedule, must take and take or pay energy purchases and must run resources, such as generation with minimum operating levels,~~



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~~intermittent wind, and run-of-river hydroelectric generation shall always be assigned to retail due to the fact that they have a very low or no avoidable variable cost. Energy purchases that are necessary for reliable and adequate service to retail Customers shall be procured at the lowest cost to the extent allowed by state or federal law or regulatory authority.~~

~~Where, for any reason, billed system sales cannot be coordinated with fuel and other related costs, sales may be equated to the total of:~~

- ~~1. Net generation~~
- ~~2. Purchases and net interchange in, less~~
- ~~3. Intersystem sales, less~~
- ~~4. Losses on system retail sales~~

A carrying charge or credit ~~shall~~ will be ~~applied in the calculation of~~ ~~included to determine~~ the monthly Energy Adjustment Factor. ~~The carrying charge or credit will be determined~~ by applying one twelfth (1/12) of the overall rate of return ~~approved~~ ~~granted~~ by the Commission in ~~its~~ ~~the~~ most recent rate decision to the recorded deferred fuel cost balance ~~of the latest Energy adjustment calculation.~~