

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**In the Matter of Otter Tail Power
Company's Petition for Approval
of a New Class for Very Large
Customers and Associated Rate
Schedules**

Docket No. EL26-

PETITION

I. PETITION SUMMARY

Otter Tail Power Company (OTP or the Company) respectfully submits this filing to the South Dakota Public Utilities Commission (Commission) requesting approval of revisions to several sections of its South Dakota Electric Tariff. The proposed updates create a new class for very large customers with associated rate schedules and amendments, and a new rate schedule for high power compute loads. These changes are intended to ensure consistent application of tariff provisions across our jurisdictions and protect non-participating customers from costs associated with very large customer loads joining the system.

This filing includes:

- Section 10.04 – Large General Service – Tier I: Revises the name to indicate Tier I and clarifies that the size of customer load on this rate schedule is at least 200 kilowatts (kW) and less than 2,500 kW.
- Section 10.05 – Large General Service – Tier I – Time of Day: Revises the name to indicate Tier I, clarifies that the size customer load on this rate schedule is at least 200 kW and less than 25,000 kW.
- Section 10.06 – Large General Service – Tier II – Time of Day: Cancels the original 10.06 Super Large General Service and replaces it with a new rate schedule for customer load above 25,000 kW that sets forth the applicable rates and conditions of service. The rates and service conditions are identical to those in Section 10.05 (except for size) and will be updated in a future rate case.
- Section 10.07 – Large General Service – Tier III – High Power Compute: Creates a new rate schedule for high power compute customers with at least 75 MW of firm load and sets forth the conditions of service.

- Section 10.08 – Large General Service – Marginal Rate: This rate schedule is technically a new tariff section but merely renames the former Super Large General Service rate schedule (formerly Section 10.06).
- Section 10.09 – Large General Service – Thermal Market Energy Pricing: this is technically a new tariff section but merely renames and renumbers the former Thermal Market Energy Pricing rate schedule (formerly Section 14.16).
- Sections 13.01, 13.04, 13.05, 13.06, 13.08, 13.11, 13.12, and 14.13 – Makes administrative changes to update the names and numbers of the rate schedules and indicate their inapplicability to the new rate schedules added.
- Section 14.16 – cancellation and reserve for future use (the old 14.16 becomes the new 10.09).

The proposed changes to the Company's rate schedules divide the Large General Service class into tiers, provide a new rate schedule for high power compute (HPC) customers, enhance cost accuracy, and ensure alignment between customer billing and the costs incurred to serve them. The proposed HPC rate schedule establishes a separate rate structure for very large customers whose size, load profile, and infrastructure requirements differ materially from existing retail customer classes. The HPC rate schedule is designed as a long-term, take-or-pay service construct that assigns to the data center, all costs attributable to serving data center load, separate and apart from OTP's traditional jurisdictional cost of service.

OTP filed a similar rate schedule creating a new class for very large customers and new rate schedule for data center loads at the Minnesota Public Utilities Commission on May 18, 2026 and with the North Dakota Public Service Commission on June 18, 2026, to secure their respective approvals of our proposed methodology and approach to serving a very large HPC customer. OTP filed first in Minnesota, to comply with Minnesota's new statute regarding very large customers. We believe that these changes are in the best interests of all of our customers in all three jurisdictions.

The Company proposes an effective date for the new and amended rate schedules of January 1, 2027. Except where otherwise described, these updates are administrative in nature and do not result in changes to existing customer rates or revenue requirements. Eligibility requirements, based on the customer's load size, have been introduced to protect existing cost of service structures and to accommodate new large customers joining the system.

II. 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
(218) 739-8200

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

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

C. Title of utility employee responsible for filing

Amber Greiner
Manager, Regulatory Economics
Regulation & Retail Energy Solutions
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8728
agrenier@otpc.com

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@otpc.com

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

The date of this filing is July 27, 2026. Otter Tail Power proposes the updated and new rate schedules to go into effect for usage on and after January 1, 2027.

F. Statutes controlling schedule for processing the filing

Otter Tail Power files these new and amended rate schedules 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 to its customers as a bill message as shown in Attachment 3 to this Petition.

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 3 to this Petition is the language proposed for this customer notice. This notice will be included with customer's bills the month these rates are effective.

Lastly, Otter Tail Power includes Attachment 4 to comply with ARSD 20:10L13:15 and 20:10:13:26, which require the Utility to report all rate schedule changes and customer rate impacts.

III. DESCRIPTION AND PURPOSE OF FILING

A. New class and rate schedule for very large customers

In recent years, the electric service industry has seen an influx of demand for high power compute (for example, AI or data center load). Recently, two of the states in which we serve have passed legislation related to this new demand for very large load additions. In 2025, the Minnesota Legislature passed legislation modifying various environmental and energy regulatory requirements governing data centers. That legislation included Minnesota Statute 216B.1622, which requires the Minnesota PUC to establish a new class for very large customers, and provides certain requirements for large load tariffs. In early 2026, South Dakota passed the "Data Center Bill of Rights for Citizens," Senate Bill 135, which became effective July 1, 2026, as South Dakota Codified Laws §49-50-1 *et seq.* and which sets forth similar requirements for serving data centers to Minnesota's requirements for serving very large loads. OTP has been considering internal policies around data centers and other large loads for some time, and Minnesota's and South Dakota's new laws informed OTP's proposed methodology for addressing very large load and data center-type load.

OTP proposes to divide its Large General Service (LGS) class into tiers, largely by size, to better allow us to design future rates to more appropriately assign costs to cost causers. At present, our LGS class covers loads of at least 200 kW with no ceiling. We have begun to routinely see potential customers interested in service for loads above 500 MW. It is reasonable to expect that customers with less than a megawatt of demand will cause different types or different quantities of cost than customers with more than 500 MW of

demand. To ensure fair cost allocation among new and existing customers alike, we propose dividing our LGS class into three tiers.

B. Appropriate characteristics of a very large customer class or subclass for Otter Tail Power.

OTP proposes to divide its existing LGS customer class into three tiers. Tier I will include customers with at least 200 kW and less than 25,000 kW (25 megawatts (MW)). Tier II will include customers with at least 25,000 kW. Tier III will include customers with at least 75,000 kW (75 MW) of firm data center load.

We selected 25 MW as a threshold for a very large load based on several considerations. A 25 MW threshold is consistent with our existing practices as both the Super Large General Service (10.06) and Thermal Market Energy Pricing (14.16) rate schedules apply to loads above 25 MW. It also balances the scale of typical customers with larger loads that may require incremental resources and higher connection costs. Tier III, proposed for data center loads, will have a minimum size of 75 MW. Loads at this level generally involve significant connection costs and require substantial investment in incremental generation resources.

These fairly low thresholds are appropriate given OTP's status as one of the smallest investor-owned public utilities in the nation. While larger utilities may adopt higher thresholds, those standards are not suitable for OTP. Further detail on the new proposed data center rate schedule threshold is provided below.

1. Required tariff amendments

To align existing rate schedules with this structure, certain rate schedules require renumbering, renaming, or minor changes to denote size thresholds. The table below presents the updated rate schedules and size limits we propose in tariff Section 10:

Section No.	Rate Schedule Name	Minimum Size	Maximum Size	Old Rate Schedule Name/No.
10.01	Small General Service		19kW	N/A
10.02	General Service	20 kW	199 kW	N/A
10.03	General Service – Time of Day	20 kW	199 kW	N/A
10.04	Large General Service – Tier I	200 kW	2,499 kW	Large General Services
10.05	Large General Service – Tier I – Time of Day	200 kW	24,999 kW	Large General Services – Time of Day
10.06	Large General Service – Tier II – Time of Day	25,000 kW		New
10.07	Large General Service – Tier III – High Power Compute	75,000 kW		New
10.08	Large General Service – Marginal Rate	25,000 kW		10.06 Super Large General Service
10.09	Large General Service – Thermal Market Energy Pricing	25,000 kW		14.16 Thermal Market Energy Pricing

There are three types of changes to tariff sections at issue here. First, there are the rate schedules that need minor changes to titles, changes to denote new maximums and/or minimum thresholds for applicability, and changes to reflect applicability of various riders to the new rate schedules. Second, there are new rate schedules where the section number is new, but the content has previously been approved by the Commission under the old rate schedule number. The third category is brand new rate schedules that the Commission has never seen before. A summary of the changes for each of these rate schedules is provided in Attachment 1. The redline and clean versions of each rate schedule are attached as Attachment 2.

a. Changes to existing rate schedules

In this Petition, we propose minor changes to Sections Index, 10.04, 10.05, 13.00, 13.01, 13.02, 13.03, 13.04, 13.05, 13.07, 13.08, 13.10, 13.11, 13.12, and 14.00. The changes for each are set out in Attachments 1 (table with summary of changes) and 2, which have the proposed rate schedules (redline and clean). OTP is also using this opportunity to update the footers of these sections to reflect the name and title of Matthew J. Olsen, Vice President of Regulatory.

b. New Section numbers, previously approved content

There are two Commission-approved rate schedules that we propose renumbering and/or renaming in this Petition. Because we plan to re-use existing tariff section numbers, for each rate schedule to be renumbered, we propose 3 versions. The first revision will cancel the rate schedule. The second revision is to reserve the section number

for future use. The third revision will be the new rate section going into the section reserved for future use, but it will not have any substantive changes from the current version of the rate schedule, as it is only the section number and/or name that has changed.

The first is Section 10.06 Super Large General Service, which will ultimately be renumbered and renamed as a new rate schedule: Section 10.08 Large General Service – Marginal Rate. The substance of the rate schedule has not changed.

The second is Section 14.16 Thermal Market Energy Pricing, which will ultimately be renumbered and renamed as a new original rate schedule: Section 10.09 Large General Service – Thermal Market Energy Pricing. The substance of the rate schedule has not changed. In this instance there will only be two (2) versions as we are not replacing Section 14.16, so it will just be cancelled and reserved for future use.

c. Entirely new rate schedules

There are two completely new rate schedules for which OTP seeks approval in this Petition. These are Section 10.06 Large General Service – Tier II – Time of Day and Section 10.07 Large General Service – Tier III – High Power Compute. These new rate schedules are discussed more fully below.

C. New Large General Service – Tier II – Time of Day Rate Schedule

The new Large General Service – Tier II – Time of Day rate schedule is functionally identical to OTP's existing Large General Service – Tier I – Time of Day rate schedule. Given that OTP does not currently have rates designed for this new rate schedule, OTP proposes to use the same rates applicable to Tier I for Tier II, until OTP's next rate case. This plan is reasonable because any customer who moved from Tier I to Tier II would not see any change in their rate.

D. Otter Tail Power's data center philosophy.

OTP takes a cautious approach to data center service by carefully considering how we can serve such a load without sacrificing reliability or raising costs for existing customers. We designed the proposed Large General Services – Tier III – High Power Compute rate schedule (HPC Rate) to provide competitively priced, reliable energy to potential new data center load, while protecting our customers and our business from the risks inherent to serving data center load.

This Petition outlines a framework to serve a data center customer by assigning the incremental costs necessary to serve that customer to that customer. These costs include necessary incremental capacity and energy resources, as well as the incremental transmission and delivery facility infrastructure costs necessary to connect the HPC Rate

customer. We also describe below the minimum qualifications, terms and conditions, cost recovery mechanisms, and proposed risk mitigation protections we would require to serve a new data center on the HPC Rate and protect customers from cross subsidies or stranded costs associated with the data center. Finally, we describe how the Company's approach would capture and return to existing legacy customers incremental benefits from adding such a significant load.

1. Otter Tail Power's Existing Service Territory demographics:

OTP is a very small investor-owned utility serving a large, sparsely populated region across South Dakota, Minnesota, and North Dakota. We provide retail electric service to approximately 134,000 customers – 12,000 in South Dakota , 63,000 in Minnesota, and 59,000 in North Dakota– across roughly 422 small communities and rural areas. Our 70,000 square-mile service territory spans northeastern South Dakota, western Minnesota, and the eastern two-thirds of North Dakota, an area comparable to the size of Wisconsin.

OTP's current system peak load across all jurisdictions is approximately 1,000 MW. Adding a several hundred megawatt, high-load-factor data center would require a significant amount of new capacity, energy, and delivery infrastructure. At the same time, we need to appropriately account for the costs to serve the new customer in a way that protects existing customers from cross-subsidization, negative impacts, and stranded asset risk.

2. South Dakota's Data Center Bill of Rights

Section 49-50-1 defines a data center as “a centralized repository for the dissemination, management, processing, and storage of electronic data and information, with a peak demand of ten megawatts or greater.” In turn, § 49-50-2 requires a separate rate schedule for data centers:

A provider of electricity shall establish and maintain separate terms and conditions for electric service applicable to a data center. The terms and conditions must require that the data center reimburse any provider of electricity for all costs fairly attributed to the data center for service demand and utility consumption, including costs incurred to serve the data center if the data center departs the system or materially reduces its load.

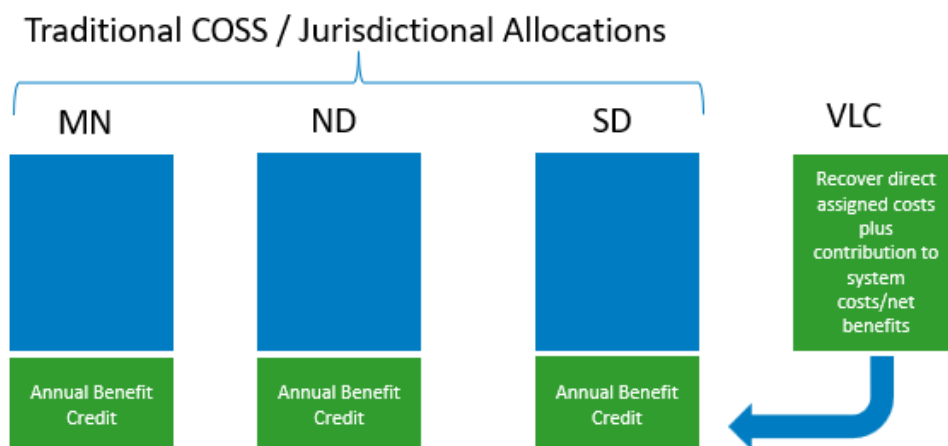
At this time, OTP does not currently serve a data center, as defined by § 49-50-1. OTP has noted increased interest in establishing very large data centers in its service territory. At this time, it does not appear that OTP has need of a data center tariff for small data centers. For that reason, OTP's proposed service and recovery structure is designed for very large data centers.

3. Description of Proposed Service and Recovery Structure under the HPC Rate

Given the magnitude of the size of potential data center loads, especially relative to our small size, we propose creating a separate cost recovery structure under the HPC Rate for data center loads of 75 MW or more that develops a separate cost of service specific to the proposed customer, and a customized rate structure that recovers the incremental costs to serve the customer, outside of OTP's traditional jurisdictionally allocated embedded system cost of service. This approach takes into account South Dakota's Data Center Bill of Rights, and complies fully with § 49-50-2.

This new mechanism would be analogous to the modeling and cost recovery approach associated with a specific cost recovery rider. The same concept is being considered in this case, where within this mechanism, incremental costs to serve the HPC Rate customer would be captured, and specific rate designs and rates will be developed based on the cost characteristics unique to serving the load. The overall revenue requirement and associated rates would only be applicable to the individual HPC Rate customer.

OTP proposes that this mechanism will not be "state specific" from a traditional jurisdictional cost-of-service perspective. In other words, this load will not impact current, traditional jurisdictional allocations of existing system costs. Instead, the structure is designed to recover the HPC Rate customer's incremental cost of service while also incorporating rate elements that will capture and provide a benefit contribution to existing customers across all our jurisdictions, regardless of the HPC Rate customer's location. The illustration below helps visualize this concept:



OTP has proposed a similar rate schedule and associated mechanism in Minnesota and North Dakota and with this petition is doing so in South Dakota as well. It is vital that

all our jurisdictions support this approach as it is intended to protect all customers from any cross-subsidization of an HPC Rate customer and to equitably share the benefits of adding the HPC Rate customer with our legacy customers. Statutory provisions of the HPC Rate customer's host state (if any) will be considered within each state's HPC rate schedule, but the proposed cost tracking mechanism and benefit sharing would be consistent for each state.

A rider-type mechanism will allow rates to be established and updated as needed to facilitate recovery both during the buildout of facilities necessary to serve the HPC Rate customer, as well as when load begins to come on-line and grow to its final design levels, a process that can span multiple years. The mechanism will include true-up provisions to protect the HPC Rate customer, existing customers, and the Company.

For dedicated resources constructed and owned by OTP to serve the Customer, the mechanism shall recover all related revenue requirement components, including return on investment, depreciation, property taxes, insurance, and associated O&M costs. It will also capture costs for contracted energy and capacity, Midcontinent Independent System Operator (MISO)-related load and generation charges, and transmission-related costs including use of existing transmission facilities and any incremental transmission investments.

There are three main benefits associated with this approach. First, it reduces cross-subsidization risk. Second, it reduces regulatory lag on the front end by avoiding rates cases when adding an HPC Rate customer. Third, it also reduces regulatory lag in the case of a customer's early exit. It also allows OTP to achieve allocation redistribution without filing multiple rate cases in separate jurisdictions.

This approach isolates the financial aspects of serving the new HPC Rate customer. Establishing a separate MISO asset owner for the customer and direct assigning or passing through all costs to serve the customer clearly identifies costs attributable to the new HPC Rate customer avoiding cross-subsidization and protecting existing customers from rate impacts associated with the new data center load.

This approach also mitigates risks associated with an early exit by an HPC Rate customer. By financially isolating a very large data center loads, we protect both our customers and our Company from potential impacts. For example, adding a 1,000 MW HPC Rate customer in South Dakota would effectively double OTP's load and significantly shift jurisdictional allocations – potentially increasing South Dakota's share from approximately 44 percent to 72 percent. Under a traditional approach, we would need to file three rate cases to re-allocate jurisdictional costs to avoid over-recovery of costs. Similarly, an early HPC Rate customer exit would require rate cases in all three jurisdictions to realign allocations, creating regulatory lag and under-recovery of costs.

In contrast, the proposed approach maintains existing jurisdictional allocations and allocates system benefits brought by the new HPC Rate customer according to current jurisdictional allocations. The HPC Rate customer will contribute to existing system costs as part of its revenue requirement, and that benefit will be shared across all states and customers regardless of the jurisdiction in which the HPC Rate customer is sited. If the HPC Rate customer exits early, the system benefit credit can be removed through the annual true-up, avoiding the need for multiple rate cases or disruption to existing rates.

4. Large General Service – High Power Compute rate schedule.

a. Eligibility

The HPC Rate will apply to a new customer expected to reach a Peak Contract Demand of at least 75 MW of firm (non-interruptible) demand at a single site or across multiple interconnected buildings on contiguous parcels operated as a single campus, with an expected annual load factor of at least 70 percent. Each customer will require a dedicated resource plan to meet its energy and capacity requirements from incremental generation. Both load ramp-up and resource development may take several years. This period, defined as the Buildout Period, begins when the customer first reaches commercial operation (the COD) and ends when the customer reaches full operability, and OTP has secured sufficient incremental resources. The Steady Period begins thereafter, with a minimum contract term of service of 15 years.

Eligibility is contingent on execution of a Commission-approved ESA, satisfaction of applicable credit and security requirements, and payment of all study and interconnection costs. The Customer will remain responsible for any statutory data-center fees or obligations established by Minnesota law.

b. Resource Plan to Serve Customer:

i. Dedicated Capacity and Energy Resources

OTP will develop a comprehensive capacity and energy resource plan, aligned with both the Company's and the HPC Rate customer's operational needs, which we will incorporate into the ESA. The HPC Rate customer will pay the full revenue requirement for dedicated resources, including Company-owned generation facilities and contracted costs (e.g. Purchase Power Agreements (PPAs)), covering fixed and variable O&M, fuel, property taxes, insurance, and carrying costs. In the alternative, the HPC Rate customer may negotiate to bring its own generation, on terms acceptable to the Company. The Company will establish separate MISO Asset Owner (AO) designations and Commercial Pricing Nodes (CP Nodes) for the HPC customer's load and the dedicated generation

resources to isolate the load and dedicated generation resources from OTP's existing customers and resources.

A HPC Rate customer's specific resource plan will need to meet each HPC Rate customer's energy and capacity requirements from incremental generation. For every MW of data center load, OTP will add a commensurate amount of incremental capacity and energy generation resources, either through new Company-owned resources or PPAs. Existing resources will not be used, preserving system reliability and compliance with MISO resource adequacy requirements during the Buildout and Steady Periods. This approach also maintains the ratio of load-to-available energy in the Zone mitigating impacts on locational marginal pricing (LMP) in our service area.

ii. Buildout Period Usage

While we expect the buildout of load and resources to align, there may be times during any Buildout Period when a customer's data center load exceeds the incremental resources we have brought online. If this occurs, OTP will limit the HPC Rate customer's capacity and energy to the amount of incremental capacity and energy resources added to serve the new customer. If the HPC Rate customer seeks additional usage during the Buildout Period, they may arrange temporary capacity through the Company or qualify as a MISO LMR.

If OTP anticipates that the HPC customer may have excess demand during the next planning year, OTP will require the customer to register its excess demand as an LMR. OTP would make a protective offer of the customer's LMR load to MISO in the PRA. A protective offer is one priced at the maximum price that still preserves MISO's reliability planning. If the PRA clears below that price, the Customer will not be an LMR. If MISO accepts OTP's offer, the Customer will be required to respond to MISO as an LMR.

OTP may also limit the Customer's energy usage to the output of the dedicated resources during periods of elevated LMP. The rate schedule includes a penalty if the customer ignores OTP's curtailment instructions.

OTP will schedule both load and generation into the MISO market daily. Separate settlement statements by AO will isolate all MISO related costs, with the HPC Rate customer responsible for all applicable MISO Day Ahead and Real Time market charges and credits, including losses, uplifts, and administrative charges attributable to the dedicated settlement account(s), net of dedicated resource output.

c. Delivery Facilities

The Company will construct and own, and the HPC Rate customer will be responsible for, all costs associated with building or upgrading necessary delivery facilities (Transmission and Distribution) to interconnect them. As noted earlier, the

capital investment related to these incremental facilities will be captured within the recovery mechanism including the applicable return on and of those investments and associated costs.

d. Transmission Charges

Use of the Company's existing transmission system is implied with any customer taking service from OTP. We will require an HPC Rate customer to pay network transmission charges for the use of the existing transmission system based on the Company's Attachment O rate.

e. Other MISO Charges

The Customer shall pay, or reimburse the Company, for all other MISO charges including ancillary service charges attributable to the HPC Rate customer's load and as assessed by MISO on a load basis (Energy or Demand), including but not limited to Network Upgrades and Multi-Value-Project-type charges (Schedules 26/26A/26B/26C/26D/26E as applicable).

f. Rate Structure/Components

i. Administrative Charge.

A fixed charge per Customer per kW of Contract Capacity to recover Customer-related costs including OTP personnel, systems, and overheads including metering, billing, customer account and services expenses, administration of the Rate schedule, settlements, and reporting. Escalates annually by CPI unless otherwise ordered.

ii. System Benefit Charge (\$/MWH).

Set in the ESA, which will also include a minimum charge, and provides an appropriate amount of net benefits to non-participating Customers. Updated annually to reflect current MISO rates. The System Benefit Charge is a component of the System Benefit Contribution.

iii. Energy Charge.

The sum of levelized Dedicated PPA variable charges as determined in the PPA, plus fuel charges and variable O&M from any Company-owned Dedicated Generation Resources. The levelized energy charge to be paid by the Customer will be limited to the load that is covered by the Customer's Dedicated Resources that have been interconnected, energized and made available to offer into MISO as set out in the ESA.

iv. Energy and Operating Reserves Market charges (\$/MWH).

Set to recover any MISO costs (net of MISO credits) associated with MISO load bids and MISO offers of Dedicated Resources. Initial MISO charges will be posted seven

(7) days after the day on which the energy was delivered (Operating Day), which can be accessed via the MISO Portal.

v. Dedicated Generation Capacity Reservation Charge (\$/contract MW/month):

Set at the weighted average of total levelized generation fixed costs including Company-owned plants and PPA fixed charges comprising Dedicated Resources to meet the Customer Contract Capacity and adjusted to include MISO's PRM. The charge will be inclusive of O&M expenses, and fuel costs associated with the dedicated resource, as well as PPA costs.

vi. Risk Adder:

A percentage, to be set in the ESA, of the net book value of any Dedicated Resources, Incremental Transmission, and Incremental Distribution, plus 2% of any monthly PPA revenues or charge equivalent thereto should Company and Customer agree to allow for Customer to contract directly for some or all Dedicated Resources.

vii. MISO Interim Capacity Charge (\$/MW/month):

Defined as the Grossed-up MISO Zone 1 Seasonal Planning Reserve Auction (PRA) Auction Clearing Price (ACP) in effect for the billing period according to the following formula:

$$\text{PRA ACP} \times ([\text{MISO PRMR}] - [\text{ZRCs from Dedicated Resources}] - [\text{Customer Zone 1 ZRCs}])$$

viii. Incremental Delivery Facilities Demand Charge (\$/MW-month/Contract Capacity):

Demand charges will recover Depreciation expense plus Return at the authorized weighted average cost of capital (WACC), plus O&M expense, and plus applicable taxes, per the ESA schedule to recover any Incremental Transmission and/or Distribution. An estimated incremental Administrative & General Expenses, and General Plant will be applied as loading factors. A separate charge for Operation and Maintenance and Administrative and General expenses per MW will be updated annually to reflect current MISO rates.

ix. MISO Transmission Charges (MISO Schedules):

Customer shall pay (or reimburse OTP for) all MISO charges attributable to the Project's load.

5. Customer Protections

In addition to procuring and providing adequate generation capacity and energy resources necessary to operationally serve the load, at the cost of the HPC Rate customer, OTP will require that, prior to any construction commitments, the HPC Rate customer shall post and maintain collateral sized to OTP's risk exposure under the ESA. The collateral will be in one or a combination of: irrevocable letter of credit, payment security bond, cash, or qualified parent guaranty from entities that are acceptable to OTP. If the Customer terminates the ESA before taking service, there will be liquidated damages and the HPC Rate customer will have to reimburse OTP for costs incurred. Similarly, if the HPC Rate customer takes service but terminates the ESA and before the minimum contract term ends, the HPC Rate customer shall pay exit fees as specified in either the rate schedule or as agreed to in the ESA, which will include exit fees sufficient to protect customers from stranded assets and incurred costs.

6. System Benefit Credit

As mentioned earlier, the proposed cost of service structure to be utilized for serving an HPC Rate customer is designed to eliminate cost-shifting and to share net system benefits with non-participating customers. The Company shall compute a jurisdictional System Benefit Credit annually following completion of the calendar year and credit it to all retail customers in Minnesota, North Dakota, and South Dakota through existing riders or a dedicated credit mechanism. The credit equals the net positive contribution/margins attributable to the Customer after full recovery of direct-assigned costs, including but not limited to margins from Dedicated Resource dispatch differentials (if any), incremental fixed-cost contributions, and any other defined components in the ESA, less incremental corporate costs required to support the Customer. OTP proposes that the allocation to each jurisdiction shall follow Commission-approved allocators using the most recent actual year E2 cost allocation factor.

IV. FILING FEE

Under SDCL 49-1A-8, the Commission may require a deposit of up to fifty thousand dollars 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.

V. CONCLUSION

The influx of demand across our region from data center owners and developers is unprecedented and presents several new challenges for utilities. We believe that creating a new class for very large customers (25 MW or more) strikes the right balance between the old and the new. It takes into account the ordinary types of large loads we have traditionally seen on our system and separates these types of loads. We believe that further requiring very large data center load to take firm service at or above 75 MW, using a separate cost recovery structure, via a new rate schedule that addresses the unique challenges, risks, and benefits of adding new data center load onto our system is in all our customers' interests. Our cautious approach protects our customers, protects our company, and will provide safe, reliable and competitively priced power to new very large customers who may wish to join our system.

OTP therefore respectfully requests Commission approval of all proposed tariff updates and administrative refinements included in this filing.

Date: July 27, 2026

Respectfully submitted:

OTTER TAIL POWER COMPANY

/s/ AMBER GRENIER
Amber Grenier
Manager, Regulatory Economics
Regulation & Retail Energy Solutions
Otter Tail Power Company
Phone (218) 739-8728