



ON
for you

Otter Tail Power Company's balanced energy plan

During the next decade Otter Tail Power Company will be challenged to meet our customers' projected increase in demand for electricity. To ensure a brighter and more secure energy future requires a balanced approach that is mindful of our customers' need for reliable electricity that is affordable and environmentally responsible. We're achieving that balance with demand-side management (including conservation), renewable resources, plant and operating efficiencies, and peaking plants.

Selecting energy resources

How Otter Tail Power Company plans to meet increasing customer demand for electricity using a balanced mix of energy resources is detailed in our resource plan. In January 2009 the Minnesota Public Utilities Commission approved our 2007-2020 Resource Plan.

At the time the plan was filed we were anticipating owning part of the proposed Big Stone II project. We withdrew from the project in September 2009.

Otter Tail Power Company is preparing to file its 2010 to 2025 Integrated Resource Plan by July 1, 2010.

Demand-side management (including conservation)

- Demand-side management (DSM) has been part of our energy plan since the 1940s when we encouraged customers to put timers on their water heaters.
- Since 1992 we have helped our customers conserve 160 megawatts of demand and more than 1 million cumulative megawatt-hours of electricity. That's roughly equivalent to the amount of electricity that 90,000 average homes would have used in a year.
- In 2009 about 31 percent of our customer base participated in some form of DSM, allowing a portion of our resources to be curtailed during high-use periods. Our resource plan calls for a continued strong demand-side management and energy-efficiency effort.

ON—in more ways than one

Being **ON** means being reliable, strategic, balanced, and progressive. It means being engaged and sure-footed. It means being the best we can be. Every day Otter Tail Power Company is **ON—in more ways than one**.

ON defines the reliable, balanced, and sure-footed nature of our company, while our mission statement guides the way and defines the reasons we exist.

Otter Tail Power Company's mission:

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 areas in which we do business.

Wind and other renewables

- Otter Tail Power Company supports cost-effective renewables. Our most recent approved resource plan calls for up to 280 megawatts of new wind generation. Working toward that goal, we added more than 180 MW of electricity generated from wind, including 60 MW from the Langdon Wind Energy Center in January 2008, 48 MW from the Ashtabula Wind Energy Center in November 2008, and 49.5 MW from the Luverne Wind Farm in September 2009.
- We plan to meet the Minnesota Renewable Energy Standard (RES) by having 25 percent of our energy resources come from RES-qualifying renewables by 2025. We're positioned to meet the renewable energy objectives (REO) in North Dakota and South Dakota that call for 10 percent of our energy resources coming from qualifying renewables by 2015.
- In 2010 we expect to generate and purchase renewable energy equivalent to about 18 percent of our retail sales.
- Since 2002 our customers have been able to purchase 100 percent of their electricity from wind generation through our TailWinds program.

Prudent baseload and peaking resources

- Because wind is intermittent and requires a backup source, our most recent approved resource plan also calls for electricity generated from coal, as well as natural gas, and fuel oil.

As we make decisions about resource additions our goal is to remain among the lowest-cost energy providers in the nation.

Operational efficiencies and improvements

- Otter Tail Power Company switched fuel suppliers and renegotiated fuel and energy contracts to lower costs.
- We've improved systems and replaced equipment with newer technology.
- We invest in research and monitor efficiency developments.



Environmental stewardship

Otter Tail Power Company understands the debate about environmental issues, and we take our environmental stewardship responsibility seriously.

Throughout our hundred-year history, we have placed respect for the environment at the forefront of everything we do.

- We invest in carbon capture and carbon sequestration research and monitor its development on a regular basis.
- We partner with customers to achieve energy efficiencies and promote renewables. For example, we worked with one customer to develop a biomass cogeneration facility, and we provide steam, water, and rail access to another customer that produces ethanol.

Because we live in the communities in which we operate. We want those communities and their surroundings to have clean air, land, and water resources. We want them to support wildlife, wildflowers, game fish, and rural parks. In short, we are no different than other Americans. We know that a wholesome environment is essential to a satisfying quality of life.

