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May 1, 2026



Brian Johnson
Executive Secretary/Director of Administration
North Dakota Public Service Commission
State Capitol - 600 East Boulevard
Bismarck, ND 58505-0480

**RE: Otter Tail Power Company's 2025 Annual Report
Case No. PU-26-**

Dear Mr. Johnson:

Enclosed is Otter Tail Power Company's (Otter Tail Power's) 2025 Annual Report for North Dakota. As in past years, I am enclosing a copy of Otter Tail Corporation's 2025 Annual Report to Shareholders and SEC Form 10-K for Otter Tail Corporation and Otter Tail Power's 2025 FERC FORM No. 1. I am also forwarding an electronic copy of the North Dakota Annual Report in PDF format by email to you at ndpsc@nd.gov.

Pages 1-3 reflect operating statement, rate base, and capital structure values which include Otter Tail Power's current base rate recoveries as well as recoveries through Otter Tail Power's renewable, transmission, and generation cost recovery riders on an actual, un-normalized basis. Pages 4-6 reflect the same information on a normalized basis to adjust for the impacts of anomalous items, including weather. Otter Tail Power's actual 2025 earnings reflected a return on equity (ROE) of 9.55 percent. As shown on page 5 of the attached report, Otter Tail Power's normalized results reflected a 9.69 percent ROE.

Additionally enclosed are reports on smart metering, the Trade Secret assessment of the annual impact from the Super Large General Service Tariff Electric Rate Schedule Section 10.06 (SLGS) customer as well as the Trade Secret report on the Economic Development Rider Rate Schedule Section 14.13 (EDR) for the current calendar year. The reports on the SLGS and EDR customers are pursuant to discussions with both the North Dakota Public Service Commission and Commission staff at the time the SLGS tariff was established and approved by the Commission. In accordance with N.D. Admin. Code § 69-02-09-02, an Application for Trade Secret Protection is being provided along with a single copy of the trade secret version of the Application and supporting testimony in a sealed envelope marked **PROTECTED INFORMATION – PRIVATE**.

1 PU-26-165 Filed 05/01/2026 Pages: 339
2025 Annual Report, Shareholders Report, and
FERC Financial Report for North Dakota - Redacted

Otter Tail Power Company
Christy Petersen, Mgr Reg Acct Reg Eco

Mr. Johnson
May 1, 2026
Page 2

If you have questions on the information provided, do not hesitate to contact me at (218) 739-8541 or cpetersen@otpc.com.

Sincerely,

/s/ Christy Petersen
Christy Petersen
Manager, Regulatory Accounting
Regulatory Economics

vjm
Enclosures
By electronic service and First Class mail

ANNUAL REPORT
OF
OTTER TAIL POWER COMPANY
TO THE
PUBLIC SERVICE COMMISSION OF NORTH DAKOTA
FOR THE
YEAR ENDED DECEMBER 31, 2025

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Otter Tail Power Company
2025 North Dakota Annual Report

Operating Statement - With All Riders, Un-Normalized

	(A)	(B)	(C)	(D)	(E)
Line No.	2025 Total Company	2025 North Dakota	ND Percent (B / A)	2024 North Dakota	Annual Change (B-D / D)
Description					
	Operating Revenues:				
1	\$ 142,533,576	\$ 66,156,163	46.41%	\$ 63,439,802	4.28%
2	\$ 108,959,392	\$ 55,941,426	51.34%	\$ 52,546,840	6.46%
3	\$ 226,048,981	\$ 81,630,960	36.11%	\$ 76,482,669	6.73%
4	\$ 8,044,675	\$ 3,626,740	45.08%	\$ 3,567,330	1.67%
5	\$ 485,586,623	\$ 207,355,289	42.70%	\$ 196,036,641	5.77%
6	\$ 82,369,467	\$ 20,329,641	24.68%	\$ 16,857,822	20.59%
7	\$ 567,956,090	\$ 227,684,930	40.09%	\$ 212,894,463	6.95%
	Operating Expenses:				
8	\$ 200,705,430	\$ 84,874,894	42.29%	\$ 69,330,206	22.42%
9	\$ 36,075,293	\$ 13,924,560	38.60%	\$ 14,448,570	-3.63%
10	\$ 18,997,274	\$ 8,657,765	45.57%	\$ 8,885,801	-2.57%
11	\$ 8,639,253	\$ 3,920,674	45.38%	\$ 5,369,477	-26.98%
12	\$ 11,706,478	\$ 981,249	8.38%	\$ 1,116,625	-12.12%
13	\$ 202,709	\$ 78,370	38.66%	\$ 103,453	-24.25%
14	\$ 51,554,037	\$ 20,074,340	38.94%	\$ 19,872,242	1.02%
15	\$ -	\$ -	N/A	\$ -	N/A
16	\$ 89,931,296	\$ 35,389,133	39.35%	\$ 32,058,053	10.39%
17	\$ 17,015,737	\$ 6,295,278	37.00%	\$ 5,806,971	8.41%
18	\$ 434,827,507	\$ 174,196,264	40.06%	\$ 156,991,398	10.96%
19	\$ 133,128,583	\$ 53,488,667	40.18%	\$ 55,903,065	-4.32%
	Income Tax Expense:				
20	\$ (15,112,840)	\$ (5,446,208)	36.04%	\$ (2,561,879)	112.59%
21	\$ 18,435,975	\$ 7,774,566	42.17%	\$ 6,102,333	27.40%
22	\$ -	\$ -	0	\$ 2,881,129	-100.00%
23	\$ 3,323,135	\$ 2,328,358	70.07%	\$ 6,421,583	-63.74%
24	\$ 129,805,448	\$ 51,160,309	39.41%	\$ 49,481,482	3.39%

Otter Tail Power Company
2025 North Dakota Annual Report

Rate Base - With All Riders, Un-Normalized

Line No.	Description	(A)	(B)	(C)	(D)	(E)
		2025 Total Company	2025 North Dakota	ND % (B / A)	2024 North Dakota	Annual Change (B-D / D)
1	Plant in Service	\$ 3,220,378,987	\$ 1,236,125,015	38.38%	\$ 1,171,013,302	5.56%
2	Net Capitalized Items - Big Stone Plant			0.00%		0.00%
3	Accumulated Depreciation	<u>\$ (1,066,328,755)</u>	<u>\$ (437,197,727)</u>	41.00%	<u>\$ (430,300,119)</u>	1.60%
4	Net Plant in Service	\$ 2,154,050,232	\$ 798,927,288	37.09%	\$ 740,713,183	7.86%
5	Plant Held for Future Use	\$ 595,672	\$ 229,921	38.60%	\$ 2,487	9144.91%
6	Construction Work in Progress			0.00%	\$ 2,911,109	-100.00%
7	Materials and Supplies	\$ 52,797,715	\$ 22,263,078	42.17%	\$ 19,379,813	14.88%
8	Fuel Stocks	\$ 11,142,906	\$ 4,608,958	41.36%	\$ 4,753,972	-3.05%
9	Prepayments	\$ 74,358,142	\$ 27,579,091	37.09%	\$ 27,243,609	1.23%
10	Customer Advances	\$ (29,396,972)	\$ (27,537,768)	93.68%	\$ (804,835)	3321.54%
11	Cash Working Capital	\$ 8,717,062	\$ 3,146,929	36.10%	\$ 2,279,167	38.07%
12	Accumulated Deferred Income Taxes	<u>\$ (309,513,083)</u>	<u>\$ (130,476,359)</u>	42.16%	<u>\$ (117,000,576)</u>	11.52%
13	Total Average Rate Base	<u>\$ 1,962,751,674</u>	<u>\$ 698,741,138</u>	35.60%	<u>\$ 679,477,929</u>	2.84%
ACTUAL						
14	Rate of Return on Average Rate Base (page 1, Line 24 /line 13)		6.61%	7.32%		
15	Less: Weighted Cost of Ltd (Page 3, line 1 (D))		2.15%	2.15%		
16	Weighted Cost of Pref. Stock (Page 3 line 2 (D))		<u>0.00%</u>	<u>0.00%</u>		
17	Weighted Return on Equity		4.47%	5.18%		
18	% of Equity to Capital Structure (Page 3, line 3 (B))		<u>54.17%</u>	<u>54.17%</u>		
19	Return on Equity (Page 3, line 3 (C))		<u>8.25%</u>	<u>9.55%</u>		

Otter Tail Power Company
2025 North Dakota Annual Report

Average Weighted Cost of Capital - With All Riders, Un-Normalized

		(A)	(B)	(C)	(D)
Line No.	Description	2025 Total Company	Ratio	Cost	Weighted Cost
1	Long Term Debt	\$ 964,259,824	45.83%	4.68%	2.15%
2	Preferred Equity	\$ -	0.00%	0.00%	0.00%
3	Common Equity	\$ 1,139,948,299	54.17%	9.55%	5.17%
4	Total	\$ 2,104,208,123	100.00%		7.32%

Otter Tail Power Company
2025 North Dakota Annual Report

Operating Statement - With All Riders, Normalized

	(A)	(B)	(C)	(D)	(E)
Line No.	2025 Total Company	2025 North Dakota	N. D. % (B / A)	2024 North Dakota	Annual Change (B-D / D)
	Operating Revenues:				
1	Residential	\$ 142,998,886	\$ 66,618,350	46.59%	\$ 66,249,805 0.56%
2	Small Commercial and Industrial	\$ 109,007,169	\$ 56,085,053	51.45%	\$ 53,420,066 4.99%
3	Large Commercial and Industrial	\$ 226,164,712	\$ 81,657,414	36.11%	\$ 76,643,504 6.54%
4	Other Retail	\$ 8,050,157	\$ 3,628,774	45.08%	\$ 3,579,694 1.37%
5	Total Retail Revenue	\$ 486,220,925	\$ 207,989,591	42.78%	\$ 199,893,070 4.05%
6	Other Electric Revenue	\$ 82,369,467	\$ 20,329,641	24.68%	\$ 15,758,460 29.01%
7	Total Revenue	\$ 568,590,392	\$ 228,319,232	40.16%	\$ 215,651,530 5.87%
	Operating Expenses:				
8	Production Expenses	\$ 200,602,502	\$ 84,830,408	42.29%	\$ 70,411,631 20.48%
9	Transmission Expenses	\$ 36,075,293	\$ 13,924,560	38.60%	\$ 14,448,570 -3.63%
10	Distribution Expenses	\$ 18,997,274	\$ 8,657,765	45.57%	\$ 8,885,801 -2.57%
11	Customer Accounting Expenses	\$ 8,639,253	\$ 3,920,674	45.38%	\$ 5,369,477 -26.98%
12	Customer Service and Information Expenses	\$ 11,706,478	\$ 981,249	8.38%	\$ 1,116,625 -12.12%
13	Sales Expenses	\$ 202,709	\$ 78,370	38.66%	\$ 103,453 -24.25%
14	Administration and General Expenses	\$ 51,554,037	\$ 20,074,340	38.94%	\$ 19,872,242 1.02%
15	Charitable Contributions	\$ -	\$ -	N/A	\$ - N/A
16	Depreciation Expense	\$ 89,931,296	\$ 35,389,133	39.35%	\$ 32,058,053 10.39%
17	General Taxes	\$ 17,015,737	\$ 6,295,278	37.00%	\$ 5,806,971 8.41%
18	Total Operating Expenses	\$ 434,724,579	\$ 174,151,777	40.06%	\$ 158,072,823 10.17%
19	Net Operating Income Before Income Taxes	\$ 133,865,813	\$ 54,167,455	40.46%	\$ 57,578,707 -5.92%
	Income Tax Expense:				
20	Investment Tax Credit	\$ (15,112,840)	\$ (5,446,208)	36.04%	\$ (2,561,879) 112.59%
21	Deferred Income Taxes	\$ 18,640,827	\$ 7,940,215	42.60%	\$ 6,102,333 30.12%
22	Income Taxes	\$ -	\$ -	0.00%	\$ 3,290,623 -100.00%
23	Total Income Tax Expense	\$ 3,527,987	\$ 2,494,007	70.69%	\$ 6,831,077 -63.49%
24	Net Regulated Earnings	\$ 130,337,826	\$ 51,673,448	39.65%	\$ 50,747,629 1.82%

Otter Tail Power Company
2025 North Dakota Annual Report

Rate Base - With All Riders, Normalized

Line No.	Description	(A)	(B)	(C)	(D)	(E)
		2025 Total Company	2025 North Dakota	N. D. % (B / A)	2024 North Dakota	Annual Change (B-D / D)
1	Plant in Service	\$ 3,220,378,987	\$ 1,236,125,015	38.38%	\$ 1,171,013,302	5.56%
2	Net Capitalized Items - Big Stone Plant			0.00%		0.00%
3	Accumulated Depreciation	\$ (1,066,328,755)	\$ (437,197,727)	41.00%	\$ (430,300,119)	1.60%
4	Net Plant in Service	\$ 2,154,050,232	\$ 798,927,288	37.09%	\$ 740,713,183	7.86%
5	Plant Held for Future Use	\$ 595,672	\$ 229,921	38.60%	\$ 2,487	9144.91%
6	Construction Work in Progress	\$ -	\$ -	0.00%	\$ 2,911,109	-100.00%
7	Materials and Supplies	\$ 52,797,715	\$ 22,263,078	42.17%	\$ 19,379,813	14.88%
8	Fuel Stocks	\$ 11,142,906	\$ 4,608,958	41.36%	\$ 4,753,972	-3.05%
9	Prepayments	\$ 74,358,142	\$ 27,579,091	37.09%	\$ 27,243,609	1.23%
10	Customer Advances	\$ (29,396,972)	\$ (27,537,768)	93.68%	\$ (804,835)	3321.54%
11	Cash Working Capital	\$ 8,717,551	\$ 3,148,466	36.12%	\$ 2,172,588	44.92%
12	Accumulated Deferred Income Taxes	\$ (309,513,083)	\$ (130,476,359)	42.16%	\$ (117,000,576)	11.52%
13	Total Average Rate Base	\$ 1,962,752,163	\$ 698,742,675	35.60%	\$ 679,371,350	2.85%
ACTUAL						
14	Rate of Return on Average Rate Base (page 4, Line 24 /line 13)	6.64%	7.40%			
15	Less: Weighted Cost of Ltd (Page 6, line 1 (D))	2.15%	2.15%			
16	Weighted Cost of Pref. Stock (Page 6 line 2 (D))	0.00%	0.00%			
17	Weighted Return on Equity	4.50%	5.25%			
18	% of Equity to Capital Structure (Page 6, line 3 (B))	54.17%	54.17%			
19	Return on Equity (Page 6, line 3 (C))	8.31%	9.69%			

Otter Tail Power Company
2025 North Dakota Annual Report

Average Weighted Cost of Capital - With All Riders, Normalized

		(A)	(B)	(C)	(D)
Line No.	Description	2025 Total Company	Ratio	Cost	Weighted Cost
1	Long Term Debt	\$ 964,259,824	45.83%	4.68%	2.15%
2	Preferred Equity	\$ -	0.00%	0.00%	0.00%
3	Common Equity	<u>\$ 1,139,948,299</u>	<u>54.17%</u>	10.10%	<u>5.47%</u>
4	Total	\$ 2,104,208,123	100.00%		7.62%

Otter Tail Power Company
2025 North Dakota Annual Report

Miscellaneous

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
Line No.	Total Description	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	Customer Related (ND):										
	Year End # of Customers (1)										
1	Residential	45,444	45,463	45,431	45,535	45,584	45,614	45,620	45,862	45,882	45,743
2	Commercial	12,485	12,457	12,481	12,448	12,481	12,430	12,395	11,465	11,439	11,385
3	Industrial	269	287	289	285	283	278	277	980	979	978
4	Other	880	882	882	885	888	890	889	497	499	503
5	Total Customers	59,078	59,089	59,083	59,153	59,236	59,212	59,181	58,804	58,799	58,609
	KWH's Sold										
6	Residential	586,611,284	554,454,423	606,546,947	628,366,462	582,626,650	602,784,894	629,175,343	630,555,383	591,880,809	580,345,390
7	Commercial	537,854,357	487,265,045	512,686,586	518,102,686	470,598,314	511,173,319	517,757,884	309,037,831	300,470,972	291,700,647
8	Industrial	1,406,873,346	1,372,641,305	1,365,347,468	1,122,524,727	607,703,011	596,367,789	653,782,339	861,510,082	854,040,398	856,544,193
9	Other	24,211,732	24,731,824	25,335,667	27,194,689	26,994,553	29,522,372	29,278,133	29,467,197	29,625,196	29,262,956
10	Subtotal	2,555,550,719	2,439,092,597	2,509,916,669	2,296,188,564	1,687,922,528	1,739,848,374	1,829,993,699	1,830,570,493	1,776,017,375	1,757,853,186
11	Unbilled sales	1,462,964	17,087,461	(28,187,360)	##### ###	4,732,945	(1,967,352)	(9,672,097)	3,250,372	11,845,290	5,681,679
12	Total kWh	2,557,013,683	2,456,180,058	2,481,729,309	2,317,716,247	1,692,655,473	1,737,881,022	1,820,321,602	1,833,820,865	1,787,862,665	1,763,534,865
13	System Wide Reliability Indices										
14	SAIDI (total minutes)	139.8	141.7	110.8	118.6	79.0	91.3	128.2	85.3	86.5	110.5
15	SAIFI (frequency)	1.4	1.2	1.5	1.6	1.2	1.3	1.5	1.3	1.4	1.7
16	CAIDI (duration)	102.6	119.0	75.4	73.2	66.89	69.1	88.7	64.9	61.5	65.7

(1) Otter Tail implemented its new customer information system in February 2019. During this conversion, total customer counts by class were updated resulting in the change from 2018 to 2019.

**BEFORE THE
NORTH DAKOTA PUBLIC SERVICE
COMMISSION**

Case No. PU-26-

**Otter Tail Power Company's
Report on Status of Smart Metering
and Smart Grid Technologies**

May 1, 2026

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Otter Tail Power Company 2025 Annual Report to North Dakota

Report on Status of Smart Metering

In its Order dated August 8, 2007, Case No. PU-06-290, the North Dakota Public Service Commission, at ordering paragraph no. 2, required that:

"Each jurisdictional electric utility shall include in its annual reports to the Commission, beginning with reports filed for 2007, a discussion of progress towards the feasibility of making smart metering available for all customers."

References to smart grid and smart metering have been used interchangeably as the utility industry moves to adopt changes that make sense for each of the utilities' service areas. We've used technology to improve employee productivity and customer service for many years. Smart grid investments occur in many aspects of our work and our mission, which is:

To produce and deliver electricity as reliably, economically, and environmentally responsibly as possible to the balanced benefit of customers, shareholders, and employees and to improve the quality of life in the area in which we do business.

The following lists some of the smart grid-type applications that we discussed in past filings and are still in place today. However, this filing does not go into detail for each of these areas:

- Peak-shaving technologies
- Energy storage systems
- Time-varying rates
- Electricity metering
- Power Profiler
- Bill Analyzer
- Interruption Monitoring System
- Customer Information System

This update focuses on updates to our:

- Customer Experience Platform
- Advanced Metering Infrastructure
- Demand Response
- Outage Management System

In addition, we provide high-level information related to technologies that encompass smart metering in our Innovation 2030 (I2030) initiative.

Customer Experience Platform (CEP)

Otter Tail Power continues to remain focused on providing the best possible experience for our customers. As part of this effort, we have contracted with VertexOne, formerly Accelerated Innovations, to develop an online platform that provides customers enhanced functionality in the areas of bill payment, usage information, and outage and load management communications. A preference center allows customers to choose the communications they want to receive and the method by which they would like to receive them. A mobile application allows customers to access account information on the go. This platform is fully integrated with our Outage Management System (OMS), Customer Information System, Paymentus payment provider, as well as MDMS/AMI and provides the most comprehensive information to the customer having these other systems in place.

Implementation began in April 2022 and the project went live in August 2023. This platform will continually be enhanced with further improvements, such as an Outage Center and Landlord portal area, to enhance the customer experience.

Advanced Metering Infrastructure (AMI)

Otter Tail Power has completed the Advanced Metering Infrastructure (AMI) project as part of its broader Smart Grid initiative. Business process development, design requirements, system integrations, and overall software implementation occurred from late 2021 through late 2023, with a pilot involving approximately 500 meters completed in December 2023. Full deployment began in mid-February 2024 and continued throughout the year, with approximately 158,000 AMI meters installed by the end of 2024. Allegiant Utility Services, Otter Tail Power's contracted meter installation vendor, completed its contracted scope of work in 2024, representing approximately 91 percent of total meter installations. Remaining meter exchanges were completed by Otter Tail Power personnel and focused primarily on locations with complex rate structures, specialized metering configurations, or heightened customer and operational impacts, including large commercial and industrial customers. Managing these exchanges internally allowed for a more coordinated process tailored to customer-specific requirements. With the completion of these final installations in December 2025, the AMI project is considered complete.

Demand Response – Advanced Load Management (ALM)

The Demand Response replacement project, now known as Advanced Load Management (ALM), began development in early 2021. In Fall 2021, Otter Tail Power issued a Request for Proposal (RFP) in Fall 2022 and resulted in six vendor responses. Following the evaluation, Otter Tail Power selected Landis+Gyr (L+G) and Open Access Technology International (OATI).

Contracts with L+G and OATI were executed in the first quarter of 2025, with detailed system requirements and design activities beginning in the second quarter of 2025. Similar to Otter Tail Power's AMI project, ALM is a complex technology initiative involving multiple software system integrations and a hardware upgrade for customers enrolled in load control rates. Field deployment activities are scheduled to begin in 2026, with overall project completion targeted for mid-2028. The ALM project is currently on track.

The ALM project was previously included in Otter Tail Power's Innovative Distributed Energy Automation (IDEA) application under the DOE GRIP Topic Area 2 – Smart Grid Grants program. However, due to termination of financial award, no federal funding will be contributed to the ALM project.

Outage Management System (OMS)

Otter Tail Power completed the GIS update portion of the OMS project in May 2024. The first phase of the OMS installation was completed in December 2022. The Company completed the final go-live improvements to the OMS system, including modeling improvements as part of the GIS portion of the project, in February, of 2024. Since project completion, these items have improved available outage and restoration of information and communications.

The next stage of OMS development ties closely with the installation of the advanced meter infrastructure and the new CEP. Meters included in the pilot were installed in December 2023. The Company completed the AMI meter deployment in 2025. Together, OMS, CEP, and AMI will improve customer experience featuring two-way communication for service outages and a faster restoration process. Integrations between the environments have been completed. The Company will seek opportunities to enhance the platforms that support customer satisfaction and operational efficiencies. The CEP system allows customers to receive communication based on their preferences and will give customers the ability to sign up for outage and estimated restoration notifications that pertain specifically to their service.

Innovation 2030 Initiative (I2030)

I2030 is no longer a formal initiative for OTP. Most of the projects identified within the initiative have been completed. OTP continues to evaluate future business cases for technology and continuous improvement projects.