



NORTH DAKOTA
RATE CASE
2023

Otter Tail Power Company
Before the
North Dakota Public Service Commission

Application for Authority to
Increase Electric Rates in North Dakota
Case No. PU-23

November 2, 2023

Volume 5
Budget Documentation



Budget Documentation

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O&M Executive Summary

O&M Executive Summary

This Executive Summary provides an overview of how the components of the Otter Tail Power Company (OTP) Operations and Maintenance (O&M) budget were assembled to produce the 2024 fiscal year budget. The 2024 fiscal year budget provides the foundation for the 2024 Test Year cost of service. The information provided herein demonstrates that financial budget and forecast information surrounding O&M provides a fair and reasonable budget that can be relied on to set just and reasonable rates for OTP's North Dakota retail electric operations using a 2024 Test Year.

The 2024 O&M budget was developed using UI Solutions Group software. This system allows us to accurately, and efficiently load data to build budgets and forecasts. OTP transitioned to the use of UI in 2013 to improve accuracy and reduce the amount of time needed to produce forward looking financial statements.

The following provides an overview of the information contained in the primary segments of OTP's O&M budget.

Budget Process. The information contained in this section of OTP's budget documentation describes the process involved in the revenue forecast, along with a description of budgeting for fuel and purchased power costs. The budget process used to develop an O&M expense budget for labor and non-labor costs is also described.

O&M Narratives by Business Area. This section of OTP's budget documentation contains a discussion of the functions and key activities performed by each OTP business area. It also provides analysis of changes between 2022 actual expenses and 2023 forecast expenses, and between 2023 forecast expenses and 2024 budget expenses.

To create this section of OTP's budget documentation, leadership within each business area created its own area-specific budget documentation. Each area received a set of similar instructions asking for a narrative surrounding O&M expense details and variance explanations for any difference greater than \$250,000 or 10 percent. Each area is led by a Vice President that is responsible for its planning and operations. The business areas include:

- Asset Management – Business area that oversees the reliability and integrity of OTP's transmission and distribution system.
- Customer Service – Business area that ensures the delivery of safe and reliable electric service to OTP's customers as well as customer support services.
- Energy Supply – Business area that includes the operation and management of OTP's generating facilities. This also includes business areas that develop the resource plan and engage in the wholesale energy market.
- Finance/Legal and Strategic Sourcing – Business area that compiles the financial statements of OTP along with creating the budgets, forecasts, and cost of service studies.

The “other” areas manage the Company’s legal risk and the public policy discourse with legislatures.

- Human Resources & Safety Services – Business area that oversees all matters relating to OTP’s employees including safety policies.
- Information Technology – Business area that oversees the maintenance and operations of the systems utilized by OTP, specifically, our customer billing system.
- Communications – Business area that facilitates open and timely communication with OTP’s customers, regulators, employees, and shareholders.
- Regulation and Retail Energy Solutions – Business area that is responsible for rate recovery, pricing, regulatory policy and compliance and is responsible for the strategic planning of OTP.
- Corporate Services – Business area that provides support to OTP through the Board of Directors, external financial reporting, Internal Audit, financial planning, and investor relations.
- Accounting Transactions Cost Center 0960- An Administrative tracking cost center for multiple overhead loading adjustments and accounting assignments that either support overall company operations or are not assigned elsewhere.

Summary Reports. The Summary Reports section of OTP’s budget documentation provides a high-level look at OTP’s O&M costs, comparing 2022 actuals to 2024 budget and 2023 forecast with 2024 budget by FERC Sub-Function, FERC Account, and Sub-Account.

- Summary Report 1a & 1b compares O&M expenses by FERC Sub-Function, including dollar and percentage variances.
- Summary Report 2a & 2b compares O&M expenses by FERC Account, including dollar and percentage variances.
- Summary Report 3a & 3b compares O&M expenses by FERC Sub-Account, including dollar and percentage variances.



O&M Budget Process

This document discusses at a high level the process involved with budgeting for Revenue, Fuel and Purchased Power Costs, and Operating and Maintenance expenses.

Revenue Forecast Process

The process Otter Tail Power Company (OTP) undertakes to develop its Revenue Forecast on a quarterly basis. First the Regulatory Pricing area gathers the following revenue forecast factors as described below.

Forecasted Sales (kWh)

The Business Planning department creates an energy sales forecast, in a software product called MetrixND. The data is by month and rate code. It is entered directly into Utilities International (UI), OTP's budgeting and forecasting model. The process to develop the sales forecast is further described in Mrs. Tammy Mortenson's Direct Testimony.

Current Retail Rates

Retail rates are generally taken from the current rate book. At times, it is necessary to combine rates for different rate schedules, as some rate codes contain multiple rate schedules.

Customer Counts

Customer counts are obtained from our Customer Information System (CIS) and forecasted for each year.

Estimated Demands (kW)

Demands are estimated from the Energy Forecasted Sales using an average ratio between demand and energy, and then multiplied by the energy for each month.

Estimated Ratcheted Demand (kW)

Ratcheted demands are estimated from the Energy Forecasted Sales using an average ratio between ratcheted demand and energy, and then multiplied by the energy for each month.

Energy Sales and Demand for Separately Forecasted Customers

The Business Planning department provides the energy sales forecast for large customers. They are generally the largest OTP customers. The demand for these customers is based on their forecasted load factors or baseline demand. There are currently seven accounts separately forecasted.

Then the revenue factors above are used to determine the following billing determinants: the energy charge, the demand charge, the customer charge, and the facilities charge. Customers' bills may or may not be made up of all of these factors. These billing determinants are

calculated in UI for each month of the forecast years, by rate code. Rate codes are then combined into the five customer classes used by Business Planning: Residential, Commercial, Industrial, Street lighting, and Other Public Authorities. The end result is forecasted revenues that are computed within UI and reported at both the state and system level.

Fuel & Purchased Power Costs

The process that OTP uses to budget its fuel and purchased power cost involves a number of different sources. The Business Planning Department utilizes a software program from Anchor Power Solutions called EnCompass for the majority of the fuel budget calculations. EnCompass uses the sales/load forecast data to determine the overall amount of energy that is needed to meet our customers' needs. EnCompass computes an economic hourly dispatch of available resources to meet the needs of our load. The economic dispatch modeling takes into account existing bi-lateral purchases, company owned resources, and forecasted energy market prices to meet the forecasted requirements. The results of the economic dispatch modeling determines the amount of generation required from each resource and the associated cost of the fuel and/or purchased power needed to meet the forecasted load requirements.

Below is a more complete list of key EnCompass inputs that determine the components of the fuel and purchased power budget.

1. Sales Forecast - The sales forecast is used as the basis in determining the system energy requirements. A typical monthly load shape is applied to the monthly energy requirements to determine the hourly energy requirements. For further detail on the sales forecast, please see Mrs. Mortenson's Direct Testimony.
2. Resources
 - a. Owned thermal unit operating characteristics and costs - Company owned thermal units are modeled based upon their operating characteristics and historical or projected costs. Below is a list of typical operating and cost inputs for each company owned resource:
 - i. Heat rate profiles
 - ii. Minimum/maximum capacity
 - iii. Variable Operating and Maintenance costs
 - iv. Fixed Operating and Maintenance costs
 - v. Maintenance schedules at the generating facilities
 - vi. Forced outage rate
 - vii. Delivered fuel prices

- b. Bi-lateral contracts, wind energy (PPA and owned) characteristics and costs – Wind resources and bi-lateral contracts are modeled based upon their operating characteristics and contracted costs. Below is a list of typical operating and cost inputs for each resource.
 - i. Contract term
 - ii. Nameplate capacity
 - iii. Annual energy
 - iv. Hourly patterns - Wind hourly patterns were developed based on actual historic generation for each wind resource.
 - v. Contract payment rate

- c. Market resources – In addition to the above resources, as a Midcontinent Independent System Operator (MISO) market participant, OTP schedules all generation and load into MISO’s centralized energy market on a daily basis. Based on economic dispatch of generating resources determined by MISO, OTP load is served by the lowest cost generation resources available each day. OTP’s modeling takes into consideration forecasted hourly market prices in the determination of the economic dispatch priority. Hourly market energy prices are developed using near-term and long-term forecasts. Forward market pricing forecasts are developed using Intercontinental Exchange (ICE) settlement values. The posted ICE values are forward, monthly prices as determined at the MISO Indiana Hub. Updated pricing is posted on ICE daily. Indiana Hub is the most liquid trading point in the MISO market and the ICE settlement values provide current forward pricing signals. OTP uses the Indiana Hub pricing as representative of the forward market as there is no pricing, or liquidity, available at the OTP load zone pricing node.

As noted above, the EnCompass model uses the inputs obtained and computes an economic dispatch profile which then determines the amount of generation required from each resource and the associated cost of the fuel and/or purchased power needed to meet the forecasted load requirements.

To calculate the Fuel Clause Adjustment (FCA) forecast, OTP compiles data from several sources. The Resource Planning Department provides a generation forecast that includes monthly MWh generation by source as well as the associated costs of each source. The Business Planning Department also provides the monthly MWh sales forecast. The Power Services Department provides a forecast that includes a monthly Marketing Book kWh amount as well as a monthly Marketing Book fuel and O & M expense as well as a monthly MISO Ancillary Services Market forecast amount. These amounts are all combined on a monthly basis in the Fuel Clause forecast calculation and divided by the monthly kWh sales forecast to come up with a monthly FCA adjustment amount.

Operating & Maintenance Costs

Operating and Maintenance(O&M) Costs are made up of two key components, Labor and Non-labor costs. Below is a brief description of how each of these components is budgeted.

Labor Expenses

There are two types of costs that make up a Labor budget: productive time and lost time. Productive hours represent total hours less lost time. Lost time hours represent paid leave which includes vacation, sick, holiday, etc.

The labor pool for OTP is represented by individual employee job titles by cost center with straight time hours for both full time and part time. Full time employee job titles are allotted 173.33 hours each month or 2080 hours for a year. Part Time employee job titles are entered based on prior history. Each cost center manager is able to view detailed employee job title information and make the appropriate changes for a budget year to each employee job title they oversee which may include lost time hours, retirements, and increases in pay rates.

The starting point for building a labor budget is the entering of prior year lost time hours into the budgeting system by the Business Planning Department. Each cost center manager must review and adjust the prior year's lost time as they may be aware that someone does not have any leave scheduled for the budgeted year when compared to the prior year. Lost time is converted to dollars simply by taking a specific employee job title's lost time hours times the current average pay rate for that employee job title.

Productive labor is the entering of the prior year productive labor dollars into the budgeting system by account, sub-account, and FERC account by the Business Planning Department. An inflationary rate is then applied to the year of the budget being built. Adjustments are made to productive labor by each cost center manager once they have determined the amount of lost time hours for each employee job title as they are able to derive the number of productive hours based on the 2080 hours worked by a full-time employee job title. Utilities International then calculates a composite rate based on total average employee job title salaries which is then applied to that cost center's budget for productive dollars. Each manager must review their total labor dollars to determine if they seem appropriate given their employee job titles and the circumstances that they foresee.

OTP uses a labor loading rate applied to all raw labor. Once the raw labor dollars are allocated to each FERC account, the employee benefit payroll loadings are automatically added based on the calculated loading rate for each area.

Cost center managers also input the number of total hours estimated each month for overtime by cost center rather than individual employee job title depending on the type of projects that their area anticipates working on. Overtime hours are then converted to dollars by taking the

composite rate for each cost center and multiplying it by a 1.5 factor. In addition to overtime, each cost center looks at their prior year history for premium pay to appropriately budget for the current year. Premium pay is assigned dollars rather than hours and is mainly given to employees that receive a step up in pay when the direct supervisor is not on duty.

Non-Labor Expenses

Non-Labor Budgets are developed for all cost centers by the appropriate managers on an annual basis. This process is completed during the second quarter of the year preceding the budgeted year.

The starting point for the development of the non-labor budget is prior year dollars. Prior year forecasted dollars are entered into the budgeting system by account, sub account, and FERC account by the Business Planning Department. An appropriate inflationary rate is then applied to the prior year forecasted dollars to come up with the cost center's total expense target. The targets are adjusted for known and measurable changes from the prior year such as plant outages, in addition to input from the Executive Management Team. The cost center targets are distributed to managers to give them a guideline to use while creating their non-labor budget. Each manager will review each account and determine if the amounts included in their budget are appropriate given the circumstances that they foresee in the budget year.

If the cost center has gone over its total cost center expense target, the manager needs to provide an explanation so that the Vice President of the area can review to determine if the overage is necessary. If the overage is determined to be unnecessary, the cost center manager will have to make the necessary changes in the Budgeting System and then formally repeat the approval process. If the overage is determined to be necessary by the Vice President, then a different cost center needs to absorb the difference and reduce its budget to stay within the target as a whole.



Budget Documentation

Instructions

The purpose of this section is to describe the major functions and key activities that each area is responsible for, to attest as to how these areas add value to our customers, and to provide explanations for items that have changed significantly from one time period to the next. Each of OTP's business areas were asked to prepare budget documentation using the outline discussed below.

Section I – Introduction and Customer Value

This section generally describes the organization (VP-level business unit), the unit's primary focus and the sub-areas included in the business unit.

This section also discusses the key priorities, strategic initiatives and elements of the business area and how they optimize direct benefit to the customer. Examples include productivity improvements, overall management of the generation plants, environmental initiatives, infrastructure modernization and new technologies, increasing capacity requirements, compliance with reliability standards, ensuring the safe delivery of our energy products, etc.

Section II – Major Cost Drivers

Show the business area's 2022 O&M actual costs and the major spend components in the form of a pie chart. Brief explanations of the major components are also to be provided. Then provide a walk-forward schedule of the business drivers and amounts that make up the majority of the increases and/or decreases in costs in the form of tables and bar graphs comparing the 2022 actuals to 2023 forecast and the 2023 forecast to 2024 budget. Essentially this process is walking us from the 2022 actual O&M's to how OTP arrives at the 2024 budgeted O&M's. The walk-forward tables are prepared on an activity-based perspective and include high-level explanations of the changes. Detailed explanations are provided for each major cost driver following the bar graph. Pie charts are also prepared as a graphic for the major components that make up both the 2023 forecast and the 2024 budget to aid in the walking forward from one time period to the next.

Section III – Functional Organization Chart

This section should include an organization chart that identifies all areas that fit within the organization entity being discussed by function.

Section IV – Major Business Functions and Key Activities

This section generally describes the overall responsibilities of each of the areas included in the functional organizational chart. In paragraph form, explain what each function is responsible for and use bullets to show each function's key activities.

Section V – Cost Allocation Methodologies

This section is applicable to business areas that manage costs in OTP that must be assigned to other utilities (such as jointly owned power plants or transmission facilities). All cost assignment or allocation methods used to distribute the business area's budget dollars between legal entities and utilities are shown here. This includes explanations of how each area's costs are assigned directly, or, if allocated, the allocation methodology used.

If not applicable, please write N/A.



2024 O&M Budget Documentation

Regulation and Retail Energy Solutions

1.1 Introduction

The Regulation and Retail Energy Solutions Group consists of the following key functional areas: Regulatory Strategy/Compliance, Regulatory Economics, Regulatory Proceedings and Retail Energy Solutions. The organization is responsible for submitting regulatory filings, managing regulatory proceedings, managing the company's state and Federal utility compliance programs, including the company's programs for compliance with Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corporation (NERC) standards and requirements. It is also responsible for developing programs and customer offerings to accommodate emerging technologies.

1.2 Customer Value

The Regulation and Retail Energy Solutions Group contains the Regulatory Strategy/Compliance, Regulatory Economics, Regulatory Proceedings and Retail Energy Solutions areas. Regulatory Strategy/Compliance stewards continuous assessment of the Company's NERC compliance, FERC Compliance program and all state utility compliance programs, with the overall objective to maintain reliability of the system (NERC) and compliance with Federal and State laws, regulations and state utility commission orders. They also provide advice to management and utility personnel on state (Minnesota, North Dakota and South Dakota) and Federal regulatory statutes, administrative rules, Commission orders, and tariff requirements. Regulatory Proceedings and Regulatory Economics conduct rate case planning and economic planning with other cost-recovery mechanisms. The Regulatory Economics area is responsible for managing recovery of capital investments and related operating and maintenance expenses, including strategy development and making recommendations to OTP's executive team. The Regulatory Economics area also provides input into the utility's long-term business and capital strategy. Overall, the Regulation and Retail Energy Solutions area is responsible for managing regulatory relationships with all areas of the utility. Customers benefit from the work of the Regulation and Retail Energy Solutions group because the group promotes compliance with regulations designed to ensure reliability, accuracy, transparency and well-designed cost-effective rates. The area oversees development of rates, administration of rates, Company compliance with regulatory policies and procedures, and manages the submittal of regulatory annual filings and reporting requirements. Retail Energy Solutions develops and manages short, mid-term, and long-term marketing strategies and supporting tactics, understands markets and customers by monitoring changes in the market, determining customer expectations and needs, and strengths and weaknesses of product/service offerings, works in cross functional teams that develop pricing, communication, and advertising strategies. The Print and Mail Services arm of our organization, which is included in the Retail Energy Solutions area, fulfills OTP business needs, many of which require high-quality machines that run efficiently and reliably, such as bill production, printing, and mailing. Sometimes company projects don't require those machines to run at full capacity. To benefit

utility customers, we make smart use of machine availability as we provide select services to customers beyond our company.

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses

Chart of Accounts

External Services: Contains work performed by outside firms on required studies such as regulatory studies.

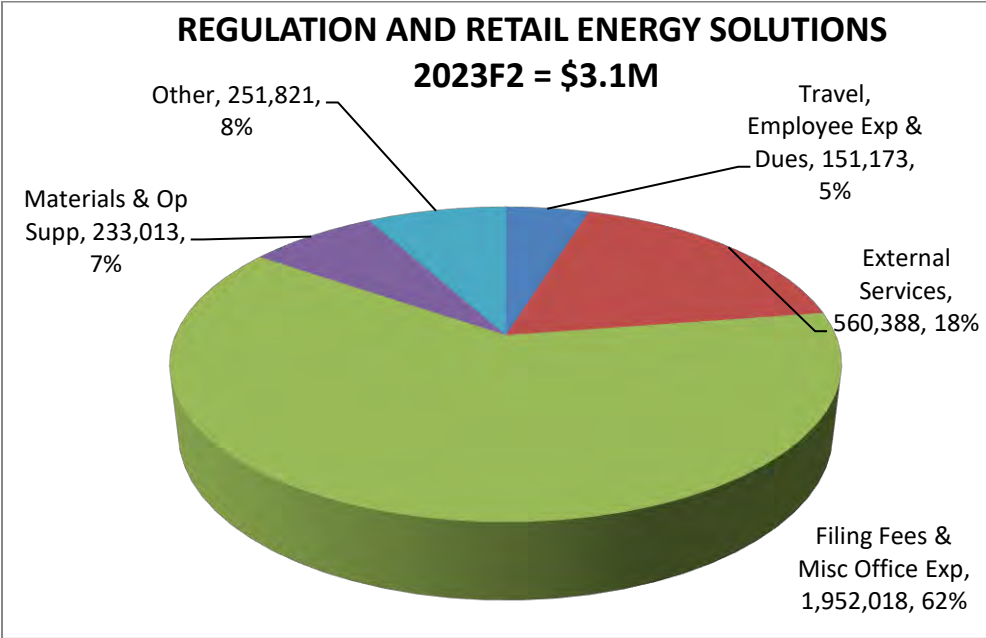
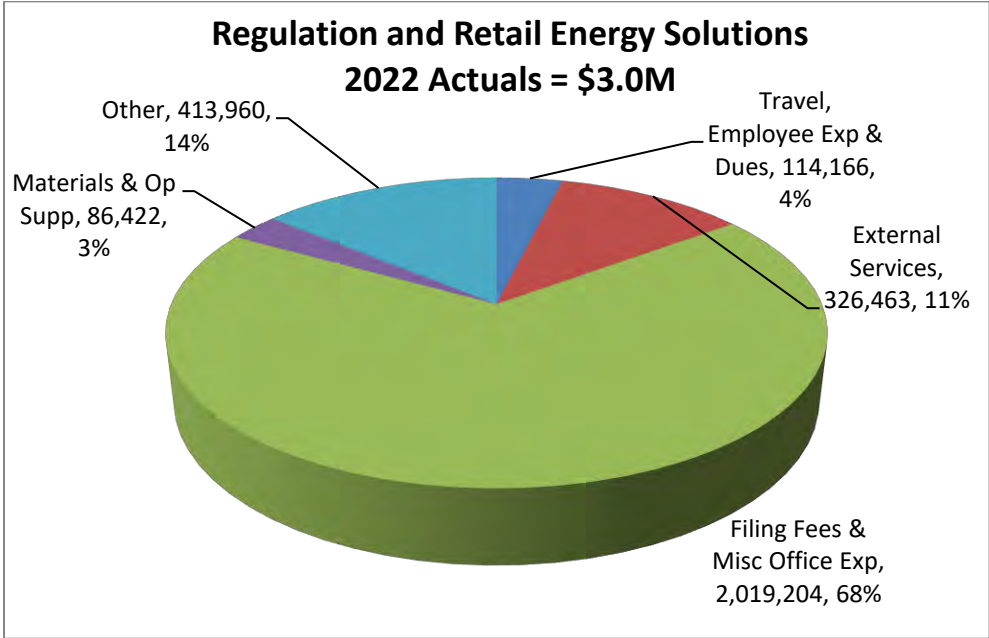
Travel, Employee Expenses & Dues: Contains expenditures related to travel and meals due to attendance at regulatory hearings in the capital cities of our three jurisdictions, and attendance at meetings and training. It also contains expenditures related to dues and subscriptions: Specialized billing software, Open Access Technology International (OATI) software for NERC compliance, CaseWorks software and other miscellaneous dues and subscriptions.

Materials & Operating Supplies: Contains expenditures related to copier expense.

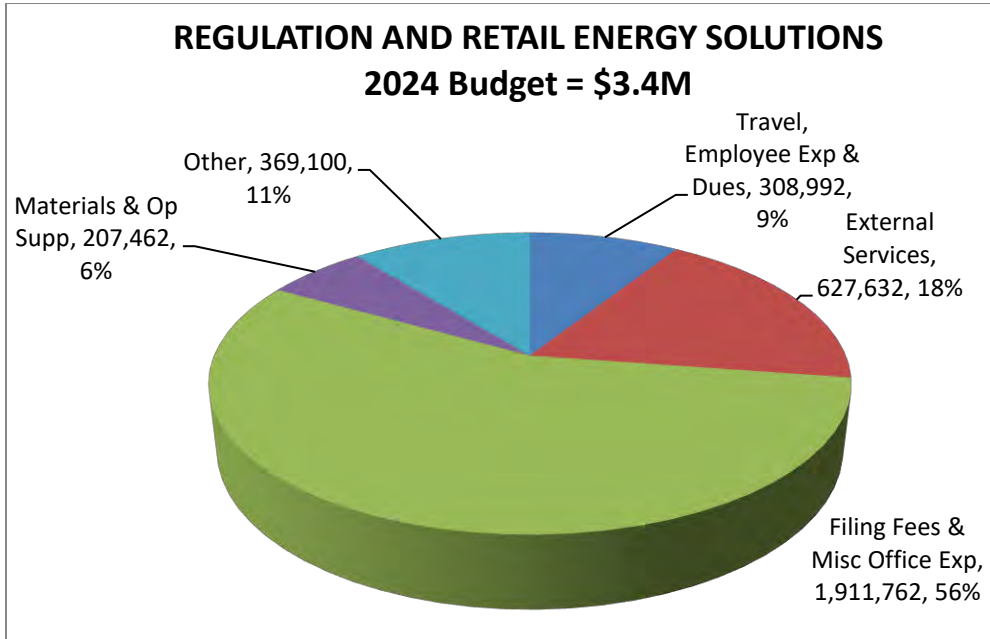
Filing Fees & Misc Office Expenses: Contains expenditures related to telephone and communication costs and filing fees. OTP is billed by the Commissions for the time spent on specific dockets and charged annual assessments. NERC fees account for most of the remainder.

Other: Contains legal fees for assistance on various regulatory issues and other miscellaneous costs not listed above.

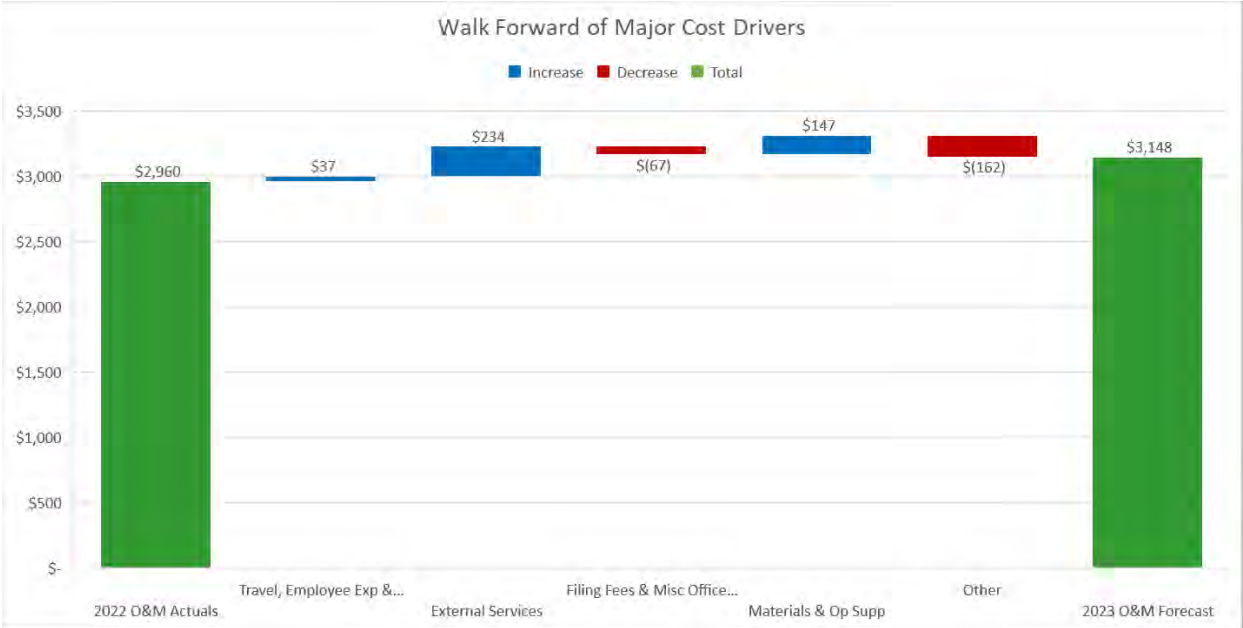
2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



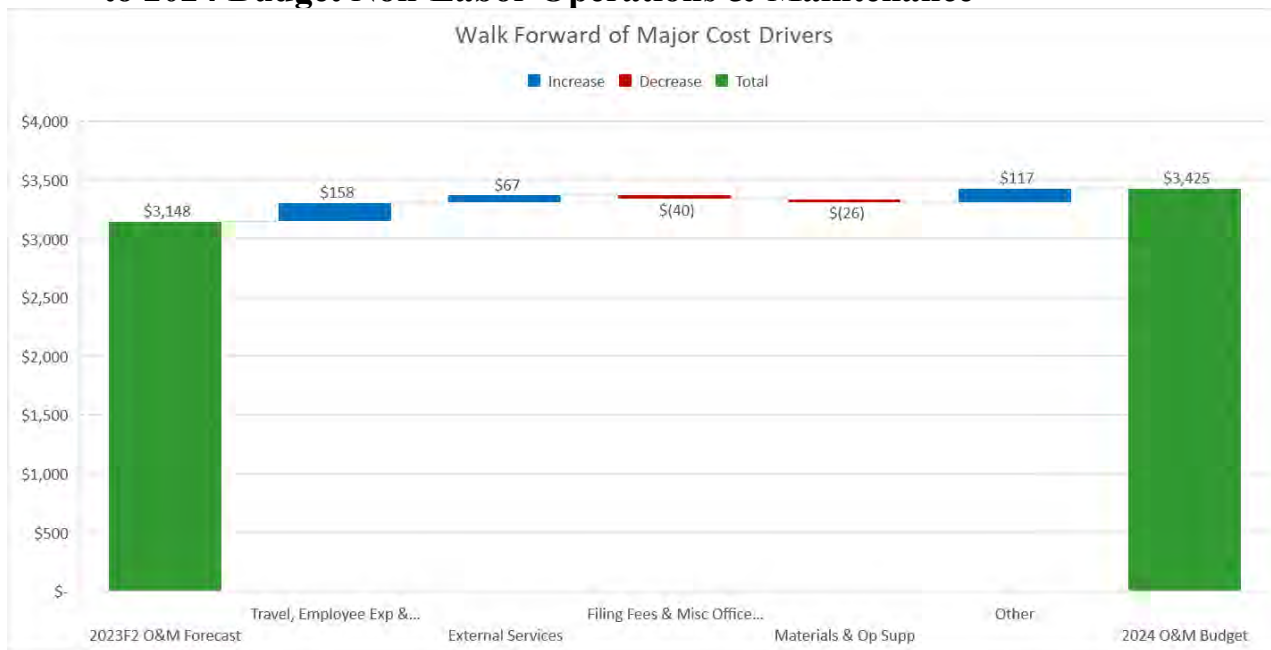
2.2 Walk Forward of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2022 Actual versus 2023F2 Forecast:

Variations were under the threshold of \$250,000 or 10% for the 2022 Actual versus 2023 F2 Forecast.

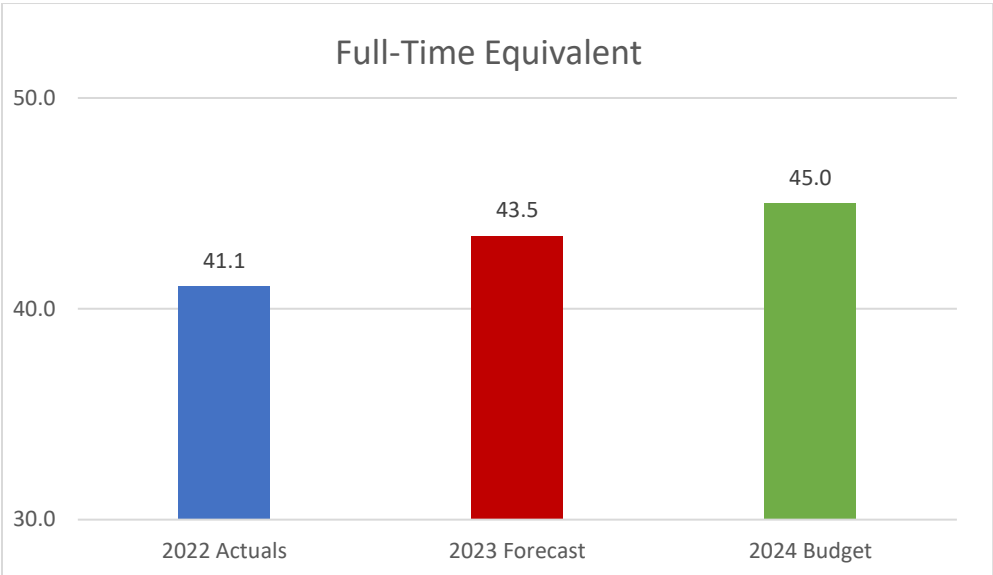
2.2 Walk Forward of Major Cost Drivers in comparison of 2023F2 Forecast to 2024 Budget Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

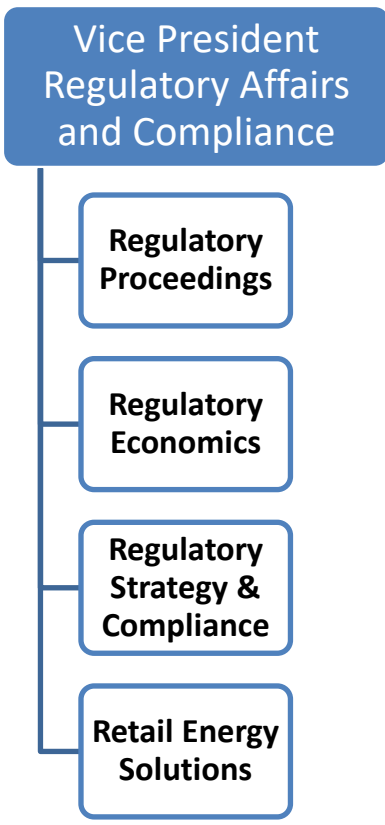
Variations were under the threshold of \$250,000 or 10% for the 2022 Actual versus 2023F2 Forecast.

3.1 Full-Time Equivalent (FTE) by Year



FTEs: The number of FTE’s over the last two years was down due to attrition and market pressures. The number of FTE’s in 2024 is now reporting at a more normal FTE count. We have also increased the FTE count slightly in some areas to address growth of complexity affecting some customer segments.

Section IV – Organizational Chart and Key Functions



Section IV – Organizational Chart and Key Functions

4. Major Business Functions and Key Activities

Regulatory Proceedings

Major Functions

The Regulatory Proceedings area provides is responsible for submitting regulatory filings and submissions, leading internal processes and coordinating among areas staffed with subject matter experts.

Key Activities

- Provides all administrative leadership in regulatory proceedings and coordinates the preparation of regulatory submittals, submittals of testimony and other evidence from subject matter experts in other business areas.
- Develops case strategies and works with stakeholders to help build the record in each proceeding and ensure decisionmakers are adequately informed.
- Leads and/or participates in negotiations, mediations, settlement conferences, and other alternative dispute resolution proceedings.
- Manages ongoing communications with regulators to ensure constructive relationships and sharing of timely and accurate information so that Regulators and OTP decision makers have the necessary facts to understand the implications of their actions on customers, shareholders, employees, and the industry.
- Coordinates rate changes and bill testing prior to implementation and verification following implementation.

Regulatory Economics

Major Functions

Regulatory Economics manages the pricing and rate design function for OTP. Regulatory Economics is responsible for designing and implementing new rates and updating existing rates, if appropriate, and obtaining necessary regulatory approvals.

Key Activities

- Oversees the development of costing and pricing strategies, theories, methodologies and procedures for the three states in OTP's jurisdiction.
- Prepares and files annual updates to generation, transmission, metering & distribution technology, cost of energy adjustment and renewable energy riders.

Section IV – Organizational Chart and Key Functions

- Develops and maintains the forecasting and pricing models and the data used to make these calculations.
- Designs, manages, and analyzes the company’s load research program across its system.
- Develops and maintains the models and data necessary to efficiently develop allocation factors used in the class and jurisdictional cost of service studies and to develop models used to investigate alternative methodologies.

Regulatory Strategy & Compliance

Major Functions

Regulatory Strategy & Compliance manages and supports advocacy for State utility regulation. In coordination with the Regulatory Economics and the Regulatory Proceedings, manages communications with Commissioners, Commission Staffs and other agencies.

Key Activities

- Advises management and utility personnel on State (Minnesota, North Dakota and South Dakota) regulatory statutes, administrative rules, Commission orders, and tariff requirements.
- Develops regulatory strategies for a variety of purposes. Works with other Regulatory and Legal areas to develop theories and strategies for any new issues.
- Participates in negotiations, mediations, settlement conferences, and other alternative dispute resolution proceedings.
- Manages the regulatory compliance function to assure compliance with all regulatory requirements for OTP.

Retail Energy Solutions

Major Functions

The Retail Energy Solutions area is responsible for compliance with regulatory policies and procedures related to demand response, customer service, related rates, market research, and marketing programs. Performance goals for Retail Energy Solutions include demand response goals, electronic payment goals, and customer satisfaction goals.

Key Activities

- Develops and manages short, mid-term, and long-term marketing strategies and supporting tactics.

Section IV – Organizational Chart and Key Functions

- Understands markets and customers by monitoring changes in the market, determining customer expectations and needs, and strengths and weaknesses of product/service offerings.
- Works in cross-functional teams that develop pricing, communication, and advertising strategies.

Print and Mail Services

Major Functions

Our Print and Mail Services team runs a small full-service print shop that provides the confidentiality, speed, and professional services (including design) required to cost effectively fulfill OTP's needs. We are a nimble team that helps to keep costs low as we operate equipment that otherwise would not be available within 60 miles of Fergus Falls.

Key Activities

- Design effective, attractive, relevant, and timely marketing (and other) materials to accomplish company goals and reinforce company brand.
- Operate digital and offset printing, finishing, bindery, and mailing equipment.
- Provide top-notch customer service.
- Help ensure a safe workplace.

As a service organization, Public Relations directly charges the Minnesota Conservation Improvement Program (CIP), South Dakota Energy Efficiency Plan (EEP), large-project capital budgets, and Corporate Communications Department as needed for time spent on related activities.

Section V – Cost Allocation Methodologies

Certain costs during rate cases are allocated to the rate case project and amortized over a 3- to 5-year period.



2024 O&M Budget Documentation

Asset Management

Section I – Introduction and Customer Value

1.1 Introduction

Asset Management oversees all aspects (planning, construction, operation, and maintenance) of Otter Tail Power Company's (OTP's) transmission system, including all transmission lines and associated substation assets and operations. It is accountable for the quality, availability and delivery of materials and engineering associated with providing electric service to OTP customers down to the distribution level. The focus of Asset Management is to plan efficiently and effectively, construct, operate and maintain this system in compliance with all regulations and requirements, in a safe and responsible manner, and to best meet the reliability and energy needs of our customers and regions. The functional areas within Asset Management include (1) Delivery Planning, (2) FERC/RTO Policy, (3) Land Rights and Surveying, (4) Project Strategy & Execution, (5) System Engineering, (6) System Infrastructure and Reliability, (7) System Operations (including Advanced Concepts and Energy Measurement & Control), (8) Transmission Project Development, and (9) Transmission Projects.

1.2 Customer Value

Asset Management provides customer value through the maintenance of the company's existing transmission and distribution assets, along with analysis and planning to add new assets when needed to enhance the system, and strategic business engagement in the areas of policy and planning.

Existing Assets: Includes operating, maintaining, restoring, and analyzing the performance of the many existing transmission and substation assets. This includes meeting reliability standards and compliance requirements that are focused on ensuring ongoing system reliability.

New Assets: Includes engineering, permitting and construction of large capital investment commitments and infrastructure modernization.

Strategic Operations: Includes planning for new and upgraded asset development, standards compliance management, business relations, contract management, influencing rules and standards development, regional planning, policy evolution, and facilitating execution and opportunity.

How the departments within Asset Management fulfill these responsibilities is described below.

Delivery Planning

The Delivery Planning department conducts several activities that result in direct customer value. These activities include:

Section I – Introduction and Customer Value

- Ensure the OTP transmission and distribution system is planned to serve customers reliably and economically into the future.
- Identification of least cost transmission and distribution plans to meet applicable reliability standards.
- Compliance with the applicable North American Electric Reliability Corporation (NERC) reliability planning standards to minimize penalties arising from non-compliance.
- Optimization of transmission and distribution plans (i.e., conductor sizes, configurations, etc.) that result in reduced losses and/or enhanced reliability.
- Participation in regional stakeholder groups that define regional cost sharing criteria within the Midcontinent Independent System Operator, Inc. (MISO).
- Evaluating new interconnection requests to the OTP transmission and distribution system to ensure that the reliability of the overall delivery system is maintained.
- Negotiation of transmission contracts to best position OTP from a financial perspective and minimize risk for the company.

FERC/RTO Policy

OTP actively engages in MISO and other stakeholder groups and at the Federal Energy Regulatory Commission on transmission policy and federal regulatory matters. With an increasingly diverse group of parties participating in the transmission policy discussions at all levels, the company continues to place a priority on maintaining a presence and a voice to ensure that customer interests are protected. The area's primary focus areas include:

- Identify, monitor, and analyze impacts and inform others within OTP on major FERC actions to ensure that appropriate actions are taken, if necessary.
- Represent the company and lead interactions with FERC, MISO, EEI and the states on transmission policy and federal regulatory matters.
- Manage FERC regulatory filings relating to transmission.
- Actively engage in the MISO Transmission Owners Committee and related MISO activities.

Land Rights and Survey

OTP has over 100,000 land-related documents acquired and maintained by the Land Rights and Survey Department and the number is increasing at a faster pace than any time in our history. The documents provide rights including, but not limited to, fee ownership of land, easements, leases, local permits, and joint use agreements. Acquisition of these land rights supports the other departments in Asset Management, as well as OTP's construction and maintenance of our generation, transmission, and distribution systems. The Land Rights and Survey Department adds customer value by:

Section I – Introduction and Customer Value

- Minimizing impact to private landowners and public-use lands by participating in the siting process to identify sensitive land areas and resistant landowners early.
- Maintaining good landowner relations with frequent and transparent communications, fair negotiations for land or rights acquired, and responsive damage mitigation.
- Providing efficiencies and cost savings with in-house land agents and surveyors working in close collaboration on projects.
- Continuous improvement of our land records archiving, monitoring, and reporting capabilities to ensure compliance with federal state, and local laws and regulations.
- LRS conducts title clearing actions such as Quiet Title Actions and Adverse Claims to minimize risks and maintain OTP's legal rights pertaining to land.
- Provide survey services that are timely and accurate.

Project Strategy & Execution

The Company has secured the right to own, build, operate and maintain several large transmission projects and anticipates additional projects well into the future as transmission build out continues in conjunction with the development of renewable generation within OTP service territory. The Project Strategy & Execution area of Asset Management is responsible for the long-term strategy and execution of the Company's transmission growth via the Project Management Office. The Project Management Office oversees the portfolio of the Company's transmission projects and adds customer value by ensuring safe, efficient project execution on time and within budget via:

- Establishing key performance indicators to measure the effectiveness and efficiency of projects in the execution phase.
- Establishing and enforcing policies, procedures, and standards to ensure consistency and quality across all transmission projects.
- Monitor progress individually and across the portfolio of transmission projects, identifying risks and issues, and initiating measures to mitigate them.
- Obtaining and developing project management talent.

System Engineering & Substation Construction

This department focuses on how to design, integrate, and manage complex systems designed to protect our delivery system. This area is highly technical and in addition to the design, installation and management of our protective systems, the team utilizes highly sophisticated analytics to recreate and gain insight to operations of our protective equipment. The department is also responsible for the engineering design and construction of Otter Tail Power Company's distribution and transmission substations.

- Ensure substation design meets NESC requirements and other industry standards.

Section I – Introduction and Customer Value

- Systems are designed to leverage the latest technology and contribute to the overall reliability of the electric system and are designed such that the completed projects are cost-effective solutions to minimize the cost to customers.
- Substation designs are made to minimize interruptions to the delivery of electricity to the greatest extent possible and substation projects are managed and constructed effectively to maintain safety, timely in-service, and on budget.
- Compliance with the applicable North American Electric Reliability Corporation (NERC) system protection reliability standards to minimize penalties arising from non-compliance.
- The protection systems are maintained timely and efficiently to ensure reliable operation of these systems.
- Timely response to outages and events to aid in restoration and troubleshooting equipment failures.

System Infrastructure and Reliability

Responsible for the design of new assets for the company, System Infrastructure and Reliability provides customer value in the following ways:

- Maintaining power quality for our customers: Attention to power quality mitigates the risk of customer equipment malfunction, failure, and degradation.
- All transmission and distribution line designs adhere to the National Electric Safety Code (NESC). The NESC contains the basic provisions that are considered necessary for the safety of employees and the public.
- Systems are designed to leverage the latest technology and contribute to the overall reliability of the electric system.
- Designs are made to minimize interruptions to the delivery of electricity to the greatest extent possible.
- Systems are designed such that the completed projects are cost-effective solutions to minimize the cost to customers.
- Projects are managed with a high level of scrutiny to facilitate completion safely, on time, and on budget.
- Management of OTP's Geographic Information System, maintaining the database of geospatially located assets, transmission and distribution assets.
- Oversight of OTP's Facilities and Construction Support team focused on the life-cycle management of OTP's facilities (buildings and infrastructure) and the related services that support OTP field construction.

Section I – Introduction and Customer Value

System Infrastructure and Reliability also includes responsibility for maintaining the existing assets and for the reliable operation of the system and provides customer value in the following ways:

- Managing and extending the life of OTP’s aging assets: The ability to delay the purchase of major assets reduces the cost for the company which in turn benefits our customers by keeping our rates competitive.
- Improving reliability: A proactive approach to monitoring, inspections and testing improves reliability by reducing system interruptions.

The department is also responsible for Central Stores. Central Stores is OTP’s hub for large and frequently used equipment. They house, deliver, and distribute equipment to support Maintenance and Capital projects throughout the 70,000-sq. mile territory. They strive to have adequate material on hand, with timely delivery to the jobsite to support and maintain a reliable electrical system.

System Operations

Responsible for the operation and control of the electric system, System Operations has a direct impact on customer value in the following ways:

- System operations strictly adheres to operational and switching procedures designed for safe, reliable, and economic movement of power through, out of, within or into our balancing authority area.
- Safe and efficient power system restoration efforts minimize the duration of power outages to customers.
- Continuous engineering review of the system allows for continuous improvement of operational procedures as the system continues to evolve (upgrades and new additions) ensuring continued reliable and economic delivery of electricity.
- Load balancing, reconciling, and reporting ensure the accurate accounting of power within our balancing authority area.
- Providing accurate load forecast data enables the most economic real-time operations through proper planning of generation resource use.
- Continuous maintenance of our IT resources ensures high availability of critical applications ensuring high reliability as real-time information is exchanged.
- Extensive training ensures that all personnel are trained to perform their functions and all rules and regulations are being followed minimizing the risk of non-compliance.
- Compliance with the applicable North American Electric Reliability Corporation (NERC) reliability operations standards to minimize penalties arising from non-compliance.

Included in System Operations is the Advanced Concepts & Energy Measurement and Control (EM&C) accountabilities including:

Section I – Introduction and Customer Value

- Identifying and leading the company’s strategy related to development of operational technology to achieve improved reliability, improved customer satisfaction, and improved business efficiency. The Advanced Concepts area is responsible for leading the Company’s Advanced Metering Infrastructure Project.
- Our EM&C oversees the installation and testing of all energy meters and provides timely delivery of energy metering information.
- This area is also accountable for operating a Reliable Radio Load Management System (RLM) and annually assessing receivability and controllability.

Transmission Project Development

Developing large transmission projects is a multi-year process that requires strict adherence to federal, state, and local regulations to gain permission to build new transmission projects. The Transmission Project Development department adds customer value by:

- Leading siting efforts for new transmission projects to minimize impacts on the public and the environment.
- Securing federal, state, and local permits prior to starting construction of new transmission projects.
- Negotiating ownership agreements for jointly owned transmission projects with terms that are acceptable to OTP.
- Complying with the terms and conditions of permits and agreements applicable to new transmission projects to avoid fines or penalties.

In performing these tasks, the Transmission Project Development department engages in a cross-functional collaboration with internal and external stakeholders to acquire all the necessary permits and approvals to construct new transmission projects.

Transmission Projects

Responsible for providing oversight and guidance on the construction of our large transmission projects and electrical expertise to construct and maintain substation assets such as transformers, circuit breakers, and related equipment to ensure the reliable operation of the system, this group provides customer value in the following ways:

- Managing and extending the life of our aging substation assets: The ability to delay the purchase of major assets reduces the cost for the company which in turn benefits our customers by keeping our rates competitive.
- Extensive expertise in transmission construction to enable high-quality, efficient, affordable, and timely construction of critical transmission infrastructure.

Section II – Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses

Chart of Account

External Services: Includes professional costs associated with outside engineering services. Also included are contract services such as expenses related to work performed by contractors for vegetation management and snow removal.

Travel, Employee Expenses & Dues: Includes travel related costs associated with operation and maintenance of equipment located in OTP's approximately 70,000 square mile service territory. This includes mileage, meals, lodging, fuel, airfare, other transportation expenses, and conference or training registrations. Also included are industry memberships for the company and employees, subscriptions to industry publications, and training and other reference materials.

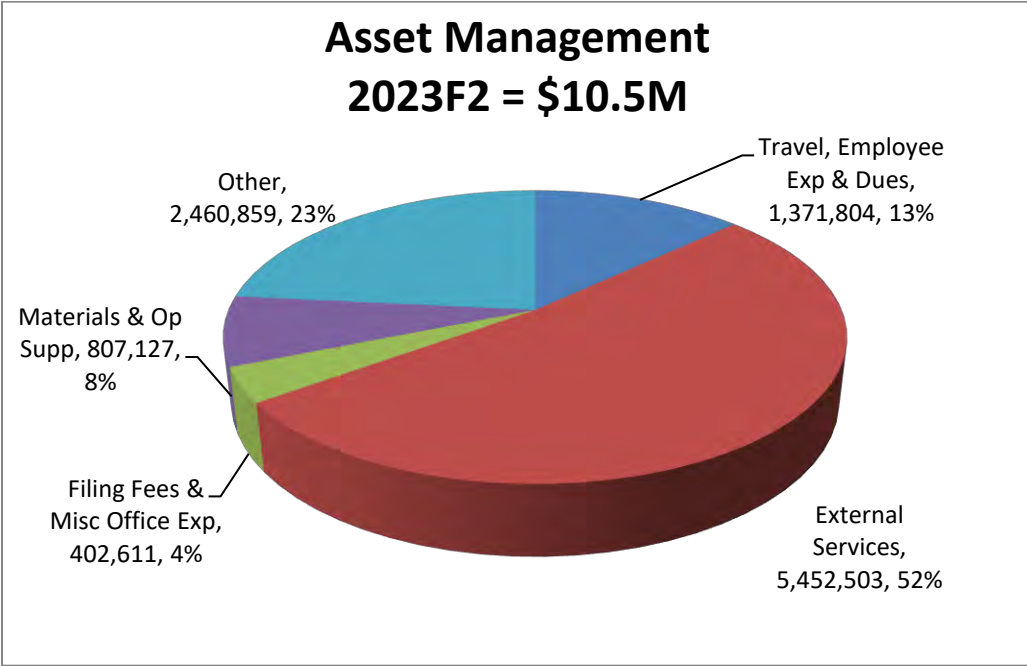
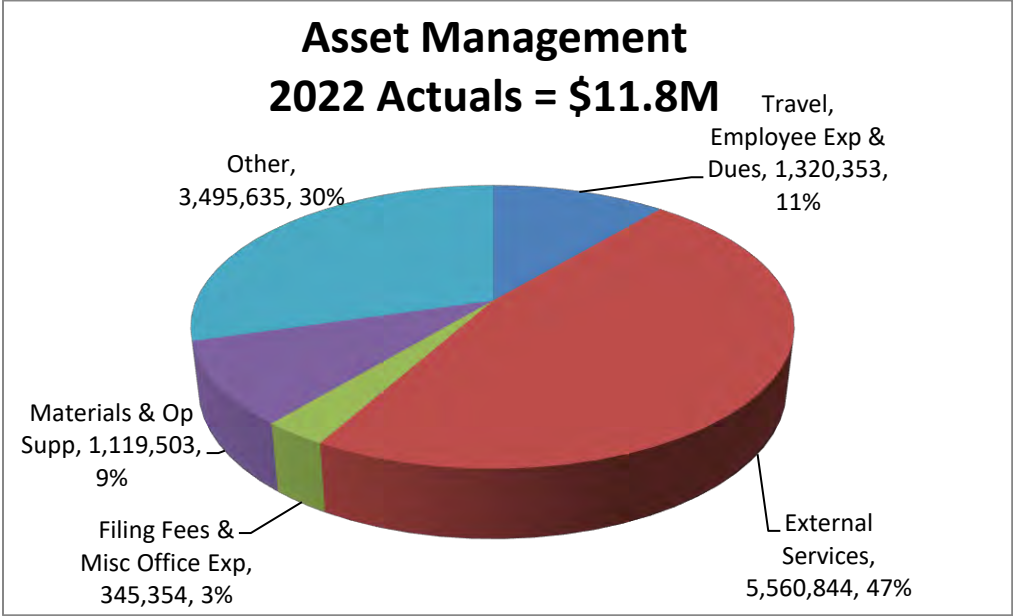
Materials and Operating Supplies: includes non-capitalized materials for maintenance and repairs incurred in operating transmission and distribution lines and substation equipment, building maintenance, right-of-way, and hardware, equipment, and tools less than \$1,000.

Filing Fees & Misc Office Expenses: Contains expenditures related to telephone and communication costs and filing fees.

Other: Includes various MISO and SPP Tariff expenses, lease and rental, office expenses, miscellaneous expenses, employee benefits, and legals fees.

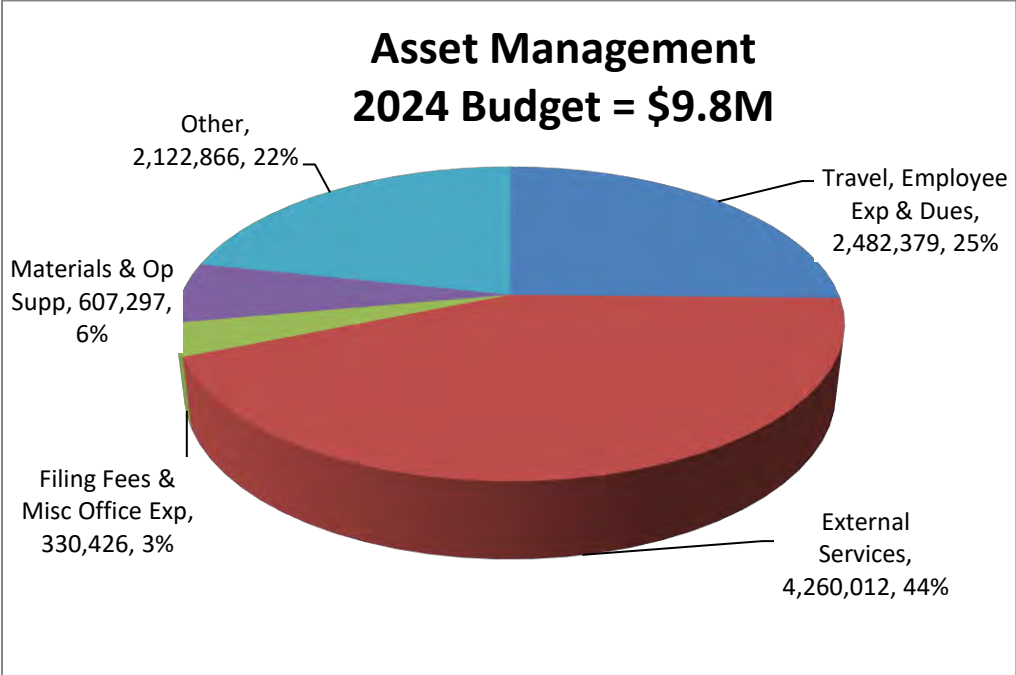
Section II– Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



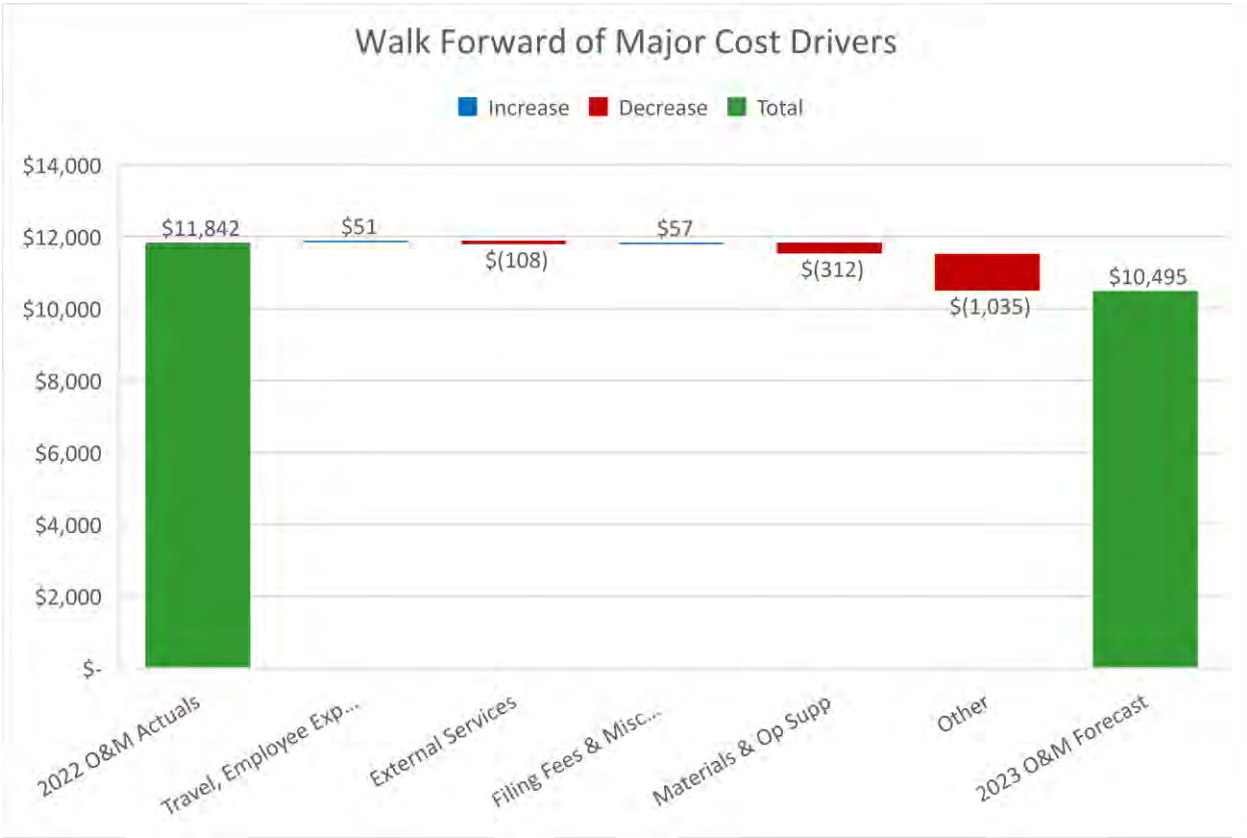
Section II– Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



Section II– Major Cost Drivers

2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast Non-Labor Operations & Maintenance



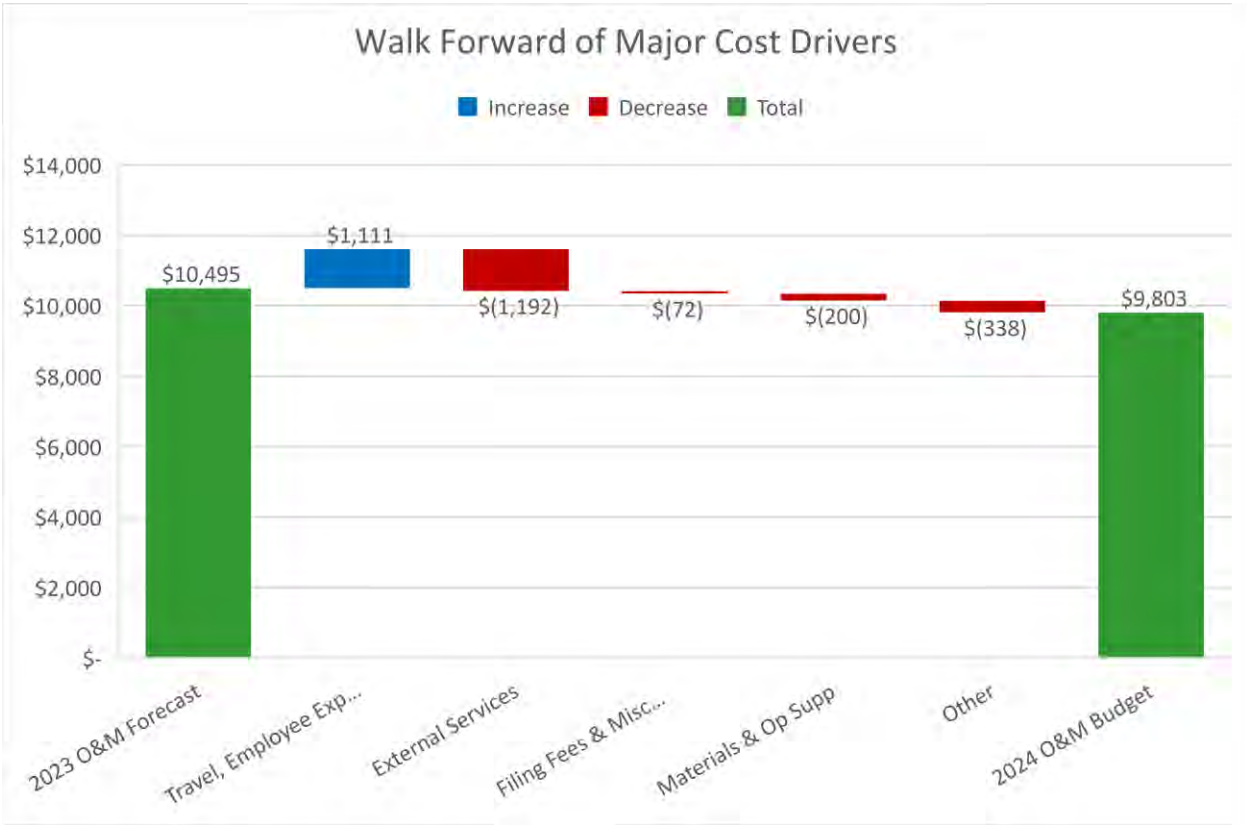
Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

Materials & Operating Supplies: Decrease in 2023 as compared to 2022 spending is due to an increase in vegetation management related activity in 2022.

Other: Reduction in SPP Schedule 1A and MISO Schedule 2 expenses for 2023.

Section II– Major Cost Drivers

2.3 Walk of Major Cost Drivers in comparison of 2023 Forecast to 2024 Budget Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

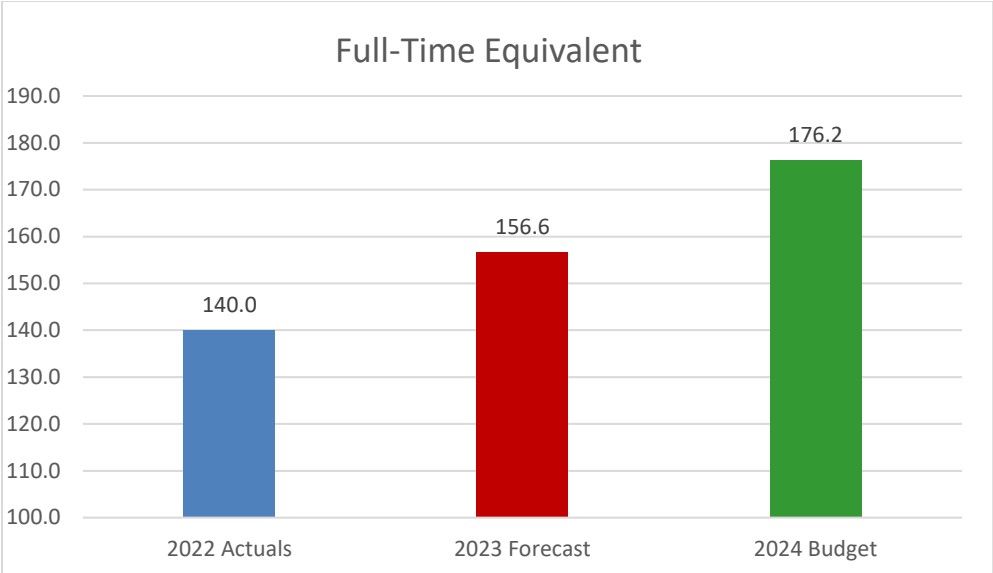
Travel, Employee Expense & Dues: Increase due to AMI software expense.

External Services: Current 2024 forecasts include a decrease in vegetation management spending which will be spread out in future years.

Other: Decrease in legal fees.

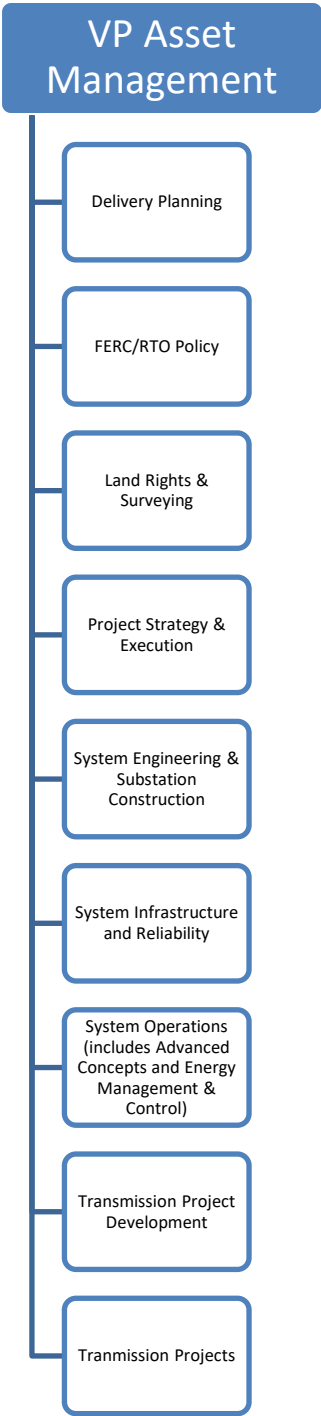
Section III – Labor

3.1 Full-Time Equivalent (FTE) by Year for Asset Management



FTEs: The number of FTEs over the last two years was down due to attrition and market pressures. The number of FTEs in 2024 is now reporting at a more normal FTE count as well as staffing up for new projects.

Section IV – Organizational Chart and Key Functions



Section IV – Organizational Chart and Key Functions

4. Major Business Functions and Key Activities

Delivery Planning

Major Functions

The Delivery Planning department within OTP is responsible for the development of long-range transmission plans and strategic transmission projects, evaluating several types of interconnection requests to OTP's transmission and distribution system and the administration and negotiation of all transmission related contracts.

Key Activities

- Perform transmission and distribution studies to develop long range plans necessary for OTP to provide safe, reliable energy in the most economical manner.
- Monitor transmission studies performed by neighboring utilities and/or regional transmission organizations to ensure that performance of the OTP transmission system complies with all applicable reliability standards.
- Develop business cases to support the development of least-cost transmission projects.
- Provide engineering expertise to support regulatory filings as they are related to transmission or distribution projects, rate cases, or other policy goals of OTP.
- Participate actively in state and regional transmission planning activities and represent OTP on key industry stakeholder groups as it relates to transmission planning.
- Evaluate third party interconnection requests to OTP's transmission system that result in safe and reliable interconnections to OTP's transmission that adhere to applicable reliability standards.
- Process third party generation interconnection requests to OTP's distribution system to facilitate safe and reliable interconnections to OTP's distribution system.
- Manage several different transmission contracts and assist in the negotiation of new contracts involving transmission, including integrated transmission agreements, generation interconnections and other transmission-related agreements.

FERC/RTO Policy

Major Functions

The FERC/RTO Policy department directs and manages the company's FERC regulatory policy program and is responsible for the development of the company's strategic direction on FERC and MISO transmission policy and federal regulatory matters. The objective is to ensure that customer interests are protected. This area is actively engaged in stakeholder groups addressing the impacts on regional and inter-regional transmission planning, MISO's Long-Range Transmission Plan, monitoring and advising on various FERC rulemakings and actively ensuring that the MISO cost allocation is roughly commensurate with benefits afforded to customers.

Section IV – Organizational Chart and Key Functions

Key Activities

- Identify, monitor, and analyze impacts and inform others within OTP on major FERC actions to ensure that appropriate actions are taken, if necessary.
- Represent the company and lead interactions with FERC, MISO, EEI and the states on transmission policy and federal regulatory matters. Manage FERC regulatory filings relating to transmission.
- Actively engage in the MISO Transmission Owners Committee and related MISO activities.

Land Rights and Survey

Major Functions

OTP has over 100,000 land-related documents acquired and maintained by the Land Rights and Survey Department and the number is increasing at a faster pace than any time in our history. The documents provide rights including, but not limited to, fee ownership of land, easements, leases, local permits, and joint use agreements. Acquisition of these land rights supports the other departments in Asset Management, as well as OTP's construction and maintenance of our generation, transmission, and distribution systems.

Key Activities

- Minimizing impact to private landowners and public-use lands by participating in the siting process to identify sensitive land areas and resistant landowners early.
- Maintaining good landowner relations with frequent and transparent communications, fair negotiations for land or rights acquired, and responsive damage mitigation.
- Providing efficiencies and cost savings with in-house land agents and surveyors working in close collaboration on projects.
- Continuous improvement of our land records archiving, monitoring, and reporting capabilities to ensure compliance with federal state, and local laws and regulations.
- LRS conducts title clearing actions such as Quiet Title Actions and Adverse Claims to minimize risks and maintain OTP's legal rights pertaining to land.
- Provide survey services that are timely and accurate.

Project Strategy & Execution

Major Functions

The Project Strategy & Execution area of Asset Management is responsible for the long-term strategy and execution of the Company's transmission growth via the Project Management

Section IV – Organizational Chart and Key Functions

Office. The objective of the Project Management Office (PMO) is to ensure that transmission projects are executed safely, within schedule and budget once development is complete.

Key Activities

- Develop and execute a comprehensive strategic plan for the PMO, aligning it with the organization's goals and objectives.
- Establish key performance indicators (KPIs) to measure the effectiveness and efficiency of the PMO.
- Collaborate with internal and external stakeholders to determine project plans, resources, and timelines.
- Develop and enforce project management policies, procedures, and standards to ensure consistency and quality across all projects.
- Promote adherence to best practices and industry standards in project management.
- Oversee the management and governance of the project portfolio, ensuring that projects are delivered safely, on time, within budget, and according to quality standards.
- Monitor project progress, identify potential risks and issues, and take initiative-taking measures to mitigate them.
- Function as a key liaison between the PMO and executive management, providing regular updates on project status, risks, and issues.
- Facilitate the escalation and resolution of critical project issues, ensuring timely decision making at the executive level.
- Collaborate with project managers to identify resource needs for projects and ensure proper allocation of resources.
- Optimize resource utilization across the project portfolio, balancing workload, and skill requirements.
- Conduct risk assessments and develop risk mitigation strategies at the portfolio level.
- Monitor project risks and issues and implement appropriate measures to address and resolve them.
- Provide guidance, coaching, and mentorship to project managers within the PMO.
- Foster a culture of continuous improvement within the project management team.
- Hire, onboard and train new Project Management team members.

System Engineering and Substation Construction

Major Functions

This department focuses on how to design, integrate, and manage complex systems designed to protect our delivery system. This area is highly technical and in addition to the design, installation and management of our protective systems, the team utilizes highly sophisticated analytics to recreate and gain insight to operations of our protective equipment. The department

Section IV – Organizational Chart and Key Functions

is also responsible for the engineering design and construction of Otter Tail Power Company's distribution and transmission substations.

Key Activities

- System Engineering is responsible for the protective devices and controls found within our substations, both distribution and transmission and performs the routine maintenance on the protective devices.
- Ensure substation design meets NESC requirements and other industry standards.
- Responsible to ensure systems are designed to leverage the latest technology and contribute to the overall reliability of the electric system.
- Systems are designed such that the completed projects are cost-effective solutions to minimize the cost to customers.
- Substation designs are made to minimize interruptions to the delivery of electricity to the greatest extent possible.
- Substation projects are managed and constructed effectively to maintain safety, executed on time and on budget.
- Compliance with the applicable North American Electric Reliability Corporation (NERC) system protection reliability standards to minimize penalties arising from non-compliance.
- Maintain protection system timely and efficiently to ensure reliable operation of these systems.
- Respond to outages and events to aid in restoration and troubleshooting equipment failures.

System Operations

Major Functions

The System Operations department is responsible for the reliable and safe operation of the company's electric transmission system and neighboring systems by administering the movement of power through, out of, within or into our balancing authority area while maintaining transmission voltages on transmission facilities within acceptable limits. The department is responsible for developing and implementing real-time operational procedures and switching procedures for all existing facilities and new system facilities as they are added. The System Operations department also is responsible for Energy Measurement and Control (EM&C). EM&C operates an accurate metering system for all customer classes and interchanges of energy between utilities on the bulk electric system.

Also under System Operations is our Advanced Concepts department, which identifies and leads our Company's strategy related to development of operational technology projects to achieve

Section IV – Organizational Chart and Key Functions

improved reliability, improved customer satisfaction, and improved business efficiency. Current projects being executed by Advanced Concepts include Advanced Metering Infrastructure (AMI). The area is also in the planning phase of an end-of-life replacement for our Demand Response Management System (DRMS).

Key Activities

- Oversee the operation and control of electric system generation dispatch, transmission coordination, interconnected operations, and interchange functions.
- Manage emergency preparedness and oversee and direct power system restoration efforts and coordination such activities.
- Evaluate, initiate, and maintain operational and switching procedures that assist the Power System Operators to perform safely and efficiently their accountabilities.
- Perform engineering studies and analysis to provide guidance for reliable and economic operation of the transmission system.
- Manage the IT support resources and core applications for system operations ensuring high availability of critical real-time applications.
- Perform hourly, daily, and monthly verifications of balancing area meter readings, reconcile this data, and report this info to the regional transmission operator.
- Provide load forecast data and performs analysis to resolve errors and inconsistencies with market participants within our load balancing area.
- Provide training to ensure compliance with the rules and regulations that govern the safe, reliable operation of the electric transmission system.
- Oversee the installation and testing of all energy meters.
- Provide for the timely delivery of energy metering information.
- Operate a Reliable Radio Load Management System (RLM) and annually assess receivability and controllability.
- Directs the enterprise strategy related to development of operational technology to achieve improved reliability, improved customer satisfaction, and improved business efficiency.

System Infrastructure and Reliability

Major Functions

The System Infrastructure and Reliability department is home to distribution engineering, material and construction standards, power quality and reliability engineering, transmission design and maintenance, building management, substation construction support, Computer-Aided Design & Geographic Information System Services (CAD & GIS Services) and Central Stores (material warehouse). This department also manages OTP's T&D initiative called SIRI which standards for System Infrastructure and Reliability Improvement.

Section IV – Organizational Chart and Key Functions

Key Activities

- Management of OTP’s GIS and development of applications to leverage OTP’s GIS
 - Accurately document and map information related to company transmission and distribution assets.
 - Implement a rigorous system to provide timely, accurate and ongoing updates.
 - Provide timely and accurate mapping and other informational services for those maintaining, tracking, or building OTP facilities.
 - Administer company’s One-call processes.
 - Develop relationships to various data sets within the company to aid in better decision making throughout the business.
- Management of OTP buildings
 - Maintain buildings and grounds in good condition.
 - Provide timely, quality service to maximize cleanliness and comfort.
 - Minimize safety issues or hazards.
 - Focuses on the customers and employees Provide substation construction support throughout our system.
- Develop material and construction standards for the most efficient and safe construction of T&D infrastructure.
- Proactively communicate, investigate, and resolve reliability issues across our system.
- Area Engineering designs overhead and underground lines below 41.6 kV and manages the annual capital budget within their respective areas.
 - Distribution engineering including project management of distribution projects.
 - Capital budget forecasting for building and distribution projects.
- SIRI’s area of focus includes, but is not limited to:
 - Identify gaps between current business functions and desired or common market functions. Developing technology roadmaps.
 - Coordinate related technology developments across the enterprise to reduce overlap/redundancy and gain efficiency.
 - Material standards and construction standards review and updates.
 - Review and improve asset replacement philosophies related to SIRI.
 - Investigate future technologies to improve operations within SIRI.

The SIR department is responsible for transmission design and maintenance which includes the company’s vegetation management program. The integrity of OTP’s entire transmission and distribution system is directly related to interruption frequency. This team works to minimize the system interruptions and improve reliability.

- Transmission Engineering designs lines on the 41.6, 69, 115, 230 and 345 kilovolt (kV) levels.

Section IV – Organizational Chart and Key Functions

- Proactive efforts to communicate, investigate, and resolve reliability issues across our system.
- Inform replacement decisions, programs have been developed to monitor, inspect, and test equipment to identify assets that are not performing.
- Implement preventative maintenance programs and replacement programs to prolong the lives of our assets.

The SIR department is also responsible for Central Stores. Central Stores is OTP's hub for large and frequently used equipment. They house, deliver, and distribute equipment to support Maintenance and Capital projects throughout the 70,000-sq. mile territory. They strive to have adequate material on hand, with timely delivery to the jobsite to support and maintain a reliable electrical system.

- Recommend and implement inventory levels that provide timely material delivery and do not impede OTP's construction of projects.
- Develop vendor alliances when the total cost to OTP can be reduced.
- Manage internal Customer Relations and minimize to the extent possible inventory levels and cost.

Transmission Project Development

Major Functions

The Transmission Project Development department is responsible for the development of new transmission projects that require either federal, state, or local (i.e., county) permits. In addition, the Transmission Project Development department is also responsible for negotiating project agreements for OTP's jointly owned transmission projects. The objective is to finalize business arrangements and secure all required permits to ensure a seamless transition from "development" activities to "construction" activities without a delay in the project schedule.

Key Activities

- Identify required permits for new transmission projects.
- Secure federal, state and county permits applicable to new transmission projects.
- Identify risks and mitigation plans during the development phase of a new transmission project.
- Lead transmission line siting efforts to identify preferred route.
- Participate in public meetings.
- Draft and review regulatory permit applications.
- Lead regulatory process to file and obtain required permits.
- Identify requirements and responsibilities contained in approved permits.
- Communicate permit requirements and responsibilities to Project Manager(s)

Section IV – Organizational Chart and Key Functions

- Track compliance with permit requirements
- Draft project agreements for jointly owned transmission projects
- Negotiate terms in project agreements acceptable to OTP.
- Obtain internal approval to execute project agreements.
- Identify requirements and responsibilities contained within agreements.
- Track compliance with project agreement’s terms and conditions
- Lead required regulatory filings associated with project agreements, including initial filings, amendments, and terminations through the life of the agreement.

Transmission Projects

Major Functions

The primary areas of responsibility of the Transmission Project group includes safe, efficient, and reliable transmission construction support for the company’s large transmission projects. The group is also responsible for the reliability and maintenance of transmission substations, repair of a variety of substation assets, power quality and stray voltage testing and mitigation. The integrity of OTP’s entire transmission substation system is directly related to interruption frequency.

Key Activities

- Proactive efforts to communicate, investigate, and resolve reliability issues associated with assets located in our substations.
- Inform replacement decisions, programs have been developed to monitor, inspect, and test equipment to identify assets that are not performing to industry standards within the substations.
- Manage our transformer shop where substation assets are repaired and returned to service in the field.
- Implement preventative maintenance programs and replacement programs to prolong the lives of our assets.
- Manage the stray voltage program, if a customer reports stray voltage we will investigate and mitigate as required.



2024 O&M Budget Documentation

Customer Service

Section I - Introduction and Customer Value

1.1 Introduction

Otter Tail Power Company's (OTP's) Customer Service organization provides for the safe and reliable delivery of electric service as well as customer support services to 130,000 customers in Minnesota, North Dakota and South Dakota. This area is responsible for providing high quality customer service in the areas of field and operational support, frontline office personnel, sales and economic development, and, vehicle fleet services. The teams within customer service consist of: Customer Care & Experience, Field Operations & Communities, and Sales & Economic Development. Each area is described in more detail below.

1.2 Customer Value

Field Operations and Communities

The Field Operations department consists of field service representatives, lineworkers, operations support and management responsible for delivering safe and reliable electric service to our customers. Customer value is provided by effective and efficient maintenance and investment in the transmission and distribution system for the purpose of adding capacity, improving reliability and replacing assets as necessary to maintain optimal system performance. Field Operations budgets for electric system asset replacement and maintenance programs in order to meet the objective of providing safe and reliable electric service. Field Operations also provides value to our customers by promoting electric technology options and safe and efficient use of electric service. The Operations Support team provides support to company field operations and efficiently manages transportation needs across the company along with providing support to ensure employees are adequately equipped with the appropriate vehicles and equipment to efficiently complete construction and operations and maintenance projects in a safe and timely manner.

Customer Care and Experience

The Customer Care and Experience department operates our virtual call center, billing, credit and collections, service order processing, overall customer account management, customer service plan design and development, operational audit review support, Customer Idea Center support, quality assurance and training, and administrative support. Within our three jurisdictions, all Customer Service Representatives (CSRs) and Customer Service Managers (CSMs) are trained to handle requests, through our virtual call center, from customers residing in OTP's three state jurisdictions. CSRs and CSMs are responsible for delivering an aligned, consistent, and high-quality response to customer requests and act as an energy advisor to customers with questions about electric service. The employees within Customer Care and Relations are aligned and engaged in an effort to ensure a high-quality customer experience and

Section I - Introduction and Customer Value

optimal business results. The Customer Care and Experience department provides customer value by continually improving the customer experience provided to OTP customers.

Sales and Economic Development

The Sales and Economic Development department is responsible for offering 1) residential, commercial and industrial customers energy management services related to electrical system, such as proven energy efficient technology options, rate information and analysis, rate selection, renewable energy, and onsite generation; 2) promoting energy efficiency programs to meet customers' goals and needs, and; 3) providing analysis and assistance to customers regarding new and expanding load opportunities. Expertise is offered in electric technologies including, but not limited to, heating and cooling technologies, water heating, electricity conservation, indoor and outdoor lighting, electric motors, and commercial refrigeration. In addition, this department serves as the single point of contact for our communities and economic development activities with both new and prospective customers.

Section II - Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses in Customer Service

Chart of Accounts

External Services: Customer Service uses outside contractors to perform work in the following areas: reading meters, after-hours answering services, installation of underground facilities, online customer service, snow removal, lawn care and cleaning services.

Employee Expenses & Dues: The majority is due to travel related costs consisting of utilization of company-owned vehicles and personal mileage reimbursements for travel within OTP's approximately 70,000 square mile service territory. Also included in the travel expense category is fleet loading. Fleet loading is used to clear all costs associated with OTP's Fleet Service Center. Fleet loading is a systematic and consistent way to allocate the cost of using company vehicles associated with having a Fleet. Field service representatives and linemen are assigned service trucks and other vehicles for the purpose of operation, maintenance and capital work associated with safe and reliable delivery of electricity to our customers. The majority of the service representatives have an assigned area that averages 600 plus square miles. In addition, managers and supervisors in the department have responsibility for employees in multiple communities across the service territory. Travel is necessary for the day-to-day supervision and management of employees. Similarly, commercial, and industrial customer representatives have responsibility for customers across the service territory. In all cases and because our service territory is so widely dispersed, it is not uncommon for employees to travel several hundred miles in a day to supervise employees or meet with customers. All employees also participate in company sponsored meetings and training.

Also included are expenditures related to dues and subscriptions.

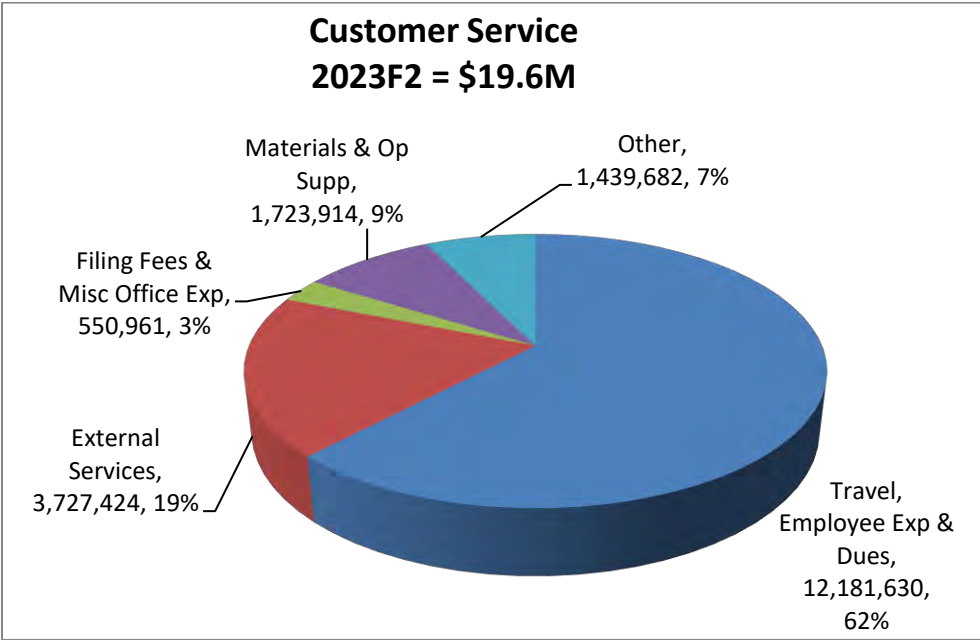
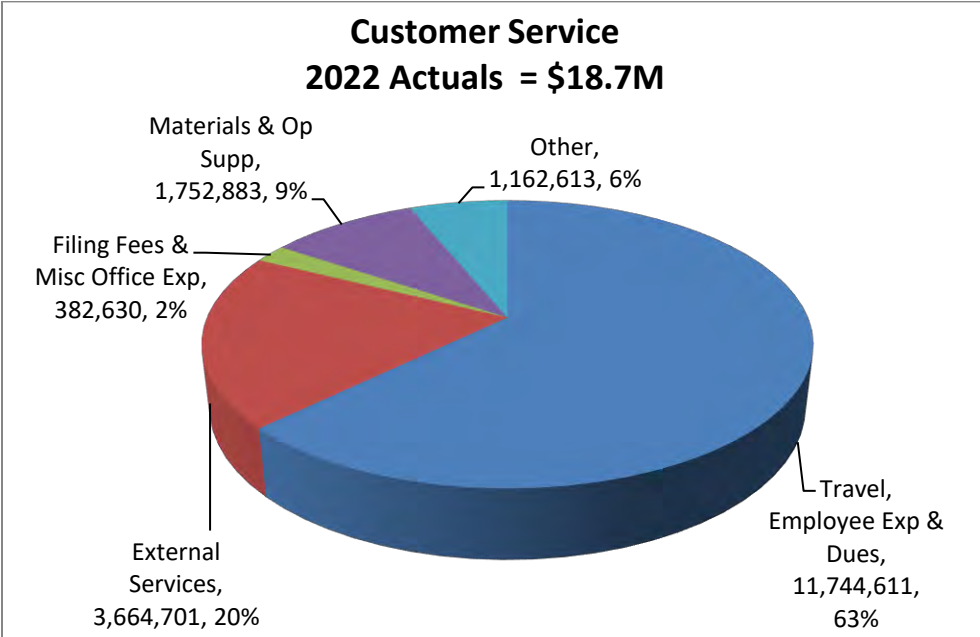
Materials and Operating Supplies/Building & Grounds: Materials and operating supplies consists of purchases of tools, non-capitalized equipment, maintenance of tools, equipment and office furniture, non-capitalized material necessary for maintaining the transmission and distribution system, safety equipment and supplies and buildings under the responsibility of customer service.

Filing Fees & Misc Office Expenses: Contains expenditures related to telephone and communication costs and filing fees.

Other: Contains legal fees and other expenses such as advertising, promotional expenses, demand side management rebates, maintenance expense for company, lease/rental expense, insurance, and other miscellaneous expenses not listed above.

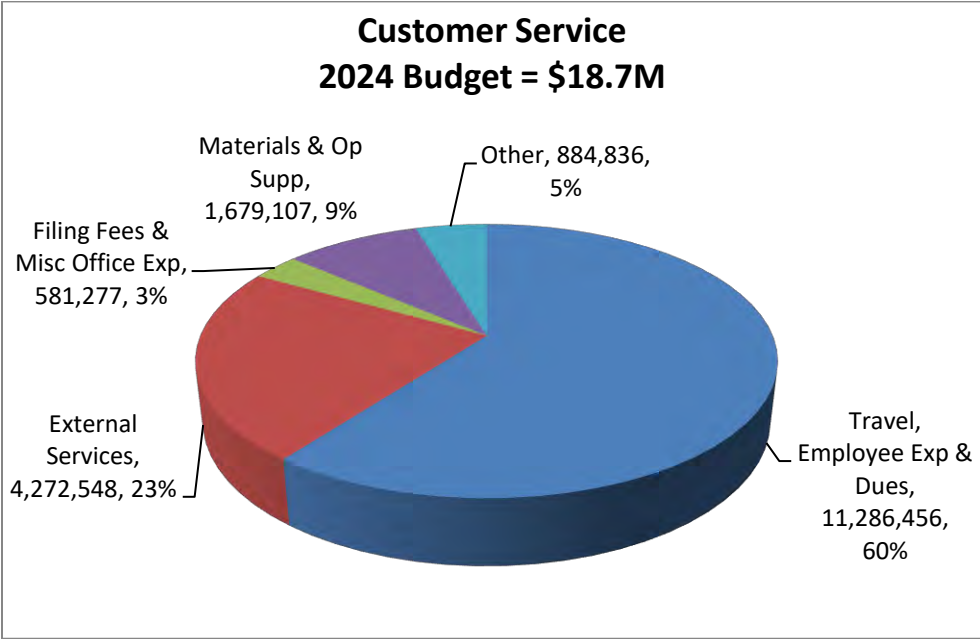
Section II - Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses in Customer Service



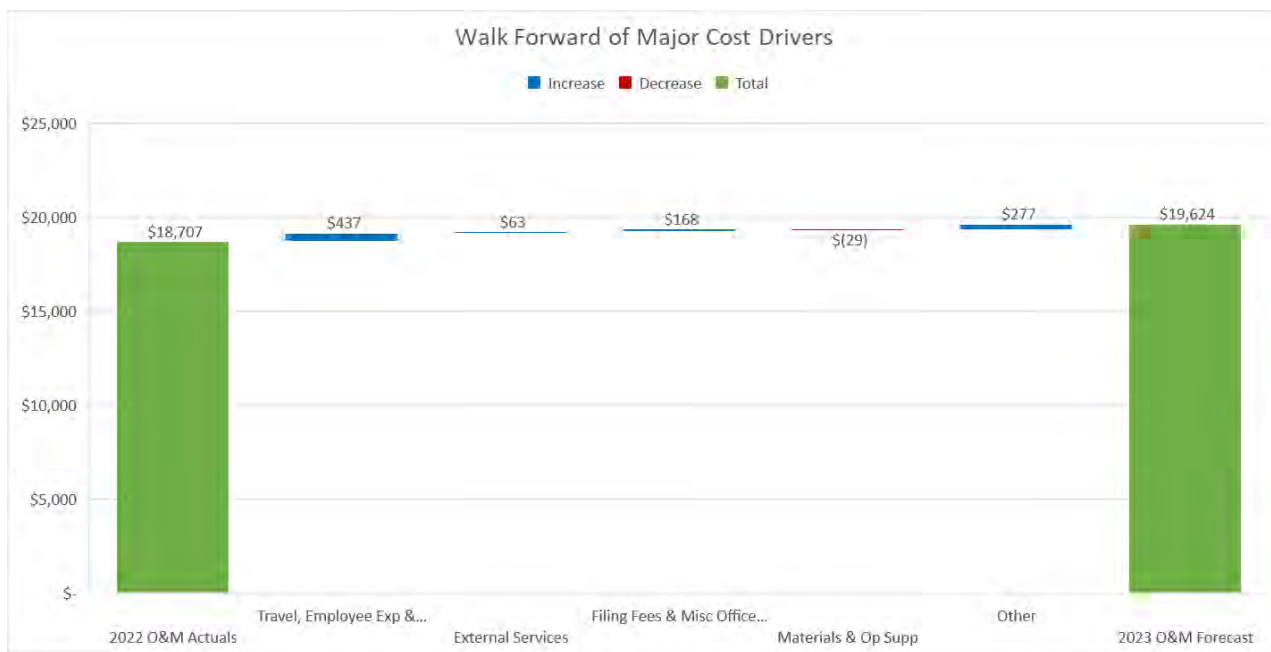
Section II - Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses in Customer Service



Section II - Major Cost Drivers

2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast Non-Labor Operations & Maintenance



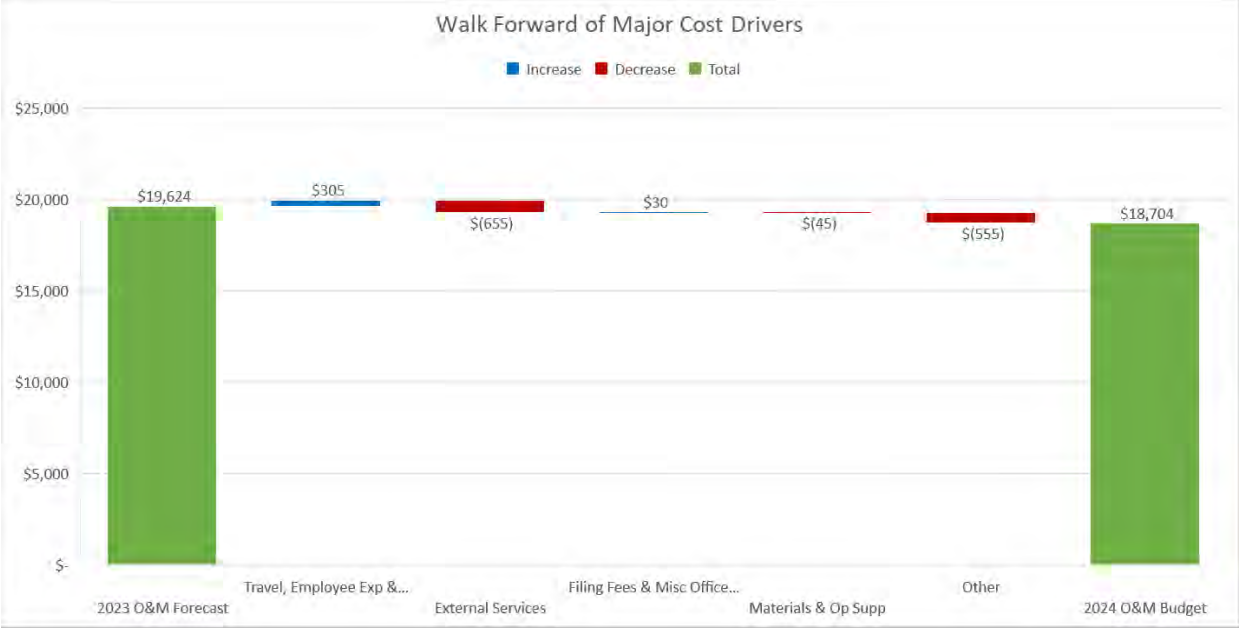
Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

Travel, Employee Expenses & Dues: Increase in software expense for 2023.

Other: Increases in Economic Development for large load customers.

Section II - Major Cost Drivers

2.3 Walk of Major Cost Drivers in comparison of 2023 Forecast to 2024 Budget Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

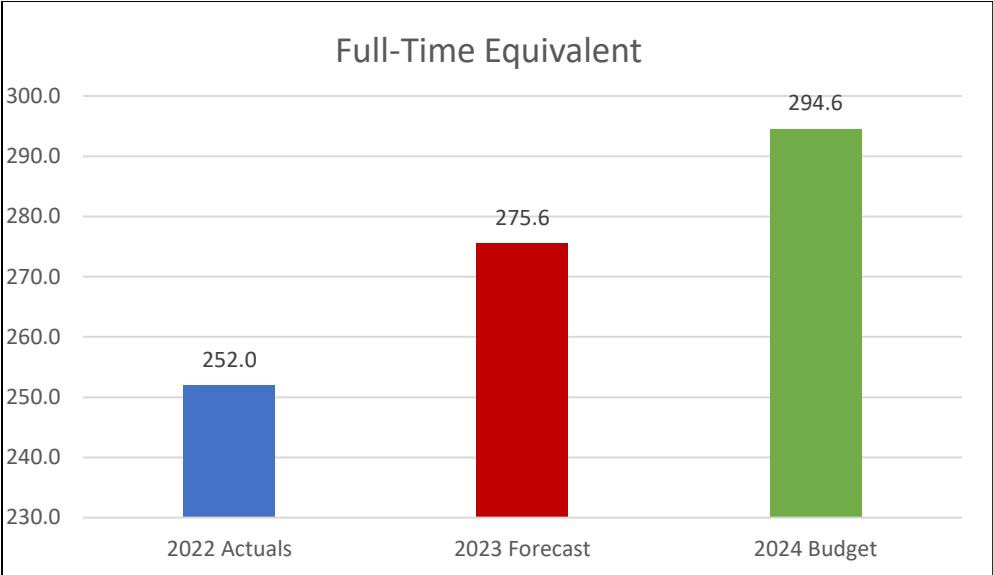
Travel, Employee Expenses & Dues: Increase in travel expenses.

External Services: Higher costs in 2023 are not expected in 2024.

Other: Decrease from prior year in Economic Development not expected for 2024.

Section III - Labor

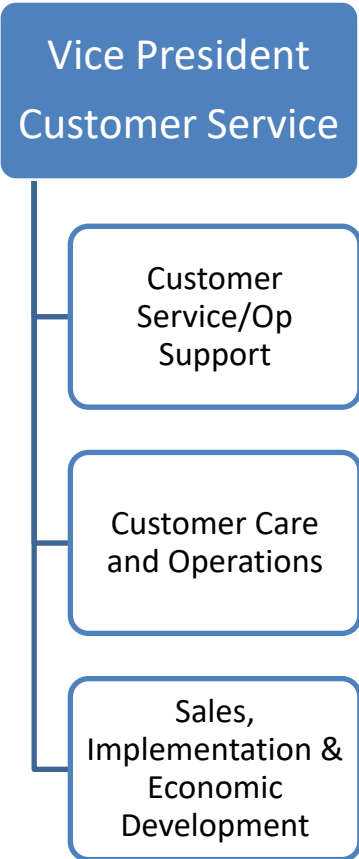
3.1 Full-Time Equivalent (FTE) by Year for Customer Service



FTEs:

The number of FTEs over the last two years was down due to attrition and market pressures. The number of FTEs in 2024 is now reporting at a more normal FTE count. Furthermore, at any given point in time, Customer Service has an average of 10 open positions mainly due to retirements and the need to fill them with qualified people has been a struggle. The increase from 2023 Forecast to 2024 Budget is due to the need to hire apprentice lineman, as it takes 3.5 years for an apprentice to be at journeyman level.

Section IV – Organizational Chart and Key Functions



Section IV – Organizational Chart and Key Functions

4. Major Business Functions and Key Activities

Customer Service-Field Operations

Major Functions

The services provided by the Customer Service-Field Operations area are primarily for the efficient, safe, and reliable electric service for OTP customers. Customer Service-Field Operations has management and field personnel strategically located throughout our Minnesota, North Dakota and South Dakota service territory. These employees provide day-to-day services to our customers located in and around 422 communities. The services provided include operations, service restoration, maintenance and construction of the Company's transmission and distribution system, promoting energy efficiency and demand response programs, and direct customer contact which includes collections, customer service connections, and underground locates. It also provides support to company field operations, and efficiently managing transportation needs across the company.

Key Activities

- Manage and complete projects associated with the overall operation, maintenance and investments in OTP's transmission and distribution system
- Develop and implement workforce plans to assist in scheduling line crews and service representatives
- Manage initiatives for safety, expense/capital budgets, and reliability as well as supporting the achievement of marketing goals and objectives
- Respond to service interruptions including after-hours coverage
- Provide meter reading services
- Respond to customer requests, which includes, start, stop and adding services, and the updating of customer account information by working closely with the appropriate customer service representative
- Account collection services including performing disconnections and reconnections related to non-payment
- Responsibility for the purchase, repair, inspection, maintenance, placement and replacement of Company vehicles and equipment
- Manage apprenticeship program and provide technical training for field personnel.
- Assist with coordination of resources and equipment necessary for storm restoration and mutual aid to other electric utilities
- Accountable for the specification and purchasing of tools, equipment, and line service vehicles
- Investigation and co-management of projects related to O&M and construction work for other entities

Section IV – Organizational Chart and Key Functions

Customer Care and Relations

Major Functions

The primary function of Customer Care is to provide training and quality assurance for CSRs and overall customer service support for CSMs. Customer Care employees are also responsible for business process development and standardization, assessing customer satisfaction, and providing communications to customer service staff. The primary functions of Customer Relations are to provide administrative support operations of our virtual call center, credit and collections, and billing and overall customer account management services to OTP customers. CSMs and CSRs are responsible for handling general requests from residential and commercial customers as well as advising customers on energy usage and electric heating and cooling technology options, working with customers who have trouble paying their bills in full or on time and billing support services for timely and accurate billing statements to all customers.

Key Activities

- **Customer Care**
 - Train and provide quality assurance monitoring for staff, including phone call reviews and accuracy of data entry
 - Customer Information System training for all new employees in Customer Service
 - Circulate communications to Customer Service staff
 - Develop, review, and update Customer Service procedure documents
 - Monitor and respond to customer satisfaction results, customer data privacy processes and improve/standardize internal business processes
 - Educate customers on rates, electric heating and cooling technologies, and energy efficiency
 - Project management for the evaluation, selection and implementation of a commercial off the shelf customer information system
- **Virtual Call Center**
 - Respond to and resolve customer inquiries, including start/stop/transfer service, billing and usage questions, payment arrangements, customer complaints and other miscellaneous requests
 - Provide support to low-income customers and government agencies
 - Educate customers on ways to manage energy use through available programs, rates, and electric heating and cooling technologies
- **Credit and Collections**
 - Assist customers with payment options that take into consideration their specific circumstances
 - Minimize bad debt expense by working with customers whose accounts are delinquent

Section IV – Organizational Chart and Key Functions

- Monitor delinquent accounts and initiate action with Customer Service Operations staff based on Company collections criteria
- Assess and process deposits for customers with unsatisfactory credit
- Process payments received on bad debts
- Work with other internal departments on managing bad debt including relationships with collection agencies
- **Billing and overall customer account management services**
 - Process exception reports to ensure accurate billing
 - Process retail customer payments
 - Educate customers on the types of payment services that are available to them with a focus on paperless billing and electronic payment
 - Provide customer support for billing questions and complaints related to but not limited to energy use, how to read an electric service statement, availability of rate/rider options
 - Maintaining accurate data associated with meters and associated equipment
 - Updating customer account information based on requests from the customer
 - Initiating and processing service orders based on specific requests from customers
 - Logging customer contacts

Sales, Implementation and Economic Development

Major Functions

This area has ultimate accountability for residential, commercial, and industrial customer contacts and sales as well as the promotion of company conservation and demand response programs and economic development.

Key Activities

- Provide overall strategic planning and guidance related contacts and electric sales opportunities with commercial and industrial customers
- Customer support providing rate analysis and cost information
- Accountable for marketing and support of electric sales, conservation and demand side management programs
- Identifies community partnerships, financing packages, and labor pools to help ensure the success of new business
- Lead economic development, community involvement and customer relationships

Section V - Cost Allocation Methodologies

Not applicable for the Customer Service area.



2024 O&M Budget Documentation

Energy Supply

Section I - Introduction and Customer Value

1.1 Introduction

Energy Supply areas include oversight and support the generating units with Otter Tail Power Company (OTP). This includes operation, engineering, environmental services, power services, and resource planning. The following description is general in nature but is applicable to all areas of Energy Supply.

Energy Supply is charged with the safe, reliable, and efficient operation of the generating units that OTP owns or is under contract with, as well as long term planning and MISO market operation. The group provides for the setting of environmental planning and policy, resource planning, market planning and wholesale energy market operations. Energy Supply is largely divided into operational and support groups as outlined below. The following areas fall under the responsibility of Energy Supply: the operations of Big Stone Plant, Coyote Station, Operations & Planning, Environmental Compliance, Development/Engineering Construction, and Power Services.

Big Stone, Coyote, Operations & Planning, Development/Engineering Construction:

- OTP operates both Big Stone Plant and Coyote Station, which are jointly owned with slightly different ownership groups.
- These areas are charged with the on-going operation, maintenance, and planning of the generation facilities. These areas maintain a well-trained staff and operate the unit in a safe, efficient and environmentally compliant manner.
- They plan for needed minor and major maintenance overhauls, and research, justify, and execute capital projects as approved by the co-owners of the facilities.
- They interact with the fuel supply chain to maintain adequate supply and inventories of fuel for the stations. They oversee implementation of predictive maintenance systems to proactively maintain equipment.
- They work with vendors and equipment suppliers to stay current with industry trends and information as it relates to the reliability of existing equipment, or the possibility of equipment upgrades that would increase reliability and efficiency.
They work with local area stakeholders to maintain positive neighbor and community relationships.
- Management of large projects
 - Astoria, Merricourt, Hoot Lake Solar, proposed Dual Fuel at Astoria, and future solar installs.

Section I - Introduction and Customer Value

The other non-operational areas are described below.

Environmental Services

- Maintain compliance with environmental rules and regulations.
- Develop strategies for future environmental regulations and compliance.
- Monitor legislative and regulatory actions related to environmental issues.

Power Services

- Participate in wholesale energy markets to effectively meet the energy, capacity, and ancillary services needs of Otter Tail Power Company's (OTP's) customers while minimizing cost and/or risk.
- Execute wholesale energy hedging opportunities on behalf of OTP customers.
- Ensure compliance with regulatory requirements.
- Remain engaged in Mid-Continent ISO stakeholder processes and rule changes related to market operations.

Resource Planning

- Monitor for new resource alternatives and opportunities.
- Plan for future short-term and long-term capacity and energy needs.
- Prepare and file the Integrated Resource Plan as required by state commissions.
- Work with all affected regulatory bodies and ensure compliance with applicable rules and obligations.
- Remain engaged in Mid-Continent ISO stakeholder processes and rule changes related to resource adequacy.

1.2 Customer Value

Customer value is brought forth by Energy Supply by planning, operating and maintaining energy supply assets effectively so they are available to meet customer needs. The major contributor to success is the setting and tracking of key performance indicators for the generating plants and all areas within supply. While the specific goals are set every year, the Key Performance Indicators for Energy Supply are as follows:

- Safety (OSHA Rate)
- Non-fuel O&M cost per MWh generated
- Equivalent Availability
- No NERC violations
- No Environmental violations

Section I - Introduction and Customer Value

- Capital budget accuracy
- Submission of accurate market offer data 99+% of the time

Additional initiatives not directly related to operations include

1. Optimization of OTP's generation resources with other resource alternatives to meet customer needs in a low-cost manner.
2. Identification and determination of future long-term resource needs.
3. Monitoring, developing, and planning for environmental compliance.

Safety (OSHA Rate)

Maintaining a safe work environment has been and will continue to be a hallmark of Energy Supply and OTP management philosophy. Energy Supply believes that maintaining a focus on safety is not only the right thing to do for its employees but is a key factor in a productive operation.

Non-fuel O&M cost per MWH generated

This is primarily focused on OTP's coal units as base loaded facilities. It is generally reflective of staffing levels at each of the three coal-fired stations as well as on-going maintenance costs. One of the key drivers in maintenance costs is the outage planning and schedule coordination which has been and will continue to be a key driver for O&M costs at our coal facilities. Tracking and focusing on this allows for adequate planning to ensure that customer costs for generation remain low.

Equivalent Availability (EA)

EA is a direct reflection of the amount of planned and forced outages at each of our facilities, in addition to derates because of an operational condition or restriction. The major factors for availability have been outage requirements for planned major outages, or short boiler wash outages to maintain the coal units. In addition, equipment failures such as boiler leaks (routine) or major failures (one-time events) can impact availability. A high EA reflects more availability of the generation assets for OTP customers. This would reduce replacement power or capacity costs that would be incurred if the generating units were not available.

Cost per MMBTU delivered fuel

This cost is a major factor for our existing coal units but is significantly different at each of our facilities. Coyote is a mine-mouth plant that is receiving lignite coal from a nearby mine under a long-term contract.

At Big Stone Plant, the key driver in delivered coal cost is the rail transportation which is under the Surface Transportation Board (STB) Tariff to the site. As there are not competitive rail

Section I - Introduction and Customer Value

options at the Big Stone Plant site, this cost is under the oversight and control of the STB. For coal supply, Big Stone Plant acquires fuel through a competitive bid process in various amounts for out years depending on need and operating level. Big Stone burns subbituminous coal from the Powder River Basin of Montana and Wyoming.

No NERC violations

Many NERC standards and processes have been developed over the last decade, and security and reliability of OTP facilities remains of paramount concern. Therefore, Energy Supply is engaged in the review and planning of compliance with NERC standards as they exist and as they are being planned in the future. Maintaining a culture of compliance is a hallmark of OTP and important in the reliable operation of owned generation.

No Environmental violations

An on-going goal within Energy Supply is no Environmental violations. Energy Supply works closely with the Environmental Services Department to meet all on-going requirements as well as awareness of upcoming requirements at each of our facilities.

Capital Budget Accuracy

Major capital initiatives are primarily driven by either environmental regulation needs or major overhaul requirements. Accurately planning and managing capital projects is an on-going effort and is also under the scrutiny of all other co-owners at Big Stone Plant and Coyote Station. These facilities have their own governance and reviews through the co-ownership agreements. The capital spending for the co-owned units is the majority of the capital spending within Energy Supply.

The non-operational areas of Energy Supply bring value to OTP customers through five primary initiatives.

1. Optimization of OTP's generation resources with other resource alternatives to meet customer needs in a low-cost manner.
2. Identification and determination of future long-term resource needs.
3. Monitoring, developing, and planning for environmental compliance.

The combination of the above mentioned functional areas into one organizational structure results in a number of natural synergies. A few examples of such synergies include:

1. Resource Planning's identification of long-term energy and capacity needs combined with Power Services' knowledge of the wholesale energy and capacity markets to procure such products at the best possible pricing.
2. Environmental Services and Power Services interact in a similar manner when the need for procurement of environmental allowances is required on the wholesale market.

Section I - Introduction and Customer Value

3. Combination of Resource Planning and Environmental Services into the same organizational structure ensures proper assumptions and environmental considerations are evaluated when planning for the future OTP generation portfolio.

Section II – Major Cost Drivers

2.1 Breakdown of Non-labor Operations and Maintenance Expenses

Chart of Account:

External Services: Includes costs related to the overhaul of steam turbines, maintenance of the wind farms, chemical and fireside cleaning of the boiler and turbine systems, and contract maintenance at the steam generating plants.

Employee Expenses and Dues: Costs consist of control system maintenance contracts, training costs, safety equipment, meals, and travel.

Materials & Operating Supplies: Includes items such as oil for wind farm gear boxes, insulation and refractory, steam turbine parts, chemical cleaning tank rental, oil not used for generation, scaffolding for overhaul, air compressor service and parts.

Filing Fees & Misc Office Expenses: Includes the costs necessary for State Agency filing fees and charges, and office supplies.

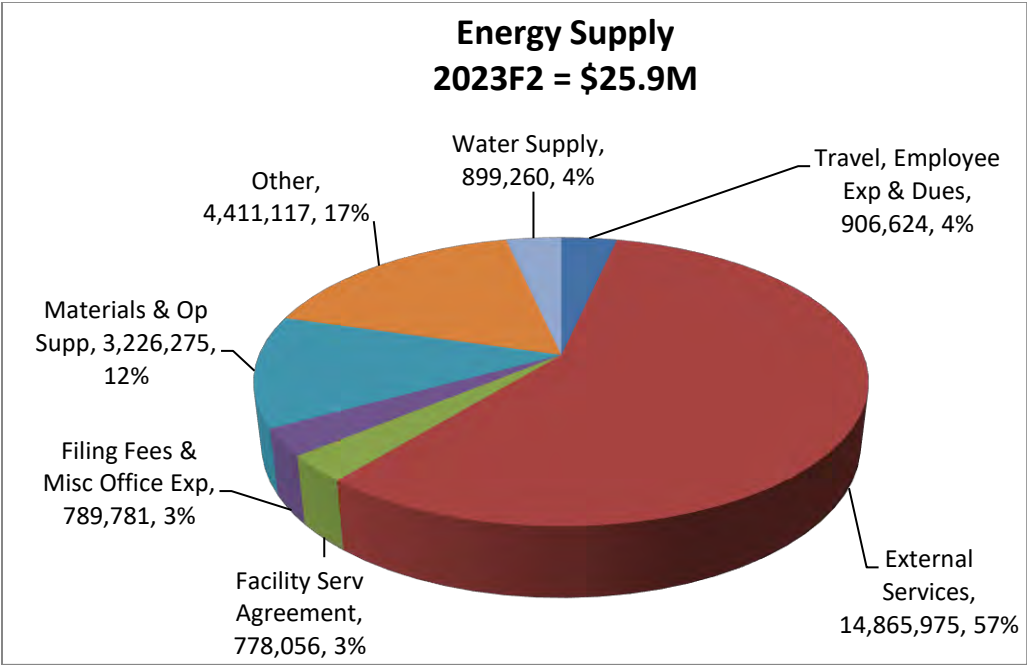
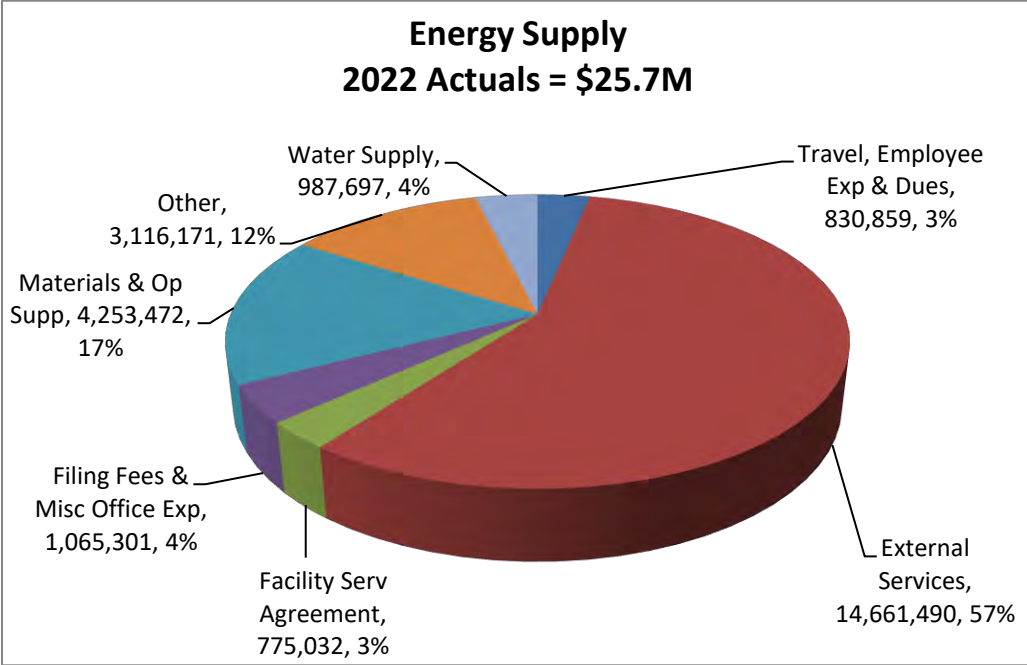
Other: Includes costs for building and grounds maintenance, insurance premiums, and landowner leases for wind farms.

Water Supply: Costs consist of water treatment chemicals for fossil generating units, water supply, ash hauling contract, leachate treatment, and laboratory testing.

Facility Service Agreement: Contains the Facility Services Agreement expenses of OTP being a Transmission Owner and Interconnection Customer.

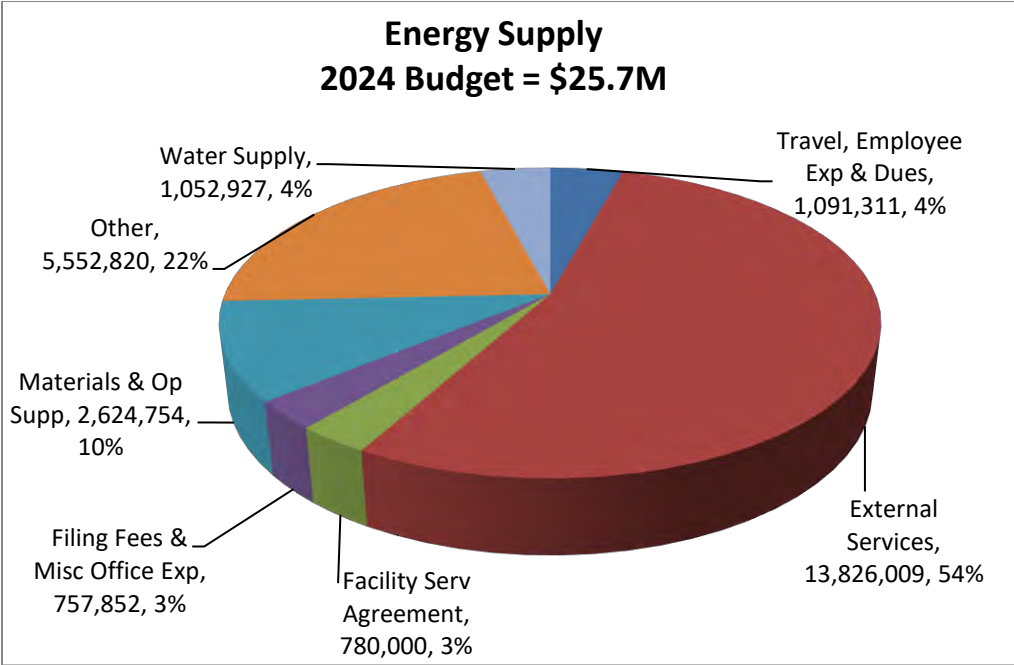
Section II – Major Cost Drivers

2.1 Breakdown of Non-labor Operations and Maintenance Expenses



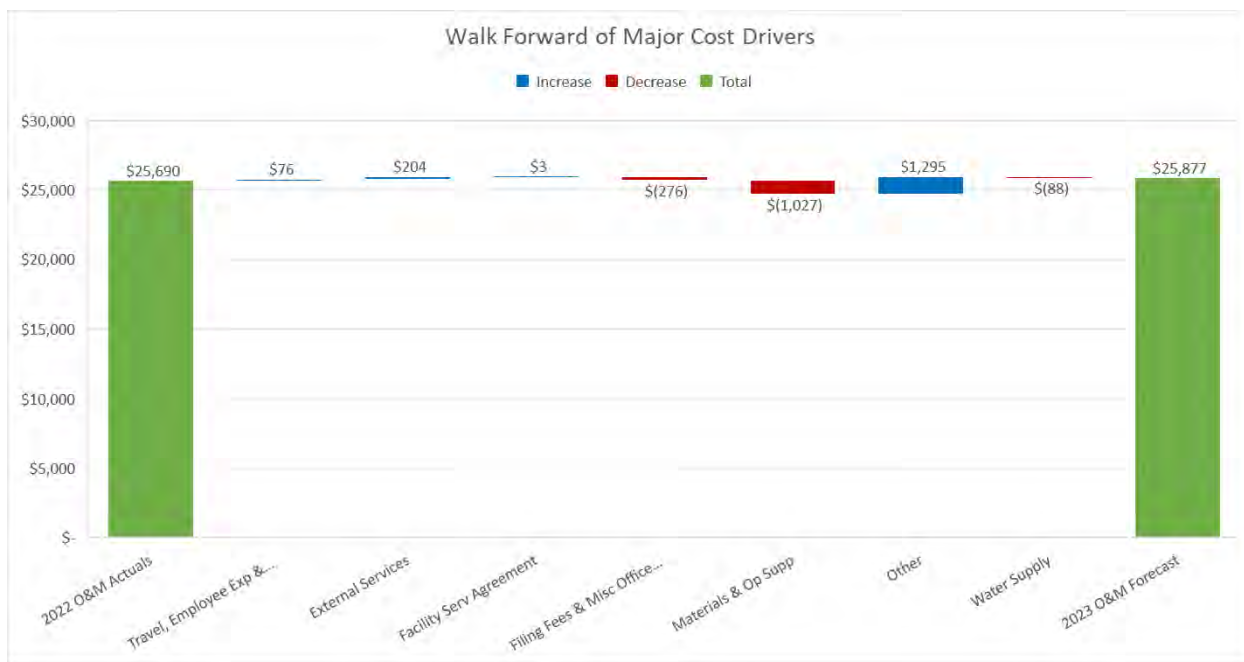
Section II – Major Cost Drivers

2.1 Breakdown of Non-labor Operations and Maintenance Expenses



Section II – Major Cost Drivers

2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

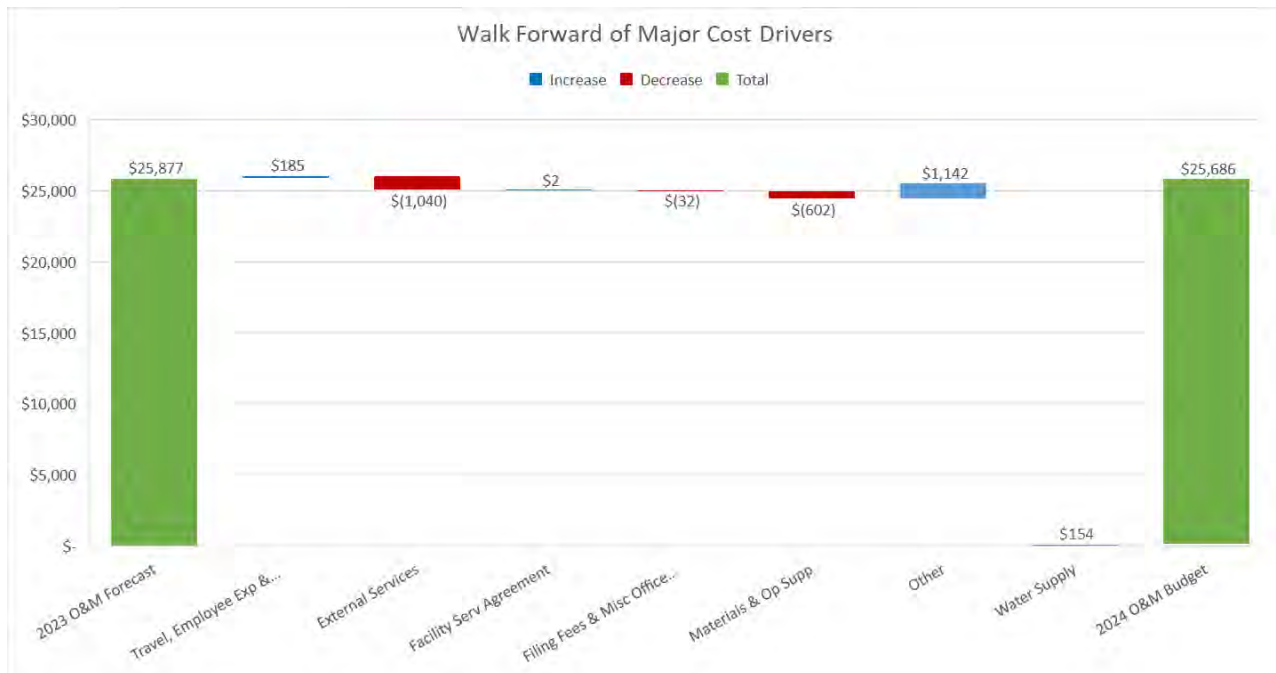
Filing Fees & Misc Office Expense: Less cost in 2023 associated with Hoot Lake Plant decommissioning.

Materials & Operating Supplies: The reduction is due to Big Stone Plant having an unplanned outage in 2022 but no outage costs are in the 2023 forecast.

Other: Additional legal fees in 2023 and additional costs in 2023 associated with new generation.

Section II – Major Cost Drivers

2.3 Walk of Major Cost Drivers in comparison of 2023 Forecast to 2024 Budget Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

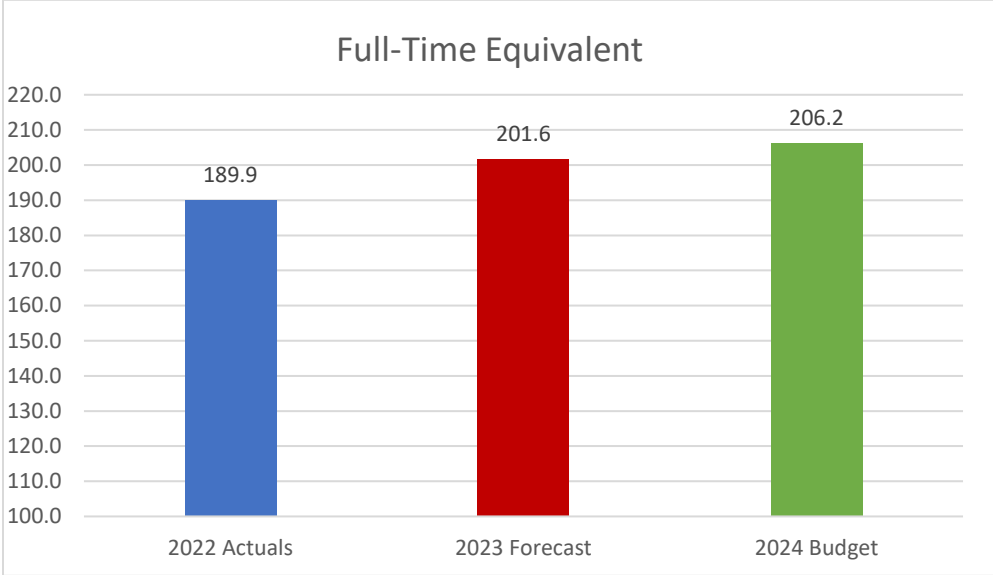
External Services: 2024 is a non-outage year.

Materials & Operating Supplies: 2024 is a non-outage year.

Other: Increased legal and lease costs for 2024 and is a non-outage year.

Section III – Labor

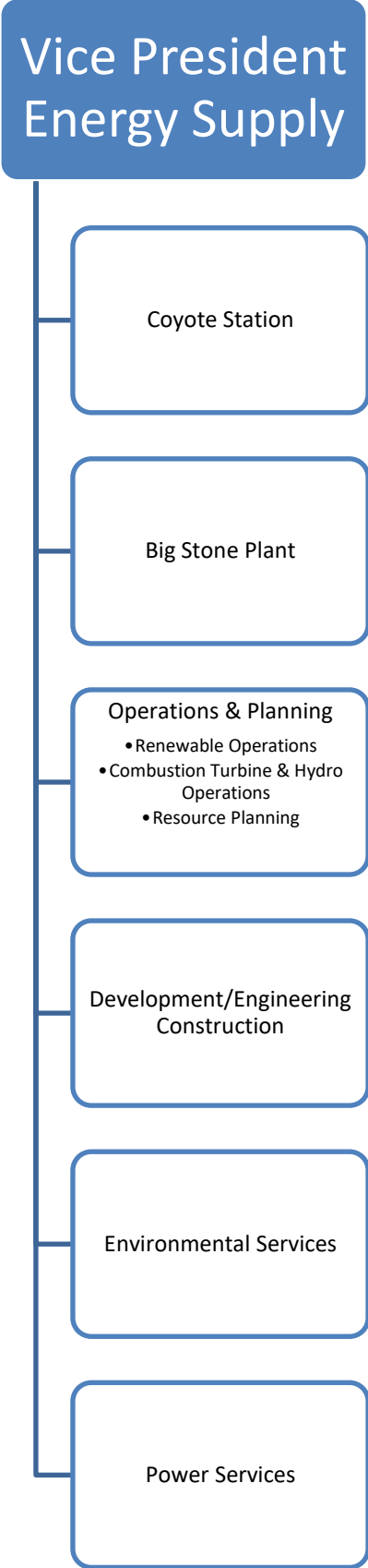
Full-Time Equivalent (FTE) by Year for Energy Supply



FTEs:

The number of FTE’s over the last two years was down due to attrition and market pressures. The number of FTE’s in 2024 is now reporting at a more normal FTE count.

Section IV – Organizational Chart and Key Functions



Section IV – Organizational Chart and Key Functions

4. Major Business Functions and Key Activities

Coyote Station

Major Functions

This function is responsible for the safe, reliable and efficient operation of Coyote Station. Coyote Station is a 427 MW coal burning facility near Beulah, ND and is a mine-mouth facility. The source of lignite coal for this plant is a nearby coal mine. The plant is co-owned by:

- OTP (35%)
- Northern Municipal Power Agency (30%)
- Montana-Dakota Utilities, Co. (25%)
- Northwestern Energy (10%)

Key Activities

- Safe and reliable operations
- Planning and tracking capital and O&M Budgets
- Planning for major and minor overhauls
- Performing maintenance
- Supervision and hiring plant staff
- Communication with the adjacent coal mine for forecasting fuel needs
- Research and justification of capital projects
- Staying current with industry trends

Big Stone Plant

Major Functions

This function is responsible for the safe, reliable and efficient operation of the Big Stone Plant. Big Stone Plant is a 475 MW coal burning facility near Big Stone City, SD. This plant burns Powder River Basin coal as its primary fuel and is delivered to the plant by rail shipment. The plant is co-owned by:

- OTP (53.9%)
- Northwestern Energy (23.4%)
- Montana-Dakota Utilities, Co. (22.7%)

Section IV – Organizational Chart and Key Functions

Key Activities

- Safe and reliable operations
- Planning and tracking capital and O&M Budgets
- Planning for major and minor overhauls
- Performing maintenance
- Supervision and hiring plant staff
- Communication with the coal mine(s) under contract for forecasting fuel needs
- Communication with the rail shipper for coal
- Research and justification of capital projects
- Staying current with industry trends

Development/Engineering Construction

Major Functions

This function is responsible for the acquisition of new generation resources identified in the resource planning process, which could include the development, permitting, engineering and construction of those resources.

Key Activities

- Development of generation assets
- Analysis of least cost generation assets for our customers
- NERC compliance for generation resources
- Engineering support for all generation assets
- Continuous improvement efforts for generation
- Generation reporting to MISO and FERC
- Construction of generation assets

Operations & Planning

Major Functions

Operations & Planning oversees the natural gas fired generation at OTP's Solway site and Astoria, as well as the hydro generation, renewable operations and resource planning

- Solway, MN natural gas-fired combustion turbine, 43.1 MW
- Astoria Station, SD natural gas-fired combustion turbine, 245 MW
- Jamestown, ND – two fuel oil combustion turbines – 41.5 MW
- Lake Preston, SD – fuel oil combustion turbine – 19.7 MW

Section IV – Organizational Chart and Key Functions

Three FTEs remain at Hoot Lake for Hydro operation and site maintenance and security needs. The Hydro plants under the supervision are:

- Dayton Hollow - 1 MW
- Hoot Lake – 0.3 MW
- Pisgah – 0.6 MW
- Wright – 0.2 MW
- Taplin Gorge – 0.4 MW
- Bemidji – 0.1 MW
- Diversion (not a power generator but supplies water to Hoot Lake Plant)

Renewable Operations

Major Functions

This area oversees the operation and maintenance of the wind and solar generation. There are currently 5 wind farms either owned or under power purchase agreement and 1 utility-scale solar facility for OTP:

- North Dakota Wind II (21 MW purchase) – Edgeley, ND – 2003
- Langdon Wind Energy Center (40.5 MW own and 19.5 MW purchase) – Langdon, ND - 2008
- Ashtabula Wind Energy Center (48 MW own) – Barnes County, ND – 2008
- Luverne Wind Farm (49.5 MW own) – Steele County, ND – 2009
- Ashtabula III (62.4 MW own) – Barnes County, ND – 2010
- Merricourt Wind Energy Center (150 MW) – McIntosh & Dickey Counties, ND 2020
- Hoot Lake Solar (49.9MW) – Fergus Falls, MN 2023

Key Activities

- Manage the maintenance and operation contracts for the wind farms
- Safe and reliable operation
- Planning and tracking capital and O&M Budgets
- Planning for major and minor overhauls for the oil-fired turbines
- Supervision and hiring staff
- Stay current with industry trends

Resource Planning

The overall function for Resource Planning is to ensure that the Company has adequate capacity and energy resources to meet our customers' needs both in the short-term and the long-term.

Section IV – Organizational Chart and Key Functions

The resources need to be planned for and acquired at the least possible cost to customers while meeting regulatory and environmental obligations. In order to accomplish this objective, Resource Planning has significant regulatory reporting obligations in the three states that OTP serves.

Resource Planning is responsible for the resource adequacy requirements of MISO. Load and capability need to be reported so that all MISO requirements are met. Another function of Resource Planning is to determine when bi-lateral capacity and/or energy purchases need to be made. These purchases could be for when a generating source has an expected or unexpected outage or as a “bridge” to a new resource addition.

Additionally, various engineering, project management and generation plant support and administrative tasks are overseen.

Key Activities

- Oversight and management of large engineering studies
- Support of turbine and rotating equipment outages
- Support of stack testing and verification
- Review and compliance of NERC standards
- Review and submittal of Energy Supply statistics
- Review of Energy Supply Capital and O&M budgets and forecasts
- Management of Capital Projects as needed
- Predictive Maintenance support of generation units
- Integrated Resource Plan
 - The resource plan describes the desired generation resource mix and long terms plans to achieve that mix for the Company.
- MISO Resource Adequacy
 - OTP is a member of MISO and is therefore subjected to the resource adequacy requirements of MISO.
 - A detailed knowledge of filing requirements around resource adequacy as well as following possible changes in the protocol that are being contemplated is needed.
- Capacity / Energy for customers
 - In addition to meeting MISO resource adequacy requirements, the Company often has the need for short-term capacity and energy resulting from planned and unplanned outages of generating stations.
 - Responsible for short-term “bridge” purchases which are often made as a least cost way to have adequate capacity and energy until new facilities are constructed.

Section IV – Organizational Chart and Key Functions

All O&M costs incurred at our jointly owned Big Stone Plant and Coyote Station are allocated to our co-owners based on their ownership share of each plant. A secondary calculation is performed to apportion fuel and reagents consumed above minimum net load fuel costs based on the percentage of generation each owner required over/under their ownership percentage. In that way, each owner can view and offer in the Big Stone Plant cost in their respective market or situation somewhat independently.

Environmental Services

Major Functions

Environmental Services provides engineering and technical experience to ensure that the Company's obligations and commitments to achieving and maintaining compliance with all applicable regulatory requirements are fulfilled. The department is responsible for overseeing environmental compliance and policy functions, with a primary focus on the Company's generating plants as they are subject to numerous federal and state laws and regulations. This includes the areas of air quality, climate, water, land and natural resources, solid waste, and chemical management.

Key Activities

- Develop and maintain accurate records and supporting documentation to comply with State and Federal laws. Prepare and submit reports to State and Federal agencies in an accurate and timely manner.
- Determine requirements and applicability of new regulations, permit requirements, and regulatory policy. Develop guidance, directives and provide technical assistance and training to plant personnel for implementation of the requirements of regulations, permits and/or policies.
- Participate in strategic planning and decision making to provide insight on environmental policy and regulation.
- Develop accurate information with respect to the Company's financial exposure associated with environmental compliance.
- Direct the acquisition of permits, approvals, or licenses.
- Conduct compliance reviews of Company activities and investigations of environmental incidents, such as spills or plant upsets, provide guidance to response personnel, and provide documentation of the incident and recommendations to the facility operator on prevention of future incidents.
- Keep informed of current industry technology relating to equipment or procedures for meeting environmental regulatory requirements.

Section IV – Organizational Chart and Key Functions

Power Services

Major Functions

The Power Services responsibilities encompass all wholesale energy trading related functions including origination, day-ahead, real-time, and ancillary services. Additional responsibilities include capacity purchases and sales, procurement of natural gas fuel, and procurement of environmental allowances. Prior to December 31st, 2014, Power Services also maintained an unregulated, non-asset-based trading portfolio. As of December 31st, 2014 this unregulated function was dissolved. Currently Power Services only maintains regulated, asset-based trading portfolios.

Power Services serves as the OTP interface with the MISO and SPP wholesale energy markets. Power Services employees work on behalf of OTP customers to implement strategies to maximize the value of generation resources and minimize the cost to serve load. The organization coordinates all market related aspects of generation optimization and outage coordination. Power Services staff also monitor, verify, and account for all energy market related charges, invoices, and settlements.

Power Services has the responsibility for structuring and negotiating long-term purchase power agreements, monitoring and influencing regional wholesale electric market designs, and monitoring changes in the regulatory environment. The organization is also responsible for procuring and maintaining all financial transmission rights which serve as hedging mechanisms against congestion charges between OTP generation and load.

Key Activities

- Trading/Origination
 - Interface with the day ahead and real time MISO and SPP energy markets to purchase and sell energy and ancillary services on behalf of our retail customers.
 - Procure wholesale long-term energy transactions on behalf of retail customers once a need is identified.
 - Manage the OTP generation resources and long-term purchase power contracts to minimize energy costs and risk to retail customers.
 - Procurement and sales of capacity.
 - Maintain market knowledge in the regions surrounding OTP.
 - Procure and maintain financial transmission rights.
 - Maintain and manage existing wholesale contracts including billing support.
 - Monitor, verify, and account for all energy market related charges, invoices, and settlements.
 - Acquire transmission service to support the above.

Section IV – Organizational Chart and Key Functions

- Market Operations
 - Guide the company as a stakeholder in the development of regional transmission organizations and energy markets.
 - Interact with state and federal regulatory agencies, as well as independent market monitors, regarding market operations and related activity.

- Other Wholesale Activities
 - Procurement of natural gas fuel purchases for OTP combustion turbines.
 - Procurement of environmental allowances.
 - Procurement of vehicle fuel futures contracts (Reformulated Blendstock for Oxygenate Blending (RBOB) contracts for hedging purposes).



2024 O&M Budget Documentation

Finance / Legal & Strategic Sourcing

1.1 Introduction

The Finance Department provides financial leadership and is responsible for the overall financial health of the Utility through the closing of monthly and year-end books, producing monthly and year-end financial statements, creating annual budgets and monthly forecasts, calculating the actual and forward looking Cost of Service Study (COSS) for each jurisdiction, income and property tax reporting, maintaining the Fixed Asset system, processing invoices and disbursements, and negotiating and monitoring contracts and their execution. The Finance Department is responsible for providing accurate financial information that can be used in making decisions to operate the company in an efficient manner for the benefit of the customers. The Chief Financial Officer (CFO) leads the Finance Department as a whole and the following Departments report to the CFO: Accounting Research & Consulting, Fixed Asset Accounting, Financial Reporting, Business Planning-Regulatory Accounting, Continuous Improvement, and Strategic Sourcing. Additional areas that will be discussed within this narrative include the Legal Department and Governmental Affairs.

The primary responsibility of the Legal Department is to manage the legal risks of Otter Tail Power Company (OTP), with a goal of reducing unanticipated litigation exposure and to advance OTP's legal interests. The lawyers within the Legal Department work with internal OTP areas on a daily basis, advising them with regards to changing laws, rules and regulations, contract interpretation and negotiations, as well as drafting transactional documents arising out of business relationships. The members of the Legal Department understand the electric utility industry and OTP's strategic objectives and are able to provide accurate and timely legal advice to its business clients to enhance risk mitigation, improve the likelihood of success in transactions and aptly represent the organization with various stakeholders. Legal Department members also manage external counsel which typically is specialists in certain areas that OTP does not have internal expertise. The Legal Department selects, manages and evaluates the costs of external counsel.

Government Affairs manages the Company's public policy discourse with legislatures in the three state jurisdictions where OTP has utility customers, as well as with Congress in Washington DC. Government Affairs coordinates internal formulations of public policy appropriate to each of these deliberative arenas and manages the company's efforts to engage policy makers with clear and persuasive messages that serve the interests of both ratepayers and shareholders.

1.2 Customer Value

Each of the areas mentioned above has a role in providing benefit to our customers. Overall, the Finance area adds value to our customers through the creation of accounting records in

accordance with applicable regulations to ensure accurate reporting to financial and jurisdictional regulatory entities.

Accounting Research & Consulting's key priorities are to ensure proper internal controls are in place over financial reporting, provide quality financial data, remit taxes collected on behalf of taxing jurisdictions, and to pay the taxes that the company owes on a least cost basis. These activities give our customers reassurance that we are abiding by the rules and regulations of the Internal Revenue Service.

Fixed Assets maintains all aspects of property accounting, including depreciation for the fixed assets of the utility. Fixed Assets also prepares and provides support for regulatory filings and performs depreciation studies for the utility. Fixed Assets provides value by supporting utility tax strategies involving calculation of safe harbor tax deductions under section §263(a) of the Internal Revenue Code; is responsible for accounting duties related to jointly owned generation plants; administers the accounting for alternate rate recovery mechanisms such as the cost recovery riders and coordinates the capital budgeting process in order to facilitate prudent construction project evaluation and approval. The Fixed Assets area maintains the necessary accounting to support projects the Company is undertaking which are being completed to ensure the safe and efficient generation, transmission, and distribution of electricity to our customers.

The Payroll Department drives value by coordinating time sheet management across multiple collection platforms and pay schedules in order to facilitate accurate and timely payment of employee wages. Benefit programs implemented by Human Resources are supported by Payroll through administering collection of deductions and program funding. Cash Management supports customer billing procedures by handling non-electronic transactions through the remittance center, administers billing processes for work performed by the utility on behalf of others as well as managing the cash position to minimize handling expenses and ensure adequate liquidity for operations.

Accounts Payable is responsible for processing the payment of OTP business transactions accurately, timely, and as efficiently as possible to maximize the company's use of funds and to protect the company's credit rating.

The Financial Reporting area is responsible for maintaining the integrity of the general ledger system as well as preparing accurate financial statements in accordance with Generally Accepted Accounting Principles. Through compliance with the Securities and Exchange Commission (SEC), Federal Energy Regulatory Commission (FERC) and Sarbanes Oxley (SOX), our customers are benefited by having transparent, accurate information and from the knowledge that we have sound practices in place. Financial Reporting also serves as a liaison to Corporate to ensure accuracy and completeness throughout the consolidation process.

The Business Planning-Regulatory Accounting Department is responsible for all financial planning and forecasting as deemed necessary by OTP and Otter Tail Corporation for use in

strategic planning and decision making which includes annual company budgets as well as short and long-term forecasts produced either monthly or annually. In addition, the department is responsible for leading the work group that prepares the jurisdictional COSS used to calculate the revenue requirements of the Company for use in determining the need for potential rate case filings in each of the jurisdictions OTP serves, providing testimony in those filings as well as miscellaneous other financial analysis used in determining revenue requirements. This Department also manages the production of FERC revenue requirements (O, GG and MM) and provides financial analysis on any other filing that includes revenue requirements calculations such as Renewable Riders, Transmission Riders and Environmental Riders. Our customers receive value through compliance with regulatory rules and processes.

Strategic Sourcing provides procurement and contracting services for the business transactions of OTP to avoid costs and mitigate risk. Effective sourcing keeps costs low for customers.

The Continuous Improvement (CI) function drives value by coordinating company-wide continuous improvement efforts. By implementing best practices, process improvements, and elimination of non-value added activities, the CI function helps to lower costs for customers through operational efficiencies. The CI function also is responsible to oversee potential acquisitions, and to ensure efficient growth execution for any asset acquisition projects OTP undertakes.

The in-house Legal Department for OTP provides benefits to OTP’s customers through two primary factors:

1. Lawyers who understand the industry, business and people within the organization, and are in a position to better proactively and effectively manage legal issues within the organization; and
2. Reduce legal costs through leveraging the experience of the in-house staff as well as partnering with external counsel and overseeing those relationships so that OTP, and ultimately its customers, receive efficient and cost-effective legal advice to the organization.

Government Affairs adds customer value by advocating public policy positions that best protect the near and long-term interests of customers, with a continuous view toward producing and delivering electricity as “reliably, economically and environmentally responsibly as possible”. Government Affairs works closely with state and federal legislators to sponsor and support policies consistent with OTP’s mission. Customer value is achieved through these means:

1. Government Affairs employees engage consultants in each state to work as cost-effectively as possible to achieve the company’s mission.
2. Government Affairs works closely with business allies, consumer and environmental advocates, state administrative agency representatives and public policy makers to achieve balanced outcomes for customers.

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses in Finance/Legal & Strategic Sourcing

Chart of Accounts

External Services: This cost category consists of legal and financial professional services and temporary employees.

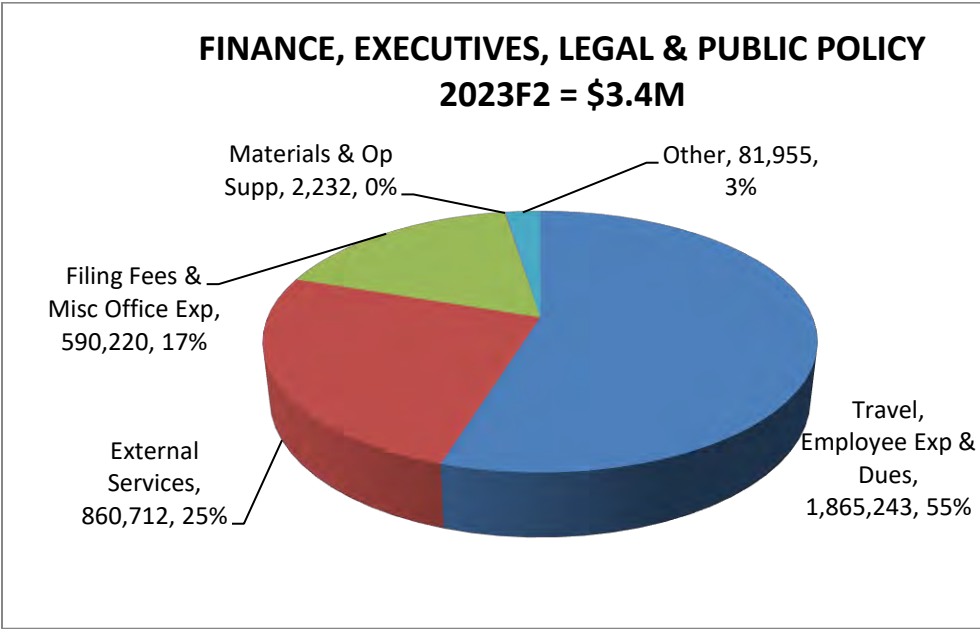
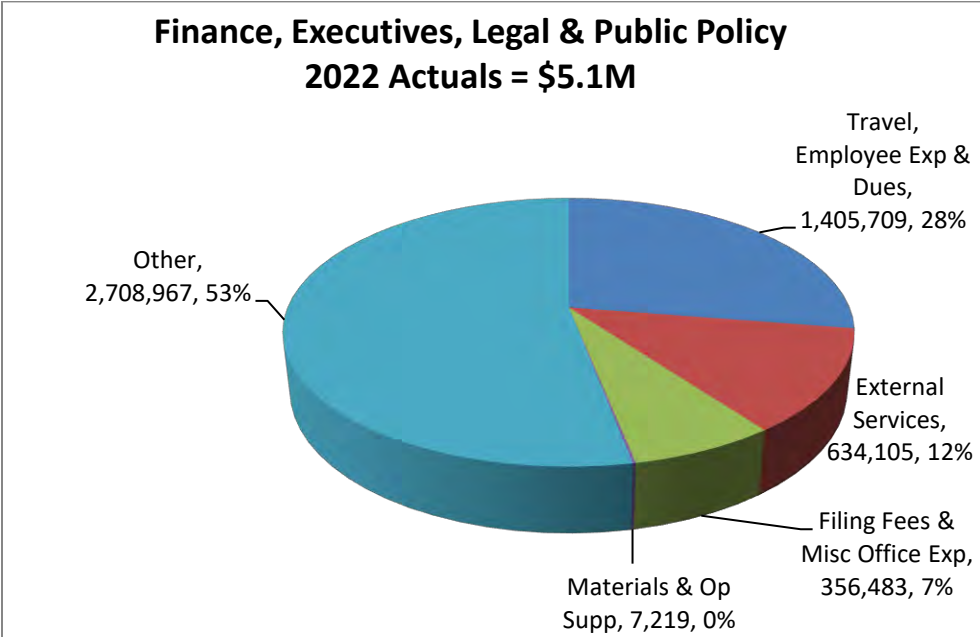
Travel, Employee Expenses & Dues: The costs included in this category primarily include transportation, lodging, and meals for meetings and conferences. Also included is civic service and business club dues, professional dues and certification, as well as software subscriptions or minor upgrades.

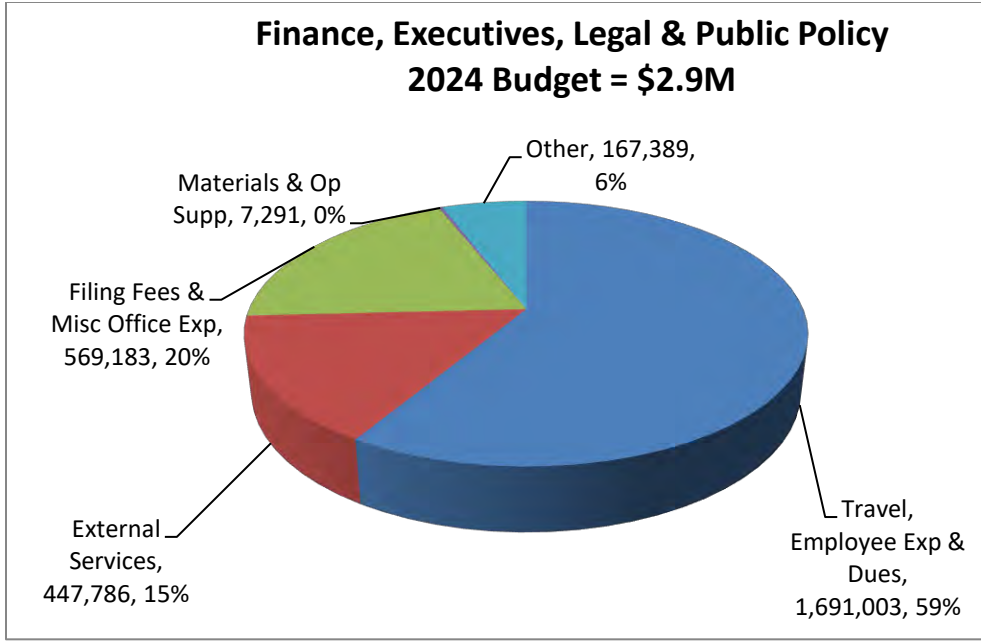
Filing Fees & Mis Office Expenses: This category contains letter of credit annual agency fees and various other fees charged by financial institutions. Also includes telephone and communications costs, office expenses, lease/rental charges, and de minimis employee benefits.

Materials & Operating Supplies: Contains expenditures related to copier expense.

Other: This cost category consists of premiums for various types of insurance including, property, auto, general liability, fiduciary, professional liability, commercial crime, excess liability and aircraft. It also includes legal fees and other miscellaneous costs not listed above.

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses in Finance/Legal & Strategic Sourcing





2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast Non-Labor Operations & Maintenance

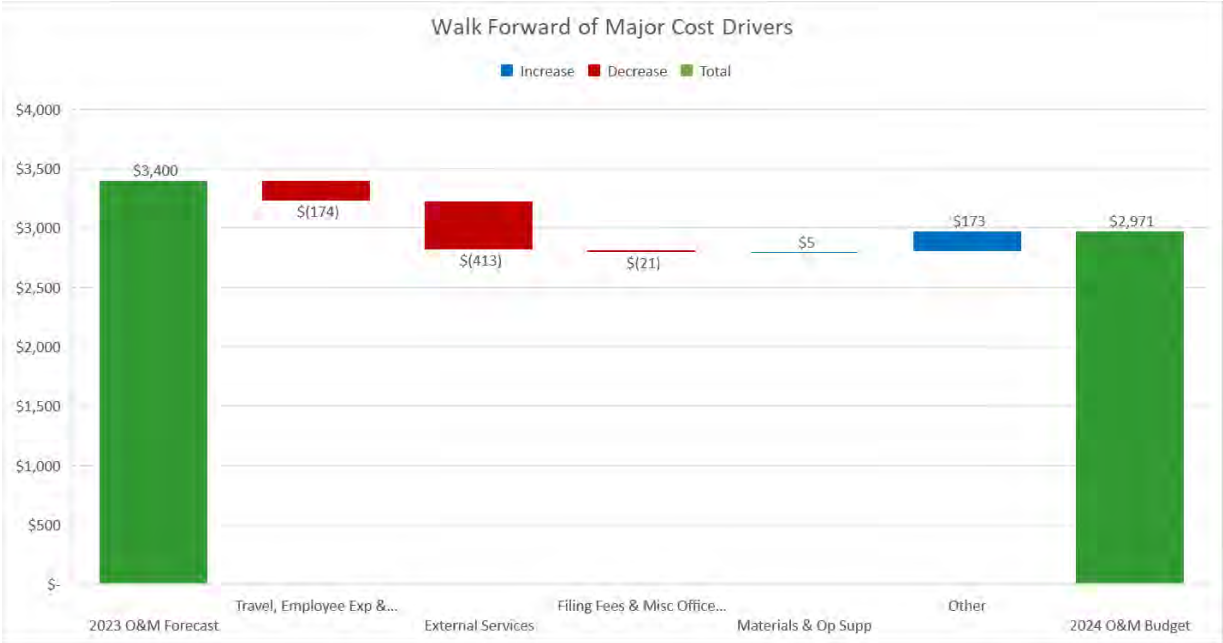


Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

Travel, Employee Expense & Dues: Mainly higher travel costs including airplane true-up expense along with higher software subscription and maintenance associated with Utilities International upgrade.

Other: 2022 contained increased employee expense items mainly due to the competitive job market.

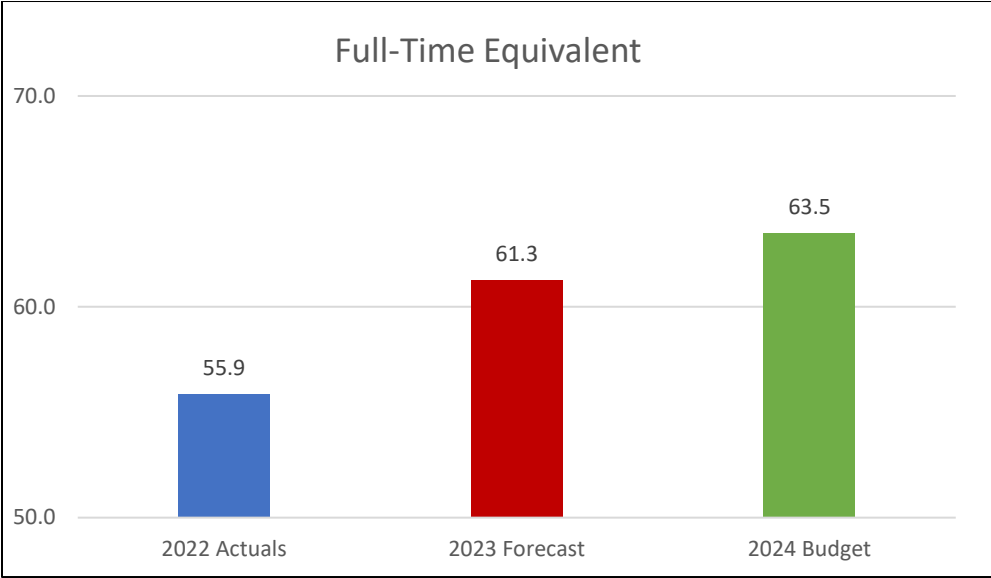
2.3 Walk of Major Cost Drivers in comparison of 2023 Forecast to 2024 Budget Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

External Services: Reduced Oracle consulting services with Peloton and costs for 5-year Depreciation Study concluded in 2023.

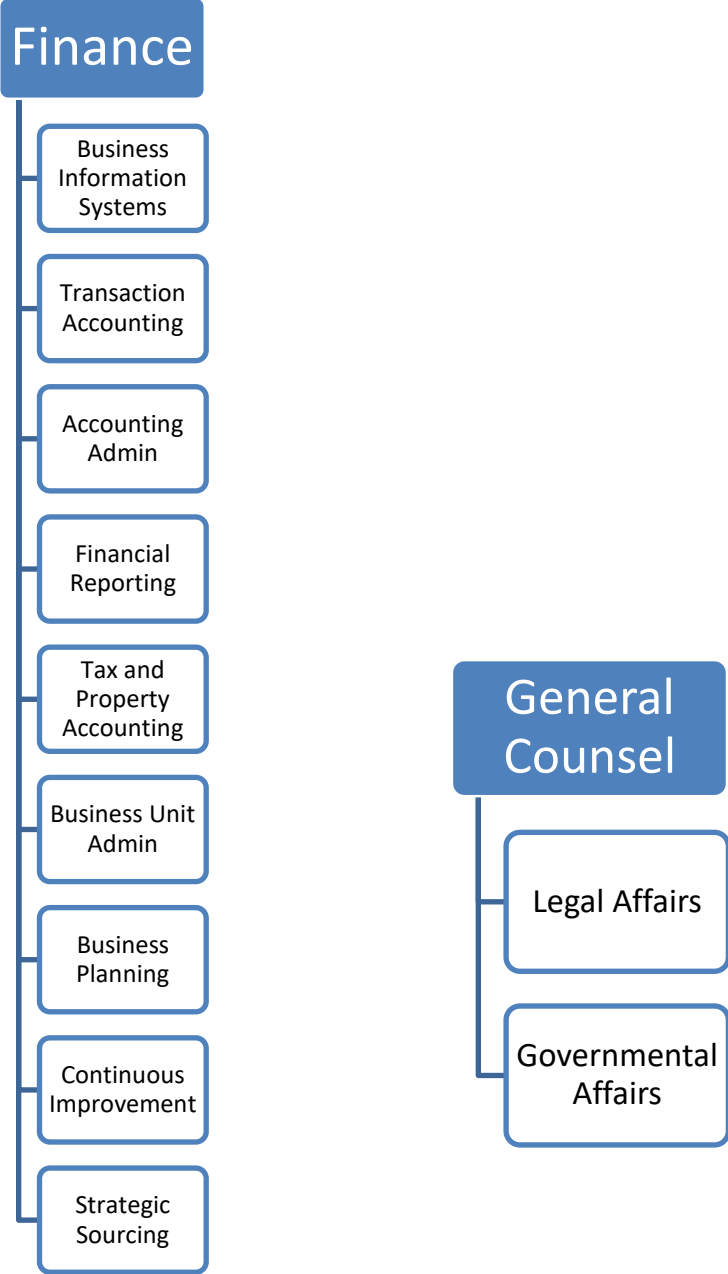
3.1 Full-Time Equivalent (FTE) by Year for Finance



Explanations for the change in Full-Time Equivalent (FTE):

The number of FTE's over the last two years was down due to attrition and market pressures. The number of FTE's in 2024 is now reporting at a more normal FTE count.

Section IV -- Organizational Chart and Key Functions



Section IV -- Organizational Chart and Key Functions

4. Major Business Functions and Key Activities

The Finance group's primary duties include the closing of month and year-end books, producing financial statements, along with creating annual budgets and monthly forecasts.

Fixed Assets

Major Functions

The Fixed Assets Department is responsible for maintaining all aspects of property accounting including depreciation for the fixed assets of the company.

Key Activities

- Depreciation calculation and accounting including annual depreciation filings
- Accounting related to jointly owned generation plants
- Production, Transmission, Distribution and General Plant property accounting
- Work order initiation and project management support
- Revenue requirement accounting for transmission and environmental cost recovery riders
- Capital budget administration

Cash Management

Major Functions

The Cash Management Department coordinates the collection of non-electronic receipts through the remittance center and manages the overall cash balance position within the company.

Key Activities

- Responsible for remittance processing center
- Manage company line of credit and maintain liquidity
- Provides system administration of Oracle Accounts Receivable module
- Manage third party collection agencies

Payroll Accounting

Major Functions

The Payroll Department is responsible for coordinating the collection of time sheets summary in order to facilitate the accurate and timely payment of employee wages.

Section IV -- Organizational Chart and Key Functions

Key Activities

- Administers payroll for company personnel
- Payroll tax withholding and remittance to jurisdictions
- Administers benefit related payroll deductions and tracking
- Payroll loading administration

Financial Reporting

Major Functions

The Financial Reporting Department is focused on maintaining the integrity of the general ledger and preparing financial statements in accordance with required standards. Additional responsibilities include maintaining documentation needed to be in compliance with various reporting organization and requirements.

Key Activities

- Preparation of journal entries and account reconciliations
- Generate internal reports and draft financial statements
- Perform financial analysis and review of financial statements
- Responsible for the financial close process including consolidation
- Monitoring of SOX controls/processes
- Identify, update, and implement appropriate accounting policies
- Responsible for the management of financial systems
- Submit required filings and ensure compliance with the SEC and FERC

Tax

Major Functions

The Tax Department is focused on tax planning, reporting and payment for all types of non-payroll taxes.

Key Activities

- Responsible for preparing monthly income tax estimates
- Research the effect of new tax legislation and provide advice to benefit the company
- Responsible for preparing annual income tax return and supporting schedules
- Manage non-payroll taxes other than income taxes such as ad valorem property taxes, real estate, sales and vehicle taxes
- Respond to IRS audits

Section IV -- Organizational Chart and Key Functions

Accounts Payable

Major Functions

The Accounts Payable Department is accountable for processing payments in an accurate, timely and as efficiently as possible to maximize use of funds and protect the company's credit rating.

Key Activities

- Manage payables and disbursements related reporting. Ensure no negative OTP credit ratings related to company payments.
- Ensure proper payment methodologies to payees. Research, plan, and initiate innovative payment systems.
- Manage the transfer of information and transactions from other systems (i.e. CIS, MIS, etc.) into the AP system.

Business Planning

Major Functions

The focus of the Business Planning area is preparing financial plans and forecasts for use in strategic planning and decision making.

Key Activities

- Manage the process of modeling the impact of multiple strategic initiatives, utilizing specific Company information, historical data, assumptions and expectations of future conditions, and other external factors
- Develop and manage the process of analyzing financial data to support financial forecasts to prove accuracy of data
- Provide company executives with monthly projected financial updates with recommendations for specific actions
- Manage the long term financial model for strategic planning process
- Manage the production of official company's budget to successfully support cost of services studies and regulatory proceedings

Regulatory Accounting

Major Functions

The Regulatory Accounting area leads the preparation of required regulatory reports.

Section IV -- Organizational Chart and Key Functions

Key Activities

- Lead the preparation of historic and forecasted test year cost of service studies used in annual jurisdictional filings and rate case analysis
- Lead the preparation of FERC Revenue Requirements via Attachments O, GG and MM
- Provide support to Regulatory Services in regulatory filings and data requests related to revenue requirements ensuring consistency across multiple simultaneous regulatory proceedings

Continuous Improvement

Major Functions

The Continuous Improvement (CI) function coordinates and oversees company-wide efforts to identify and implement process improvements and operational efficiencies. The CI function also oversees asset acquisition evaluation and execution for the company.

Key Activities

- Set targets for Continuous Improvement projects in each area of the company including office and operational functions.
- Hold regular update meetings with leadership and key stakeholders, highlighting improvement projects that are planned or have been recently implemented, creating a culture of improvement.
- Evaluate asset acquisition opportunities, and ensure successful implementation of strategic projects or acquisitions undertaken by the company.

Strategic Sourcing

Major Functions

The Strategic Sourcing Department is responsible for providing procurement and contracting services for the business transactions to avoid costs and mitigate risks.

Key Activities

- Develop and implement sourcing strategies leading to the proper procurement of materials and services including – vendor research and selection, bidding methodologies, RFIs, RFQs, RFPs, selection and respective contract development, administration, follow-up, etc.
- Manage the network of internal and external relationships related to the sourcing and contracting processes, including vendor negotiations.

Section IV -- Organizational Chart and Key Functions

- Develop and carry-out policy for administering procurement contracts and the contracting process.
- Manage purchasing contracts, assess and mitigate risk, and negotiate terms
- Manage and perform Risk Assessments on long-term construction projects. Evaluate, initiate, and assist Project Managers in procuring proper project insurance, bonding, retainage, and other assurances to protect OTP and other Owners. Lead the commercial aspects of projects.
- Lead large-project bid evaluation sessions and pre-sign contract strategy sessions with Subject Matter Experts, formulating appropriate strategies for procurement and methodologies for contracting.

Section IV -- Organizational Chart and Key Functions

Legal Affairs

Major Functions

The primary responsibility of the Legal Department is to manage the legal risks of OTP, with a goal of reducing unanticipated litigation exposure and to advance Otter Tail Power Company's legal interests.

Key Activities

- Advising OTP employees, managers and executives with regards to applicable laws, change in or newly- issued regulations and court or agency decisions that could have impact on the organization's processes, initiatives or plans.
- Reviewing, drafting and negotiating contracts to advance and protect the company's interests with regards to vendors or joint owners of significant capital projects.
- Advising on topics such as labor and employment issues, real property or right of way matters and litigation or disputed matters.

Governmental Affairs

Major Functions

Governmental Affairs advocates public policy positions that best protect the near and long-term interest of the customers.

Key Activities

- Engage consultants in each state to work as cost-effectively as possible to achieve the company's mission.
- Works closely with business allies, consumer and environmental advocates, state administrative agency representatives and public policy makers to achieve balanced outcomes for customers.
- Maintains productive relationships with the federal delegations of the three states in which the company has customers. The positions taken have a continuous eye toward the value of producing and delivering electricity for the company's customers as "reliably, economically and environmentally responsibly as possible".

Members of the Legal Department often provide legal services that benefit jointly-owned transmission or generation assets within OTP. As a result, the Legal Department members frequently assign their time to joint, shared billing entries. To the extent the advice is provided to OTP alone and not the joint owners of those facilities, the charges remain solely and exclusively paid for by OTP. Furthermore, the General Counsel of the Legal Department also serves as Otter Tail Corporation's Assistant Secretary, and in that role, attends and participates in Otter Tail Corporation's Board of Directors' meetings. In that capacity and in those instances, she designates the actual hours of her time to the corporate general allocator (account 100560).

The Legal Department members do not allocate costs directly to any other internal cost center. To the extent there is a capital work order, the lawyers charge to those work orders.

The Governmental Affairs group, when actively lobbying, assigns its costs to the non-utility/shareholder-only work order (Project 100280).

Government Affairs (Project 100280, Tasks LBYM, LBYN, LBYS and LYBF) includes the labor and non-labor costs for state and federal lobbying activities, as well as the work necessary to support the activities of the federal Political Action Committee (PAC). Lobbying activities are not assessed to the company's ratepayers.

Government Affairs, (Project 100280, Tasks LEGM, LEGN, LEGS and LEGF) includes the labor and non-labor costs associated with monitoring and interpretation of laws and proposed legislation to ensure cost-effectiveness and value for the company's customers.



2024 O&M Budget Documentation

Human Resources and Safety Services

1.1 Introduction

Otter Tail Power Company's (OTP) Human Resources (HR) and Safety Services Departments provide leadership and support throughout the company in all matters relating to HR and Safety.

HR and Safety Services encourages workforce diversity, offers employees competitive compensation and benefits, promotes, strives for, and expects a safe work environment, and challenges employees to excel through leadership training and development all to support the company's mission statement: 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.

HR provides compensation and benefits, employee recruitment and retention, compliance guidance for Federal and State laws and company policies, employee and labor relations and workers compensation.

The Safety Services department provides the development and implementation of safety policies, training and new safety initiatives to ensure compliance with company safety rules, policies and procedures. Safety Services help to provide safe working conditions, extensive safety training, and appropriate protective equipment for every department by focusing on injury prevention. Safety Services also work to ensure security for employees and assets. The department provides expert technical assistance in all areas and specialties of industrial safety and OSHA regulatory compliance.

1.2 Customer Value

HR provides and administers a compensation and benefits program that helps OTP attract, engage, and retain a quality workforce to provide our customers with reliable and economical service. HR's objective is to ensure that compensation and benefits are competitive in relation to the market in order to retain a skilled workforce while ensuring they are cost effective and do not result in unreasonable costs for our customers. HR is also responsible for providing leadership development training and ensuring employee performance goals are in alignment with company objectives.

Within the next 10 years, OTP anticipates approximately 30-35% of our workforce to reach our average retirement age, taking precious skills and expertise with them. OTP will continue to address this projected labor shortage in our internal succession planning process and by working with current employees to improve efficiencies and maximize the value that the company holds

in human capital to maintain service levels while keeping overall customer rates as reasonable as possible.

HR's centralized role in the company ensures that the company is recruiting the right caliber and grade of existing and new employees to be matched to the right job at the appropriate level of compensation and benefits. HR also builds efficiencies for the business by streamlining HR operations and executing long-term strategic goals to achieve operational excellence by focusing on the following areas:

- Compensation and Benefits
- Employee Recruitment, Retention and Development
- Compliance: Employment Laws and Company Policy
- Employee and Labor Relations
- Workers Compensation

Compensation and Benefits - Accountable for formulating a total rewards program that has the power to attract, engage and retain employees with a focus on shared accountability between the employee and the company.

- Compensation - Providing a total compensation package that contains base pay along with variable, or at-risk pay that provides value for the customer, shareholder and employee. Analyzing programs to ensure plans are competitive to the market. Providing service to employees, management and retirees regarding pay and benefit questions.
- Benefits - Developing a comprehensive package of health and welfare programs. Developing and administering retirement programs that are competitive with the utility industry to attract, engage and retain our employees.

Employee Recruitment, Retention and Development – Delivers value by working with outside employment firms, recruiters, colleges and university to maintain a company presence and actively recruit future employees and students in fields of study to provide a future workforce and smooth transition through company restructures, transitions and attrition; evaluates workforce risks and trends in order to develop long-term labor planning; develops and supports leadership development through a series of programs designed to build a common understanding of our company's culture, strategy and processes among all of our employees.

Compliance: Employment Laws and Company Policy - Delivers value by ensuring personnel policies and procedures are followed consistently by all departments; ensuring workforce strategies, actions and practices meet the focus, compliance and needs of all individuals to provide the greatest level of opportunity for all current and potential employees; provides training, both in-person and on-line around hiring, our anti-harassment policy, and supervision; ensures consistent application of HR practices and processes to minimize risk and liability to the company and to strengthen our company through the benefits that diversity provides.

Employee and Labor Relations –Working directly with Local Union representatives, including representative employees, to create the optimum value related to this segment of the workforce; providing strong, effective communications with Union-represented employees to foster and promote a climate of full cooperation; collectively working with Union leadership to minimize disruptions through safe and productive labor, delivers value.

- Provide workforce resources for consulting on existing labor agreements.
- Provide workforce relations resources to negotiate new labor agreements.
- Provide workforce relations resources for the grievance and arbitration process and procedures.
- Administer workforce relations training including labor contract interpretation training and positive discipline training.

Workers Compensation – Providing direct oversight and management to minimize the potential adverse impact of Workers Compensation related incidents.

- Working closely with the OTP Safety Services Department to focus on injury and incident prevention through proactive programs designed to maintain employee safety awareness.
- Managing claims directly, maintaining close contact with employees and medical care providers to ensure a safe and productive return to work for employees away due to injury or incident.
- Working with management and industry organizations to proactively manage Workers Compensation claims, minimizing the impact of any Workers Compensation related incident.

Safety Services

Safety Services create value by seeking to continuously improve all areas in safety performance by developing and implementing safety programs as well as providing the best safety practices across the organization. Safety Services also sustain the protection of Company employees and assets by providing security and protection services.

Some of the Safety programs include Fire Retardant Clothing for workers exposed to electrical and fire hazards, GPiLEARN On-Line Safety Learning, Hazardous Communication or “Right to Know,” Safety Recognition and Safety Rule Review/Training and Driver Safety. The Safety department strives to create a culture where their customers perceive training as an essential element to their success; It also develops and implements technical skills through quality apprentice and journeyman training programs, while instilling safe work practices and personal accountability, are critical elements of the safety training.

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses

External Services: Consulting costs are incurred for compensation and benefits related studies, workforce planning, employee engagement, leadership training, and health services. HR uses contract external vendors for employment compliance and benefits program administration. Safety Services hire external speakers each year to present safety-related topics at an annual Safety Roundtable that provides safety leadership training for approximately ten percent of our employees.

Travel, Employee Expenses & Dues: Includes travel and related expenses to design and administer health, welfare, compensation, recruitment and selection, payroll, HR administration, labor relations, diversity, health services, retirement, learning, training, talent management programs, Safety related training and programs and pre-hire assessments, physicals, drug tests, and other expenses such as pre-employment background checks and driving records.

Materials & Operating Supplies: Contains expenditures related to copier expense. The Fire-Retardant Clothing program accounts for the majority of these other costs, with approximately \$140,000 spent annually.

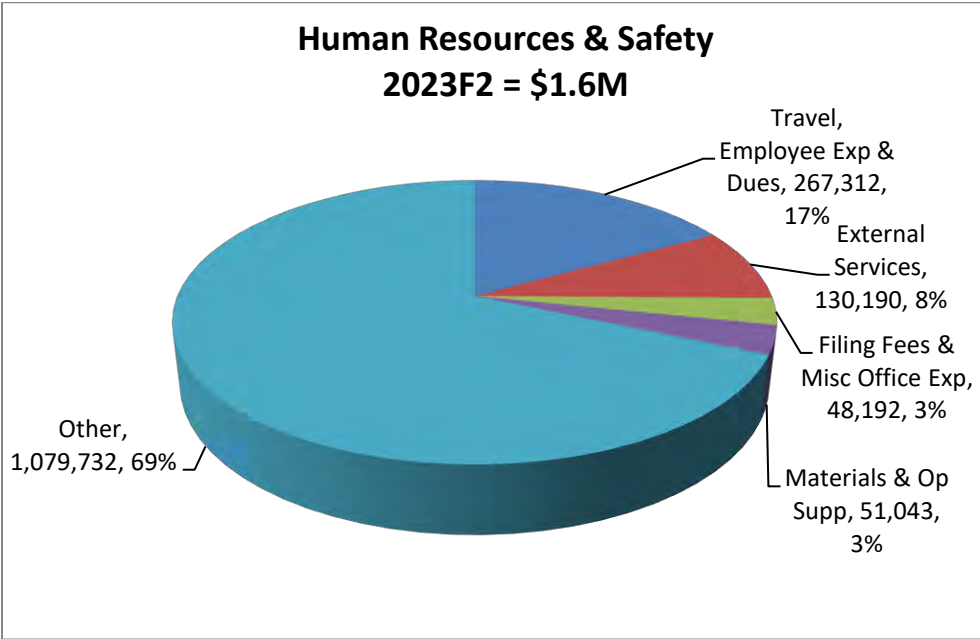
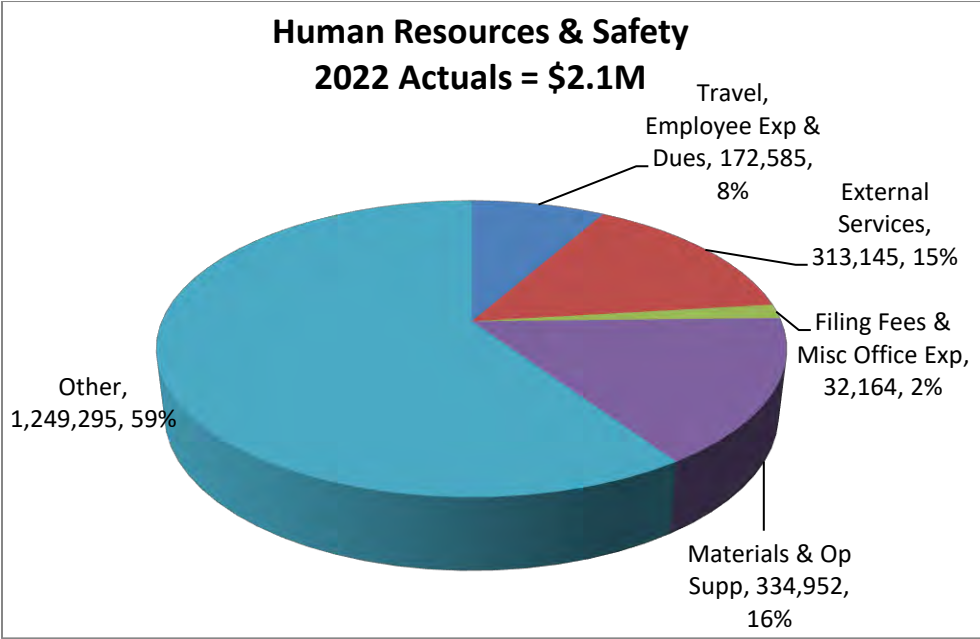
Filing Fees & Misc Office Expenses: Contains expenditures related to telephone and communication costs and filing fees. Includes miscellaneous office expenses.

Other: Includes items in support of employee benefits that are not part of the Labor Loading Process. These items include tuition reimbursement programs, annual service awards and meetings, and other employment recognition programs such as Otter Bucks and Dinner for Two certificates. Safety Services related items include training materials such as GPiLEARN (on-line learning) and SafeStart, personal protective equipment (hard hats, fall restraint belts, eye wash stations), compliance software (MSDSonline for Safety Data Sheets tracking, Industry Safe for injury and incident tracking and reporting) and other related safety items for the security of employees and assets.

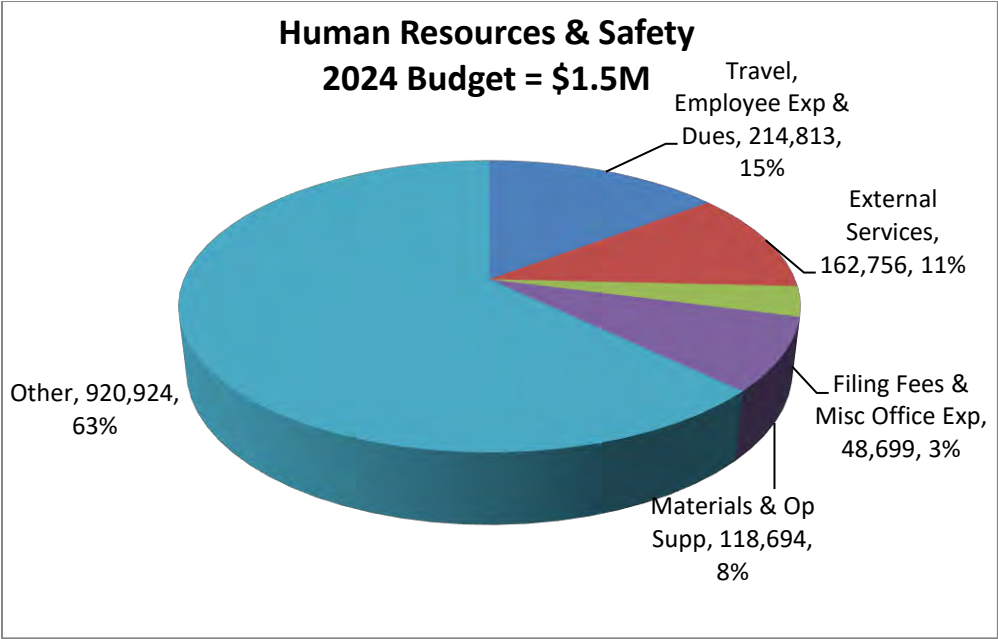
Also included are lease and rental fees as they pertain to offers of employment, filing fees, advertising costs associated with posting of jobs to employment websites and newspapers. Elementary school training supplies and other safety related programs are also included.

Other --Nonqualified Pension: Includes the cost for the Executive Survivor and Supplemental Retirement Plan (ESSRP). The ESSRP provides nonqualified defined benefit payments to executives and key management employees hired prior to September 1, 2006, and to certain key management employees who were working for OTP prior to September 1, 2006. The Plan is frozen, with no new entrants.

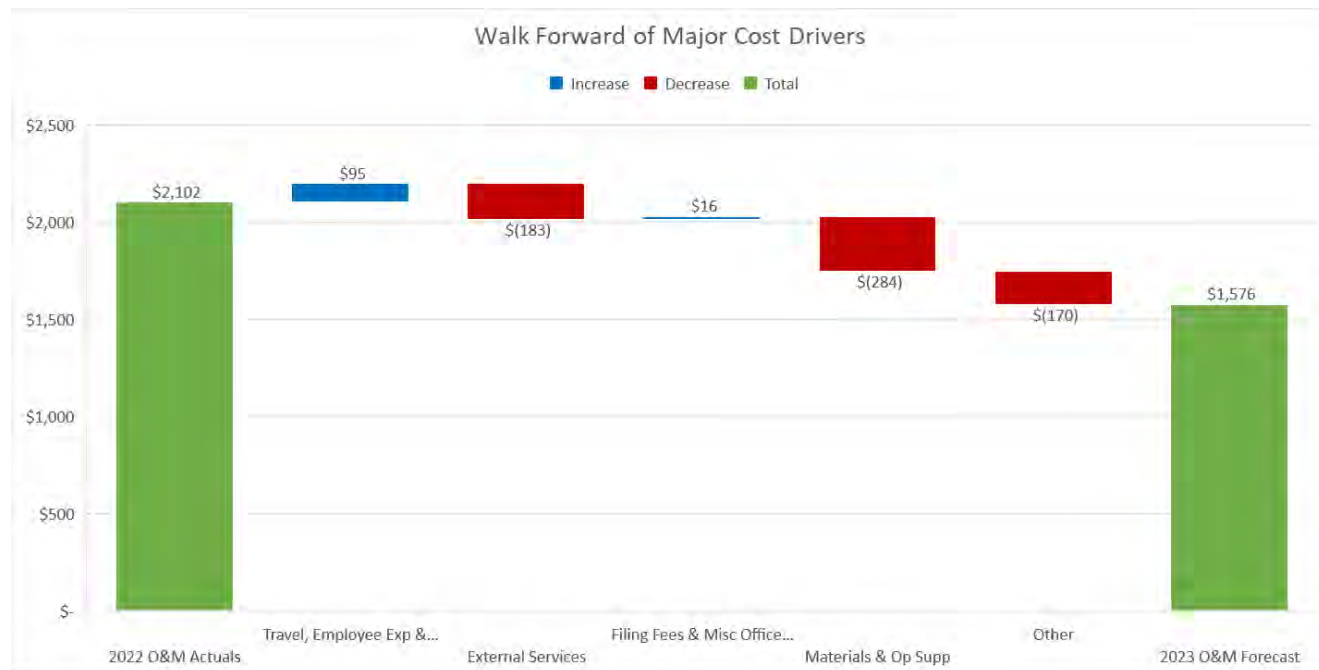
2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast Non-Labor Operations & Maintenance



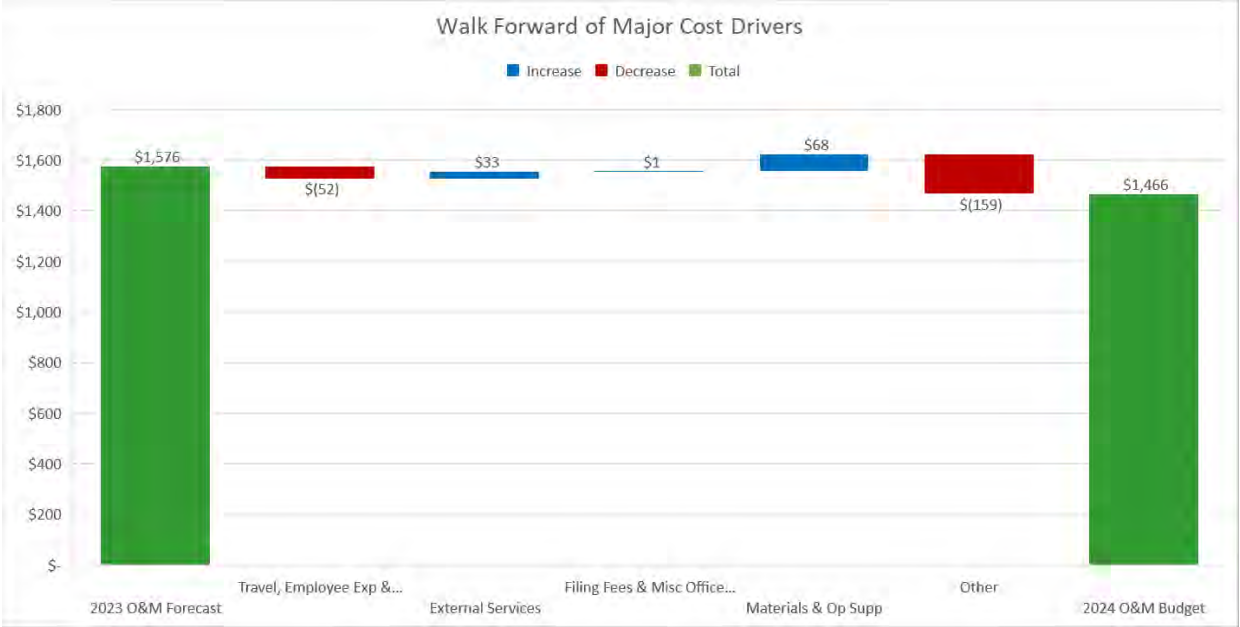
Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

External Services: Security software was removed from Safety Services to Information Technology

Materials & Operating Supplies: Additional spend for Fire retardant clothing in December of 2022.

Other: ESSRP expense decreased for 2023.

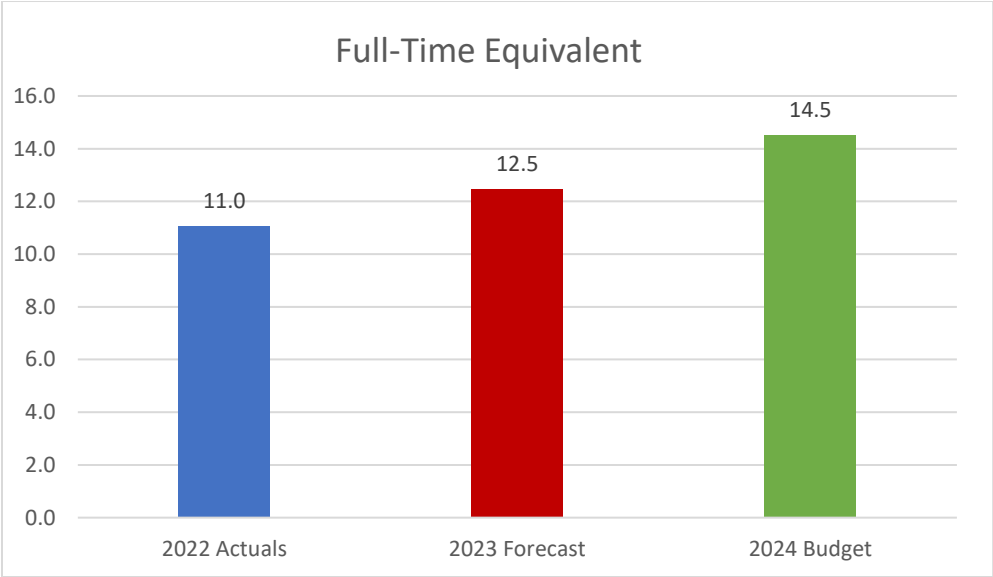
2.3 Walk of Major Cost Drivers in comparison of 2022 Forecast to 2023 Budget Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

Variations were under the threshold of \$250,000 or 10% for 2022 Actual versus 2024 Budget Forecast.

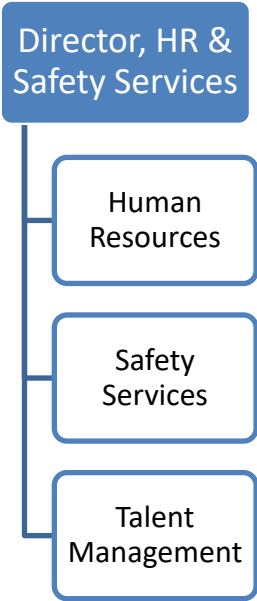
3.1 Labor



TEs: The number of FTE’s over the last two years was down due to attrition and waiting to fill roles. 2024 is slightly elevated due to backfilling for a retirement.

Section IV – Organizational Chart and Key Functions

4.0 Functional Organization Chart



Section IV – Organizational Chart and Key Functions

Human Resources

Major Functions

The Human Resources Department is centralized and focuses on management of all HR functions with individuals focused on Compensation & Benefits, Employee Recruitment and Retention, Compliance with Employment Laws and Company Policies, Employee and Labor Relations and Workers Compensation.

Key Activities

- **Compensation and Benefits**
 - Monitor and administer the compensation system to ensure equity across ranges and within roles to retain current employees and provide a marketing advantage for future and potential employees.
 - Manage and administer the total compensation package, including incentive plan compensation, to foster and encourage a system that offers a pay for performance component to promote a high level of employee performance through targeted levels of individual and company performance.
 - Oversight and administration of the health and welfare plans to assist employees in making informed choices relating to the benefits offered in these plans, maximizing the value of the plan for employees.
 - Provide accurate data entry of monthly pension payments and changes to reflect the actual obligations and choices of our retirees.
 - Management of the Job Evaluation Team ensuring that roles are properly and equitably placed within the current matrix and employees are compensated in relation to the value of the role for OTP.

- **Employee Recruitment and Retention**
 - Manage resumes and applications of potential professional hires to ensure a qualified pool of individuals to replace attrition and resignations.
 - Provide aptitude testing to provide a pool of potential future craft employees to replace attrition and resignations.
 - Maintain a presence at local educational institution career fairs to foster relations with the institutions and advertise future employment opportunities with OTP.
 - Promote and respond to requests for employment information to promote OTP as an employer of choice to interested individuals and potential new hires.
 - Work internally through the company's intranet and through external sources to provide a broad base of potential hires. The primary goal is to ensure OTP the best value for related employment marketing while attracting the highest level of candidates.

Section IV – Organizational Chart and Key Functions

- **Compliance: Employment Laws and Company Policy**
 - Review all internal and external postings and hires. Work with hiring managers and supervisors to ensure consistency and compliance with the Equal Employment Opportunity Commission (EEOC) and Affirmative Action (AA) laws.
 - Provide an annual review of the AA plan to comply with related laws and ensure an audit proof plan.
 - Collaborate with company personnel to make sure we comply with and practice activities in compliance with the Fair Labor Standards Act (FLSA).
 - Engage in and complete all required non-discrimination testing and annual filings as it relates to the Employment Retirement Income Security Act (ERISA) benefit plans.
 - Collaborate with company management to develop and maintain an accurate list of all company HR policies.
 - Promotion of employee performance evaluations to company management and review of all completed evaluations to ensure compliance with related employment law requirements.
 - Collaborate with OTP management and employees to ensure a consistent, legal application of the Family Medical Leave Act (FMLA) and company sick leave policy.
 - Oversight and management of the OTP Commercial Driver’s License (CDL) compliance program.
- **Employee and Labor Relations**
 - Provide annual meetings with employees to discuss benefits that impact active and retired employees.
 - Manage the Long-Term Disability (LTD) process to allow all parties to make informed decisions relating to current and future employment status.
 - Provide customer service to internal employees and to retirees as it relates to all HR related matters.
 - Promotion of company assisted programs such as the Employee Assistance Program (EAP) and the Employee Self-Improvement Plan.
 - Provide training and administer employee evaluations.
 - Provide Leadership Essential Training.
 - Collaborate with company management to ensure consistent administration of the Positive Discipline Program to appropriately address employee performance and behaviors as they relate to the program.
 - Maintain a strong relationship with union business managers and business representatives to ensure an expedient administration of the collective bargaining agreements to maximize productivity and minimize disruption to operations.

Section IV – Organizational Chart and Key Functions

- Provide consultation and consistent point of contact for management and union representatives to minimize the instances of debate and grievances which will limit related business disruptions.
- Facilitate and manage union negotiations and administration of collective bargaining agreements.
- **Workers Compensation**
 - OTP is self-insured for Workers Compensation in Minnesota and South Dakota and is part of the North Dakota Workforce Safety Insurance plan.
 - OTP manages Workers Compensation programs internally and provides excellent value to the Company and Customers with strong program management, keeping rates extremely low with only minimum state required retention limits needed.
 - Managed care programs including monitoring medical treatment and assisting employees and managers regarding their treatment.

Safety Services

Major Functions

Safety Services seeks to continuously improve all areas in safety performance by developing and implementing safety programs, and by providing the best safety practices across the organization. Safety Services also sustain the protection of Company employees and assets by providing security and protection services.

Key Activities

- Secure OTP's employees and assets.
- Develop and implement a contractor safety program that includes policy review, policy implementation and program development.
- Improve all areas in safety performance by implementing safety programs such as SafeStart, Safety Alerts, Near Miss, Best Operating Practices, Monthly Communications and Recognition Programs.
- Develop safety rules and best practices that are both in compliance with OSHA and other industry standards applicable to our work environments, in order to drive down risk for OTP employees, contractors and the general public.
- Identify and implement the best safety practices across the organization with help from industry peers and organization experts.
- Track and report all injuries in compliance with OSHA.
- Investigate injuries and incidents to determine root cause(s) in order to develop awareness of the hazard and prevent future incidents.

Section IV – Organizational Chart and Key Functions

Talent Management

Major Functions

The Talent Management function is accountable for workforce planning, recruiting, onboarding, career pathing, employee and leadership development and employee engagement. Through change management and continuous improvement processes, Talent Management develops influences, guides, and leads on Company efforts to attract, engage, and retain talented people who are committed to meeting our Mission, demonstrating our Values, and striving toward our Vision.

Key Activities

- Workforce planning – partnering in strategic planning or other long-term change initiatives. Creating workforce plans that support business objectives, with the right people in the right place at the right time.
- Recruiting – collaborating with business partners to understand their current and future talent needs. Develop strong relationships with area higher-learning institutions to ensure necessary talent pipelines are available and adequately prepared. Use external resources to efficiently and effectively source talent at various levels within the organization. Develop a compelling employment brand to be used both externally and internally.
- Onboarding – ensure onboarding resources are available and put into action for every new employee that starts at the organization. Ensure support functions, such as Human Resources and IT, have a strong process in place to successfully onboard a new employee. Work closely with managers to help them use appropriate onboarding resources to successfully bring the new employee into the fold.
- Career pathing/employee development – develop and implement a framework for an overall employee development strategy. Build career paths that can be utilized for management, professional and technical paths. Use Individual Development Plans as a tool to follow the employees’ steps through a particular path.
- Leadership Development – plan, develop and participate in the presentation of leadership development materials at all levels of the Company. Work with the Director – Human Resources & Safety to support the succession planning efforts within the business.
- Employee Engagement – work in conjunction with OTTR to administer and comprehend employee engagement surveys and build action plans for our company that enable OTP to be a great place to work for talented employees who want to thrive.
- Performance management – working with the Mgr – Human Resources, and managers/supervisors across the company, to support growth for current employees and the company. At times, the position will be called upon to providing coaching and counseling services for various issues.
- Performance management – working with the Mgr – Human Resources, and managers/supervisors across the company, to support growth for current employees.

Section IV – Organizational Chart and Key Functions

- Continuous improvement/organizational change management – develop and lead on strategy and processes that maximize positive employee adoption around newly created or modified business processes, systems, and technology upgrades.

HR and Safety Services departments allocate a percentage of their labor to the jointly owned plants (Big Stone Plant and Coyote Station). This percentage is calculated by using a headcount ratio of plant employees to total employees. The percentage is then allocated based on the amount of work that is performed by HR and Safety Services staff as it relates to the amount of time spent working on various HR and Safety Services matters. In addition, this same allocation percentage is applied to related benefit expenses such as any outside consulting service or charges directly benefiting the employees of these jointly owned plants.



2024 O&M Budget Documentation

Information Technology

1.1 Introduction

Otter Tail Power Company's (OTP's) Information Technology department supports OTP's mission of providing for the safe and reliable delivery of electric service to customers in Minnesota, North Dakota, and South Dakota.

The Information Technology department strives to deliver cyber-secure and valuable business solutions to the enterprise to support operational excellence. Through collaboration with our business partners, we identify and implement solutions that add value by applying technology, achieving process improvements, and increasing business intelligence. Information Technology contains the following departments: Computer Systems, Telecommunications, and IT Compliance.

1.2 Customer Value

The Information Technology Department oversees the maintenance and operations of the systems utilized by OTP. Specifically, one of the system's this area maintains is the customer billing system through which OTP ensures that the related data is secure. The systems this area oversees provide essential services so employees can concentrate on serving OTP customers and the communities in which the company operates. This area stays abreast of technological advances and recommends and implements improvements that are beneficial in ensuring accurate and reliable customer data. In addition, this area ensures that OTP's computer network and physical perimeter is secure.

Information Technology also ensures compliance requirements by designing technology solutions, implementing controls, and documenting all aspects of the NERC Compliance discipline. By properly documenting and reviewing standards and regularly updating senior management, we can ensure the intellectual safety of our facilities and data ultimately allowing us to deliver reliable energy to our customers to fulfill their electricity based needs.

Section II – Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses

Chart of Accounts

External Services: These costs include contracts for services to support Information Technology services like Help Desk and Network Infrastructure Support.

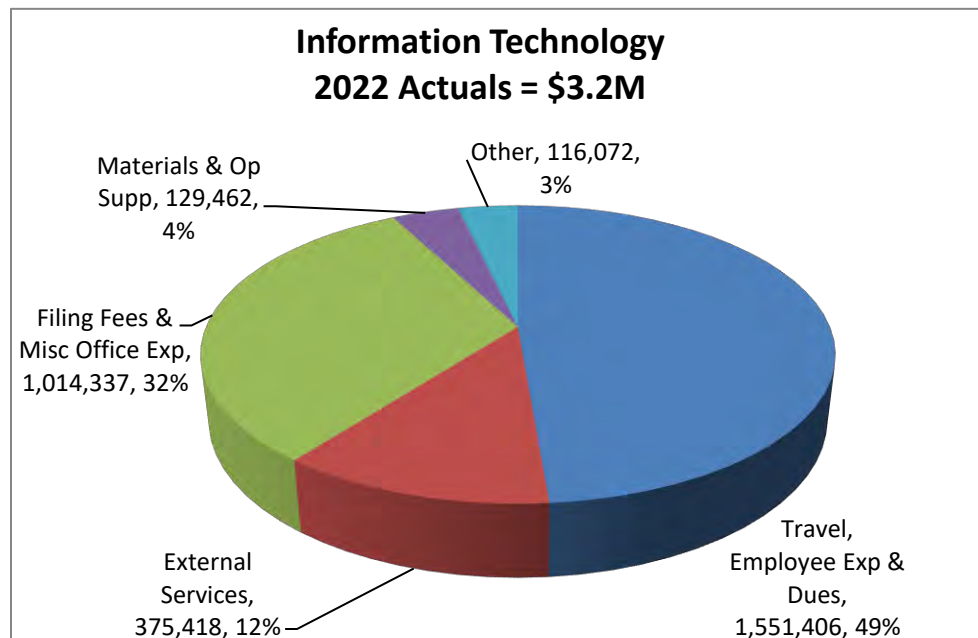
Travel, Employee Expenses & Dues: Costs associated with monthly and on-going costs for recurring services for applications and products used to support daily functions with this area. Also included are costs associated with meal and travel expenses for remote location maintenance and updating software and training for employees for meals and lodging incurred while traveling.

Materials & Operating Supplies: Expenses, such as network switches, servers, racks, , associated with the day-to-day operations for all cost centers within Information Technology.

Filing Fees & Misc Office Expenses: Includes lease circuit costs that provide connectivity to substations, plants and office locations. Also includes equipment and fees associated with maintaining and operating the two-way radio communication system, microwave, cellular and industrial networks.

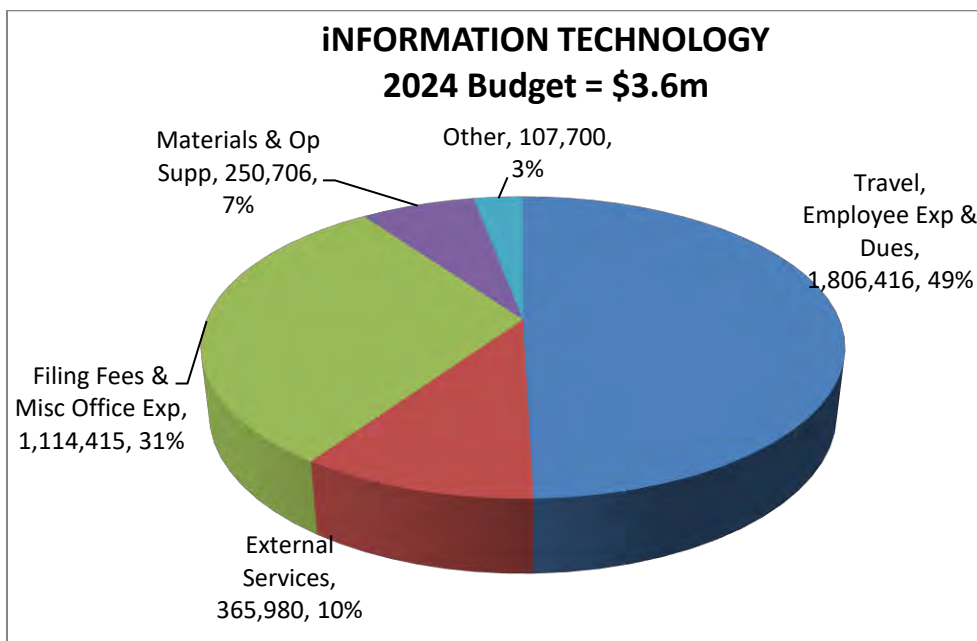
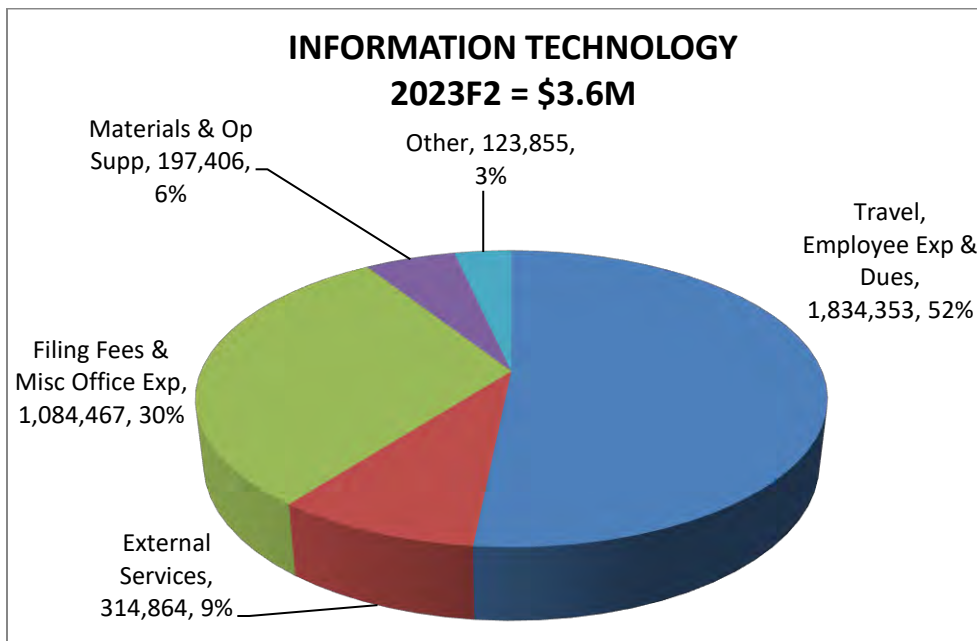
Other: Includes costs associated with buildings and grounds, miscellaneous expenses, and other employee benefits and legal fees.

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



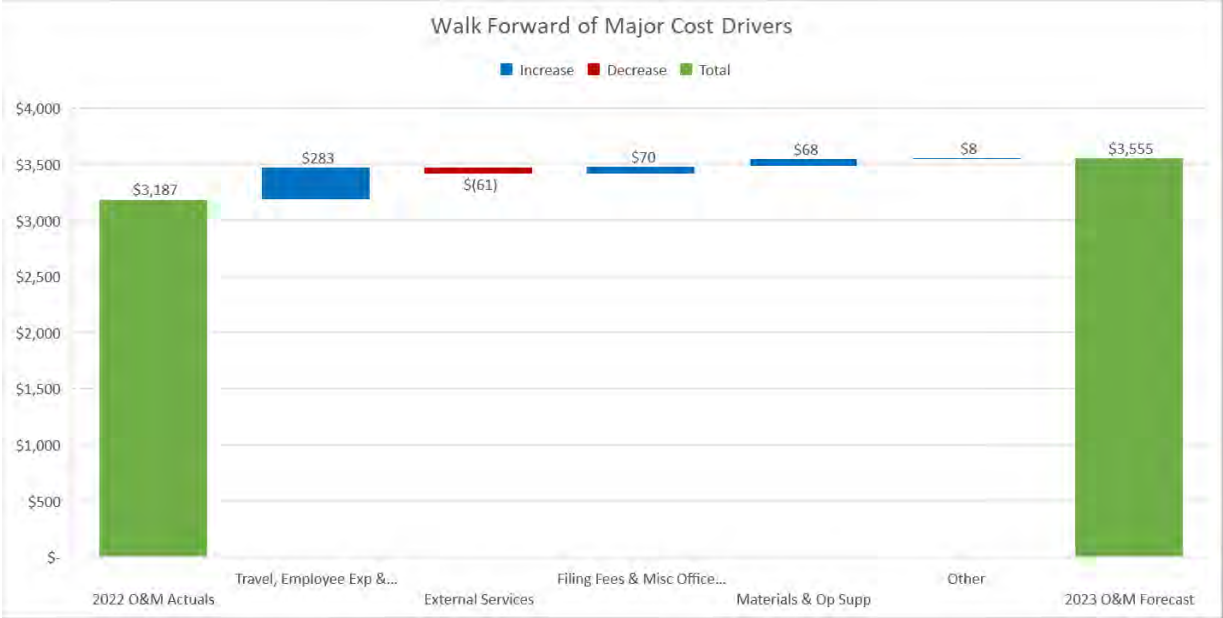
Section II – Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



Section II – Major Cost Drivers

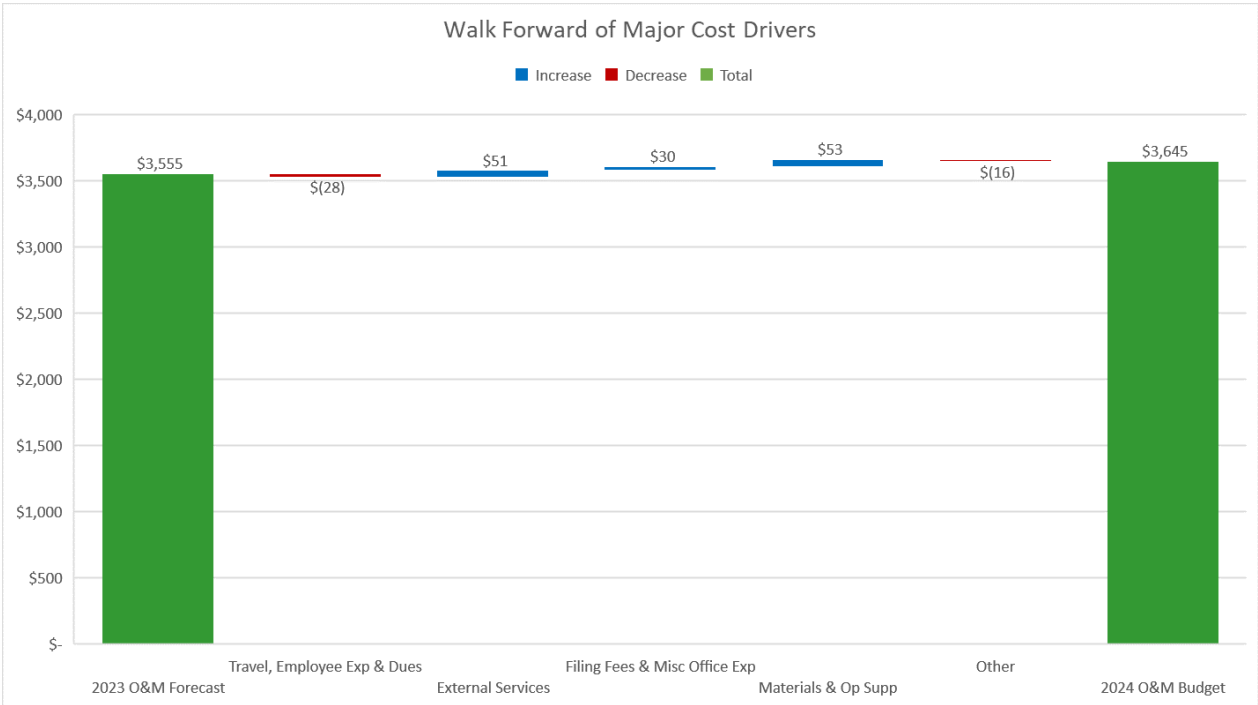
2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast Non-Labor Operations & Maintenance



Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

Travel, Employee Expenses & Dues: Increased cost in cyber security and end user software and telecommunication services offset by decreases in software maintenance subscriptions.

2.3 Walk of Major Cost Drivers in comparison of 2023 Forecast to 2024 Budget Non-Labor Operations & Maintenance

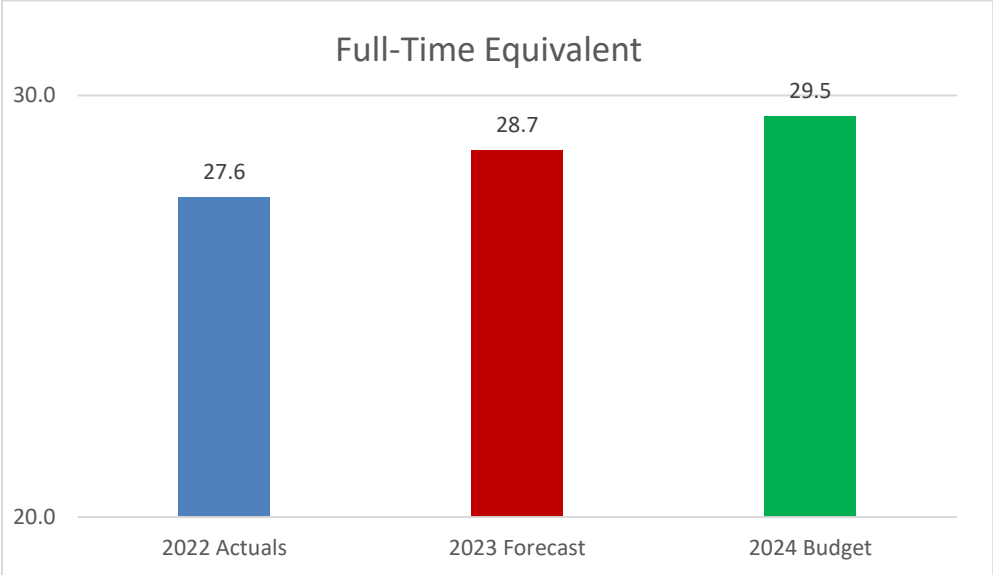


Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

Variations were under the threshold of \$250,000 or 10% for 2022 Actual versus 2024 Budget.

Section III -- Labor

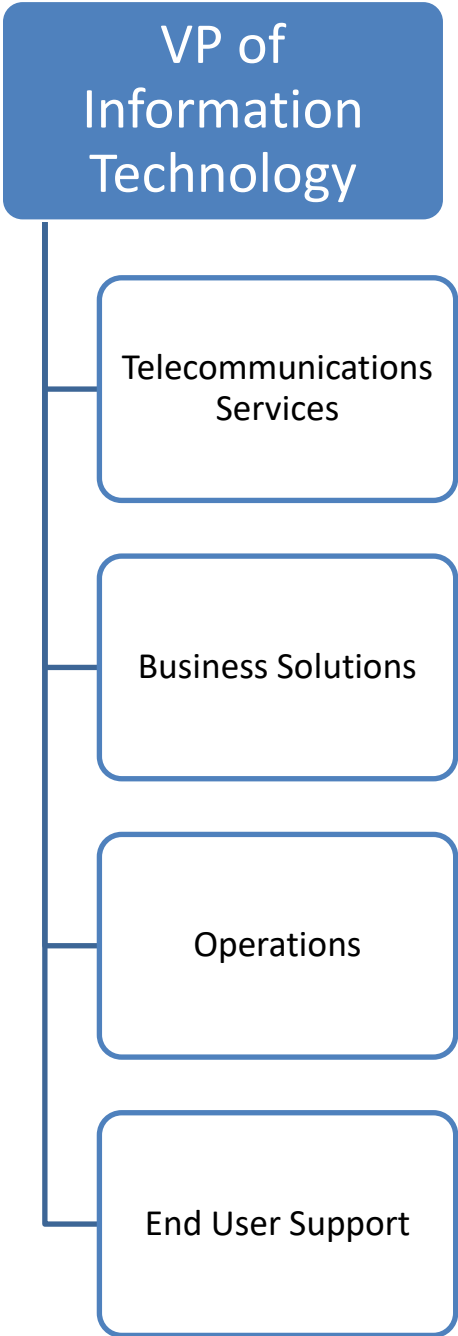
3.1 Labor



Explanations for the change in Full-Time Equivalent (FTE):

The number of FTE's over the last two years was down due to attrition and market pressures. The number of FTE's in 2024 is now reporting at a more normal FTE count.

Section IV – Organizational Chart and Key Functions



4. Major Business Functions and Key Activities

Computer Network Services

Major Functions

Computer Network Services at OTP is typically driven by two major forces. First, Legacy Systems, where end of life prompts replacing old IT Systems by purchasing new IT systems to drive operating improvements. Investing money on IT comes with a lot of hard, smart work and a disciplined structured methodology. Forecasting the benefits and tracking and implementing Organizational Change Management (OCM) are each equally as important as the successful implementation of IT. "GoLive" of new systems need to reflect the system's performance requirements and the changes in business processes that drove the IT initiative.

Second, new IT Systems can be justified when there are new business requirements and there is an available automated solution to drive a more efficient process.

Key Activities

- Ensure a Benefit/Cost or Value justification analysis is in place for all new IT Project requests. A contribution to Productivity, cost reduction is a goal for IT Green Field projects.
- Implement a utility wide team to coordinate consistent prioritization and justification of capital projects
- Develop IT asset replacement plans for buildings, office furniture, Server, Desktop, Laptop and other ancillary IT assets, utilizing diagnostic procedures, criteria for replacement, and age tracking
- Identify types of maintenance (diagnostic, predictive, repair, system patches) and prioritize use of System Specialists (people and dollars)
- Maximize the utilization of Servers by “Virtualizing”
- Move to implement the Virtual Desktop Infrastructure (VDI) to centralize the administration of Virus, Spam, Malware and other outside attacks on the Enterprise System.
- Provide timely response and concise answers to all questions related to OTP IT supported systems.
- Provide an IT Reliability that is maintained over time.

Section IV – Organizational Chart and Key Functions

Telecommunications

Major Functions

Telecommunications is focused on developing our Telecommunication, Microwave and Enterprise and Industrial Network through the maintenance of a reliable and secure communications infrastructure for all facets of the enterprise.

Key Activities

- Oversee the design and operation of systems to provide information connectivity to OTP IT systems in a secure manner with system performance KPIs as drivers
- Maintain Reliability at current levels
- Allow proper operation of employee accountabilities.
- Protects enterprise and customer data all while supporting day-to-day business functions.

IT Compliance

Major Functions

IT Compliance maintains compliance with all aspects of the NERC Compliance discipline. It implements a robust security protocol to protect enterprise and customer data all while supporting day-to-day business functions.

Key Activities

- Properly document and review all standards
- Provide updates to senior management to maintain understanding among all departments
- Self-report potential issues in a timely manner
- Manage and maintain OTP's physical and electronic records
- Coordinate the various regulatory, legal and compliance requirements that apply to records management
- Retention schedules are applied to records as appropriate.



2024 O&M Budget Documentation

Communications

Section I - Introduction and Customer Value

1.1 Introduction

Otter Tail Power Company brings light to life with reliable, affordable electricity. Our customers will keep paying less for the energy to power their homes than they would almost anywhere else in the nation, as we create a stronger, smarter energy grid and cleaner energy future.

Operating an electric utility in a large rural service area that has competing environmental, economic, and community interests can be difficult. But we've been successful at serving multi-state customers due, in part, to our being:

- Exceptional at both practical and innovative operations.
- Proactively engaged and collaborative with people who care about *who* we are and *how* and *why* we do what we do.

Communications works cross functionally to inform, inspire, calm, and connect customers, regulators, employees, shareholders, and other audiences. We partner with other business units to continue earning trust as an electric utility that does the right thing at the right time. And we take a lead role in:

- **Differentiating our company** by building brand loyalty and improving customer satisfaction.
- **Boosting employee performance** by aligning employees with company strategy and improving employee access to information.
- **Enabling leader effectiveness** by improving leader-to-stakeholder communication and partnering with company leadership to diagnose and resolve company communication breakdowns.
- **Reducing organizational risk exposure** by monitoring and managing company reputation and mitigating company crisis communications.

1.2 Customer Value

Through open and timely communication, the Communications team helps to empower the individuals, households, businesses, and communities we serve to save energy and money through energy conservation. We advise on the writing, design, and distribution of all communications that encourage it. We talk to our customers—and others who are interested in who we are and how and why we do what we do—as we would dinner guests across the table.

Providing similar customer value are our load-management programs, which allow us to curtail portions of participating customers' electrical loads during periods of high demand, high energy prices, or system maintenance. Again, we advise on the writing, design, and message distribution strategies that inform customers about money-saving options and encourage program

Section I - Introduction and Customer Value

participation. About one-third of our customers partner with us in load management—a participation rate unmatched by our peers.

We also partner with Customer Service to help ensure positive and engaging experiences around bill-payment options and outage response efforts, among a host of other customer experiences. We advise on writing, design, and message distribution to help ensure we reach customers with the information they need, when and where they need it.

Our company serves approximately 130,000 customers that live in 422 communities and rural areas throughout our 70,000-square-mile footprint. Approximately 90 percent of these communities are home to less than 1,000 people (Michigan represents a typical North Dakota town we serve with its population of approximately 260). Our century-plus success stems largely from our hometown understanding of our customers, who are our friends and neighbors. That understanding gives us the perspective we need to know *how* and *when* to best engage our customers.

Sample initiatives

- **Project communications (generation, transmission, and others):** Through public and agency meetings, Communications and project teams make a unified effort to implement processes and communications that are as transparent as legally permissible. We develop and implement comprehensive public and stakeholder relations strategies that reach our audiences where they are to help to simplify processes and encourage open participation.
- **Advertising and marketing:** To help ensure safe, reliable, and affordable electric service, we partner with our Retail Energy Solutions team to provide customers with information about using electricity wisely. Our website (otpc.com), bill inserts, newsletters, news releases, advertisements, and related tactics emphasize energy conservation, load management, and safety.
- **Employee communications:** We develop and implement companywide internal communication strategies and plans that drive employees' understanding of company priorities and key initiatives. Because employees are the foundation of quality service and customer satisfaction, we help ensure they know about and understand our company's goals, objectives, plans, and directions, which include top-notch customer service.
- **Company Foundation:** We manage our company's portfolio of generously giving to and actively engaging in our communities. We focus our charitable giving and volunteer efforts to connect with our rural communities to support young minds, invest in our current and future workforce, create vibrant culture and vital communities, improve health and human services, and protect our natural resources. While we provide support to a broad array of activities and organizations, we focus our resources on the rural communities we serve.
- **Sustainability report:** We publish a Sustainability Report (otpsustainability.com) prepared with reference to Global Reporting Initiative (GRI) Standards, Sustainability

Section I - Introduction and Customer Value

Accounting Standards Board (SASB), and Taskforce for Climate-Related Financial Disclosure (TCFD) frameworks. We've also included Edison Electric Institute's ESG/Sustainability quantitative metrics. This report tell our ongoing story of commitment to environmental, community, and economic responsibility. We're driven to do the right things—with every bolt we fasten, every mile we drive, and every kilowatt-hour we generate—and these reports publicly affirm our promise to ensure that the behaviors and values that have guided us for more than a century continue to do so.

Section II – Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses

Chart of Accounts

External services: Includes costs associated with external partners who provide the additional expertise and/or human resources that we don't have in-house. Creation of advertising and program promotions: includes expenses associated with broad public sharing of information about safety, conservation, load management, community engagement, and more.

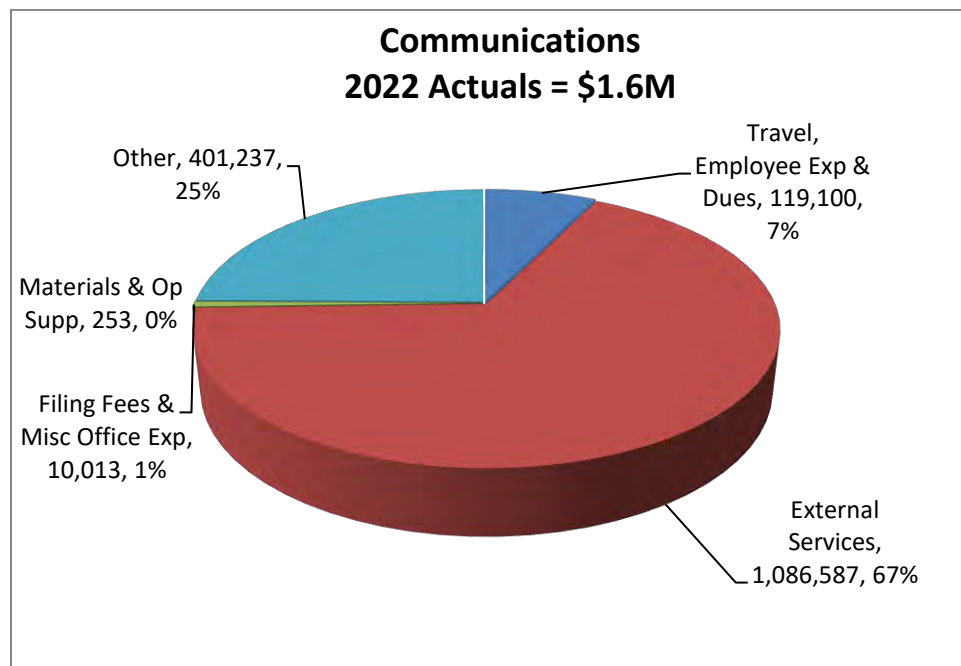
Travel, Employee Expenses & Dues: Includes the services we use to manage communication planning, the website (otpc.com), and donation and volunteerism opportunities and commitments. Also included are costs associated with employee expense and travel expenses.

Materials & Operating Supplies: Contains expenditures related to photo and video production (batteries, SD cards, etc) and copier/printer..

Filing Fees & Misc Office Expenses: Includes expenditures related to telephone and communication and filing fees.

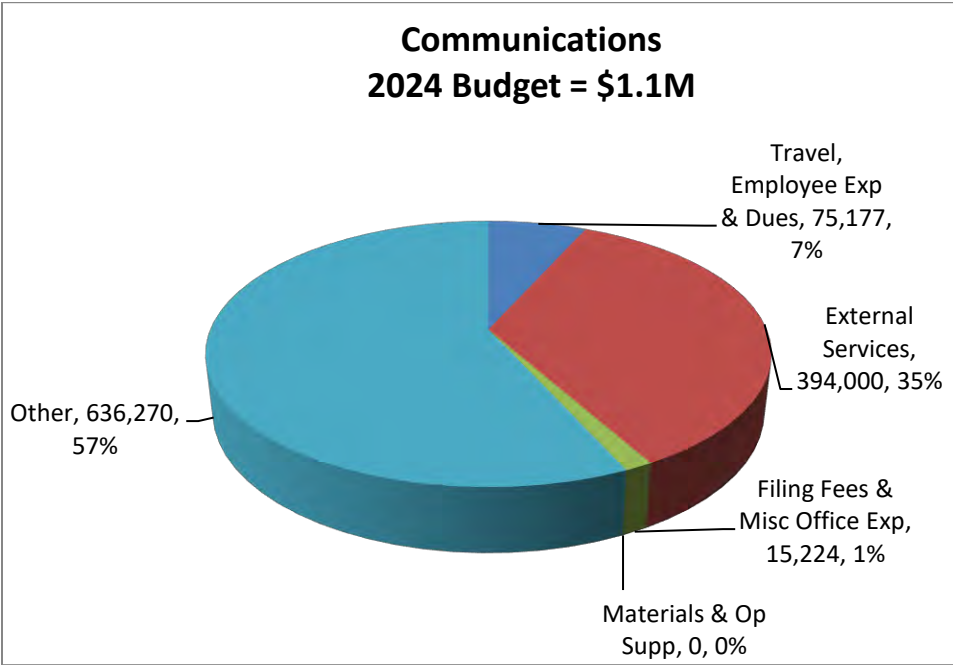
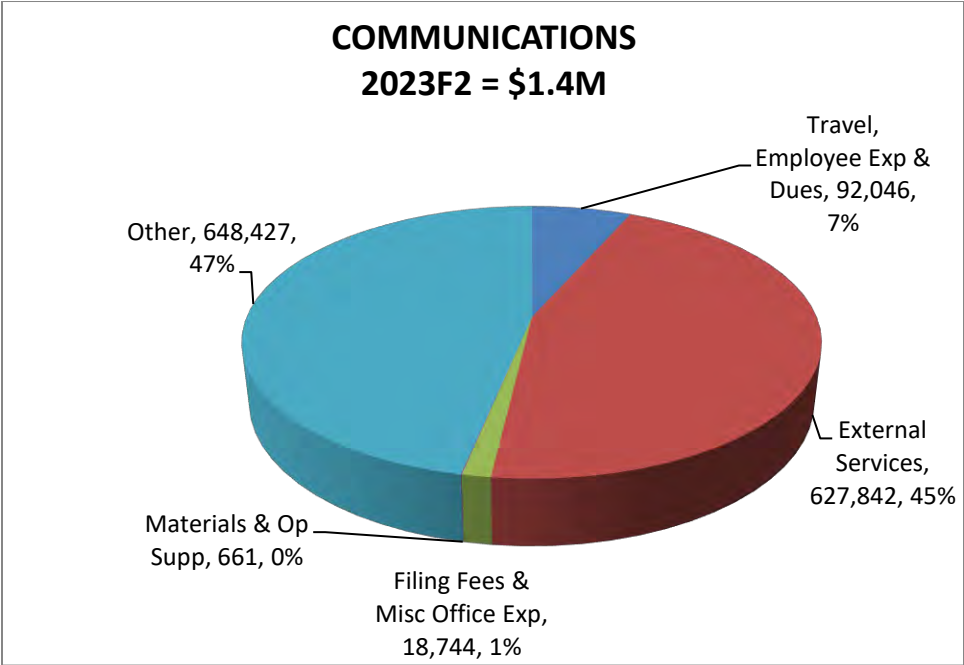
Other: Placement of advertising: includes digital, print, radio, and TV ads, and other miscellaneous costs not listed above.

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



Section II – Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses



Section II – Major Cost Drivers

2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast



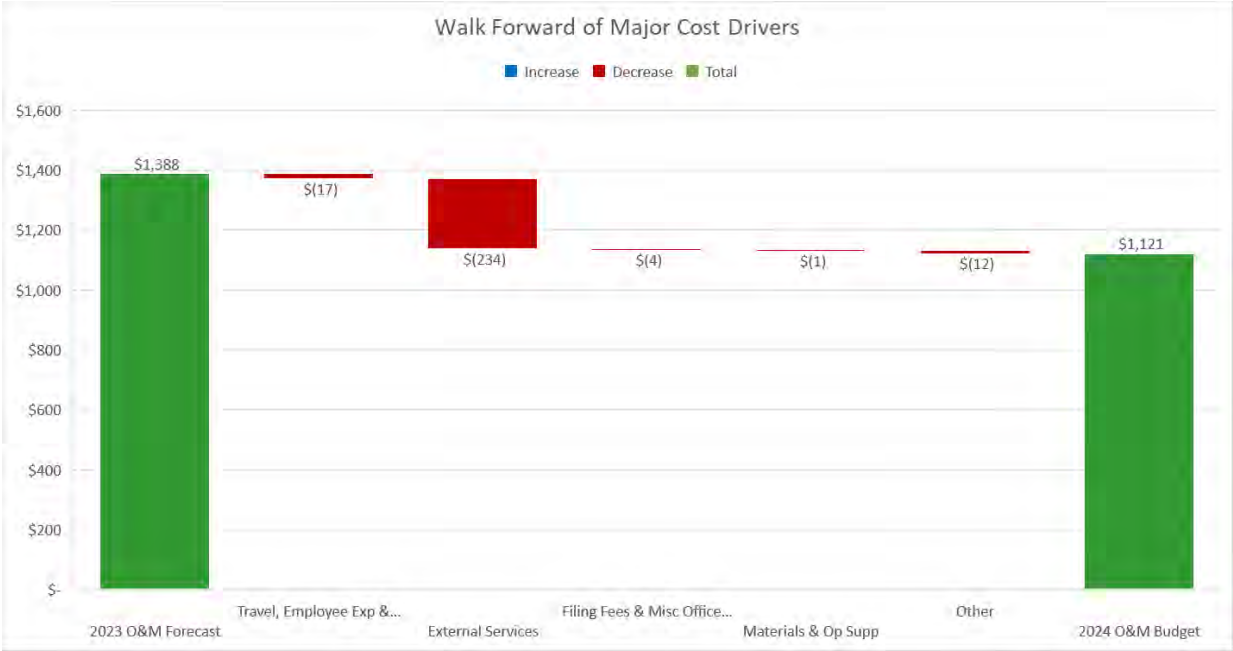
Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

External Services: Reduced work with Shelton Group in 2023.

Other: Increased advertising expense and added materials for Employee Experience Initiative.

Section II – Major Cost Drivers

2.3 Walk of Major Cost Drivers in comparison of 2023 Forecast to 2024 Budget Non-Labor Operations & Maintenance

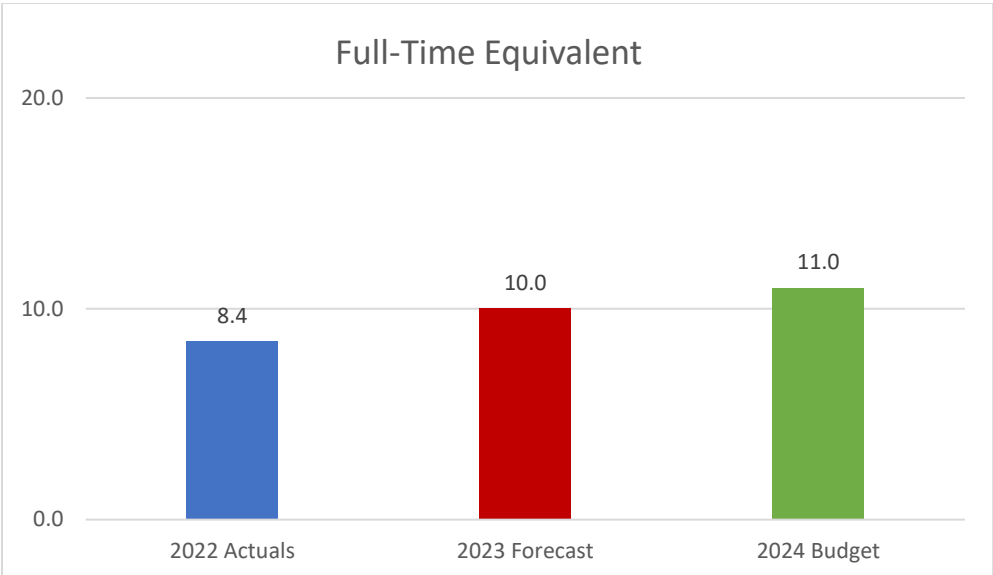


Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

External Services: Reduced monthly retainer for Clockwork and no new creative with Thicket in 2024.

Section III – Labor

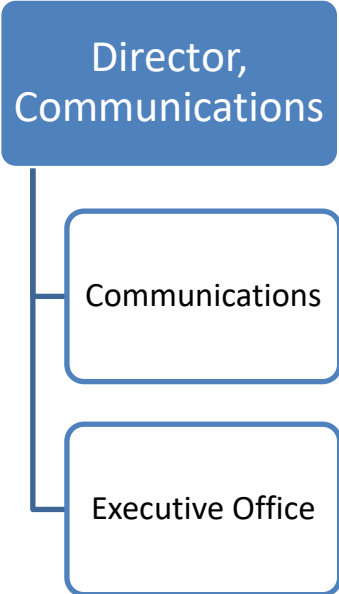
3.1 Full-Time Equivalent (FTE) by Year for Communications



Explanations for the change in Full-Time Equivalent (FTE):

The number of FTE’s over the last two years was down due to attrition and market pressures. The number of FTE’s in 2024 is now reporting at a more typical FTE count.

Section IV -- Functional Organization Chart and Key Functions



Section IV -- Functional Organization Chart and Key Functions

Communications

Major Functions

Our Communications team researches, develops, implements, and analyzes an integrated and comprehensive communication strategy that helps drive company and corporate success. We ensure communication is timely and easy to understand—helping to meet customer satisfaction as well as conservation, load-management, and program-enrollment goals and to protect the company's and the corporation's brands. We transform culture through people, delivering the right message to the right people at the right time.

Key Activities

- Proactively engage and collaborate with people who care about *who* we are and *how* and *why* we do what we do.
- Advise on marketing and customer service tactics, working cross-functionally with the Retail Energy Solutions, Customer Service, and Print Shop Departments, as well as external vendors.
- Lead communications strategy for company initiatives, including generation and transmission projects.
- Develop and implement internal communications strategies and plans.
- Advise on and develop brand-related writing, editing, and channel expertise (including otpeco.com and social media).
- Help ensure a safe workplace.

Executive Office

Major Functions

Our Executive Office, which includes our Assistant to the President and three Executive Assistants, researches, outlines, monitors, and provides coaching on clear roles and accountabilities for an effective and efficient administrative professionals discipline across our company.

Key Activities

- Identify, monitor, and control standard administrative operating procedures with efficient and consistent work products and communication protocol.
- Coordinate and facilitate peer collaboration, knowledge sharing, professional development, and internal professional networking.
- Provide strong administrative support (and value-add direction) for the executive team.
- Advocate for information governance and adherence, including coaching for executives and managers.



2024 O&M Budget Documentation

Corporate Services

Section I - Introduction and Customer Value

1.1 Introduction

Otter Tail Corporation (Corporate or OTC) is a holding company and is publicly traded on NASDAQ. In 2009, the company re-organized into a holding company and Otter Tail Power Company (OTP) became a wholly-owned subsidiary of OTC. At the holding company level, services are provided to all subsidiaries of the organization and are staffed by approximately 50 employees on average. Except for the President of OTP, all Officers of the Corporation are employed by OTC. The Officer team consists of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the General Counsel, the President of Varistar, the President of OTP, and the Vice President of Human Resources.

The primary focus of Corporate is to ensure the organization is living its values and mission statement and to set the overall vision for the organization. Corporate does this by working with each of its operating companies to grow their business, to achieve operational excellence, and to develop our employees.

Services performed by Corporate include Board of Directors and governance-related matters, strategic planning, external financial reporting, tax reporting, audit and business risk management, financial planning, treasury, traditional risk management, corporate-related legal matters, investor relations, shareholder services and Human Resource services.

The remainder of this documentation describes Corporate services provided to OTP and the related costs.

1.2 Customer Value

Corporate's strategic planning is essential to the long-term well-being of OTP. Corporate brings value to OTP customers by ensuring that the organization maintains its ability to effectively finance the necessary capital to build and maintain infrastructure to serve OTP's customers. Corporate provides services in representing OTP in dealings with creditors who provide funding through bonds, and shareholders who provide funding through buying stock in Otter Tail Corporation. Corporate also maintains the company's good standing with the Securities and Exchange Commission, with Rating Agencies, and with Financial Institutions.

Section II – Major Cost Drivers

2.1 Breakdown of Non-Labor Operations and Maintenance Expenses in Corporate Services

Labor: Labor includes the costs for Corporate employees that provide services to OTP along with any short-term incentive compensation received based on targets set by the Board of Directors. Labor is directly assigned or allocated. Directly assigned labor is maintained through timesheets by Corporate employees each week as they directly assign their labor to OTP for OTP specific work performed. Any Corporate labor costs that aren't directly assigned get allocated to OTP via indirect allocators or the general allocator.

Dues & Subscriptions: These costs include dues and subscriptions for various publications and membership fees. In addition, OTP's allocated share of Corporate's computer maintenance agreements and general insurance are recorded in this category via the allocator related to the specific department being charged.

Contract Services: These costs are OTP's allocated share of all other external service providers who Corporate contracts with to provide needed services across the functions performed at Corporate. Contract services can include services such as outside valuation firms, rating agency fees, shareholder proxy services, and others. All contract services are allocated via the specific department allocator or general allocator, unless related to a project specific to OTP.

Professional Services: The costs for these services are mainly associated with two services - fees paid to external independent accountants and legal fees. The audit fees are billed directly to OTC, then are allocated to OTP based on budgeted audit hours (direct assigned), and OTC related audit work (indirect allocation). Amounts paid to external independent accountants relate to audit and tax services. Certain income tax related consulting fees and legal fees associated with matters concerning OTP are directly paid by OTP. Any remaining accounting fees and legal fees associated with corporate matters for items such as compensation plans, matters concerning the Board of Directors, and SEC filings are allocated to OTP via the general allocator.

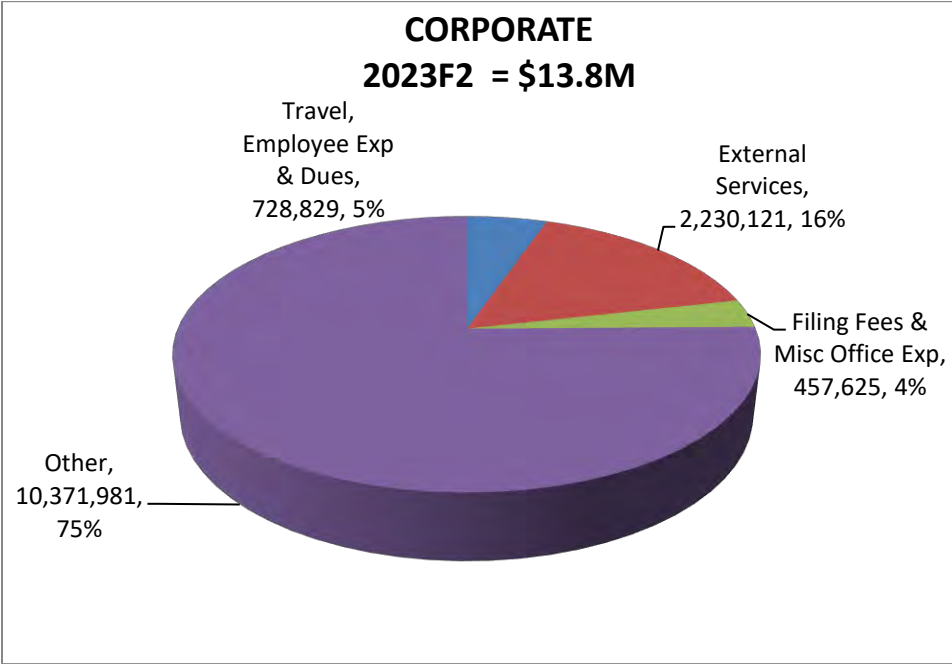
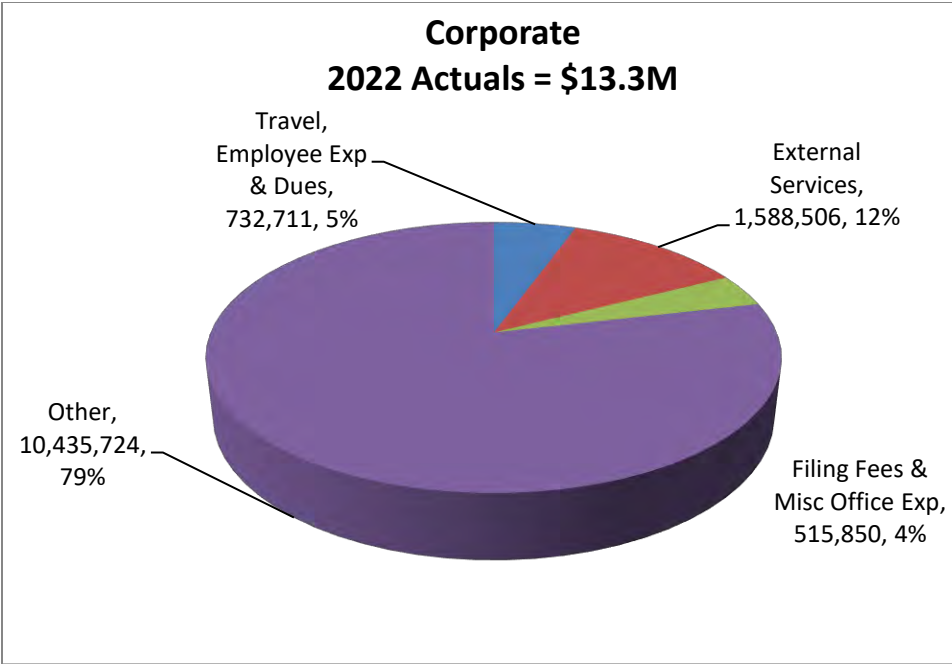
Office Expenses: Office supplies, bank charges, license fees, equipment leases, building lease, building maintenance, and software maintenance fees are all included in this category of expense.

Employee Benefits: The costs in this account are associated with the stock incentive plans provided to key employees. This includes amortization of Restricted Stock, Restricted Stock Units, and Performance Shares.

Other: Includes costs associated with employee expense, telephone, advertising, and other miscellaneous costs. The bulk of these costs are Board of Director retainers.

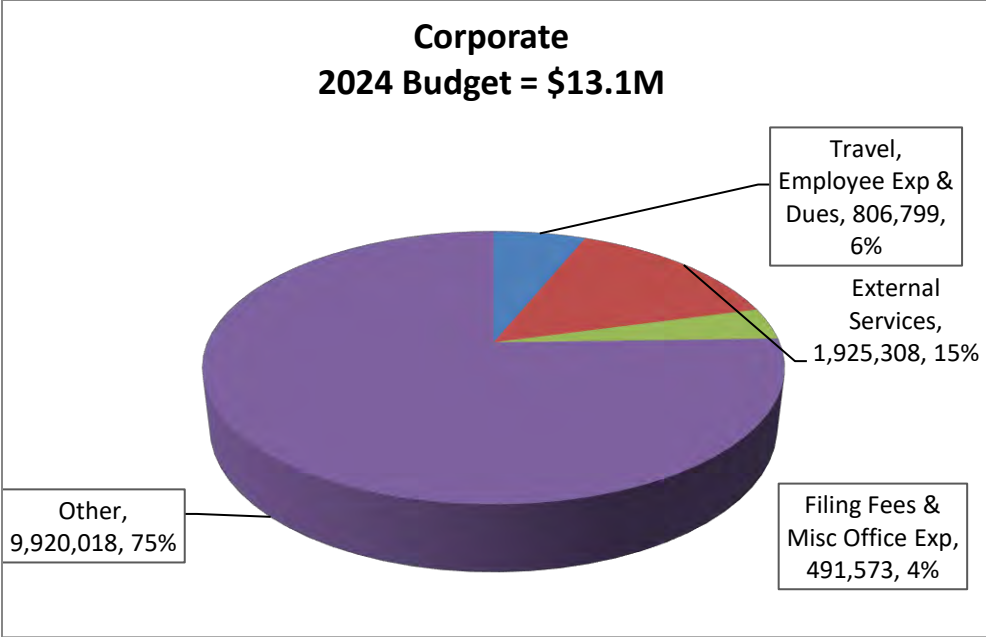
Section II – Major Cost Drivers

2.1 Breakdown of Operations and Maintenance Expenses in Corporate Services



Section II – Major Cost Drivers

2.1 Breakdown of Operations and Maintenance Expenses in Corporate Services



Section II – Major Cost Drivers

2.2 Walk of Major Cost Drivers in comparison of 2022 Actuals to 2023 Forecast
Operations and Maintenance



Explanations for the major cost drivers for 2022 Actual versus 2023 Forecast:

External Services: The increase is mainly due to increased consulting fees.

Section II – Major Cost Drivers

2.3 Walk of Major Cost Drivers in comparison of 2023 Forecast to 2024 Budget
Operations and Maintenance

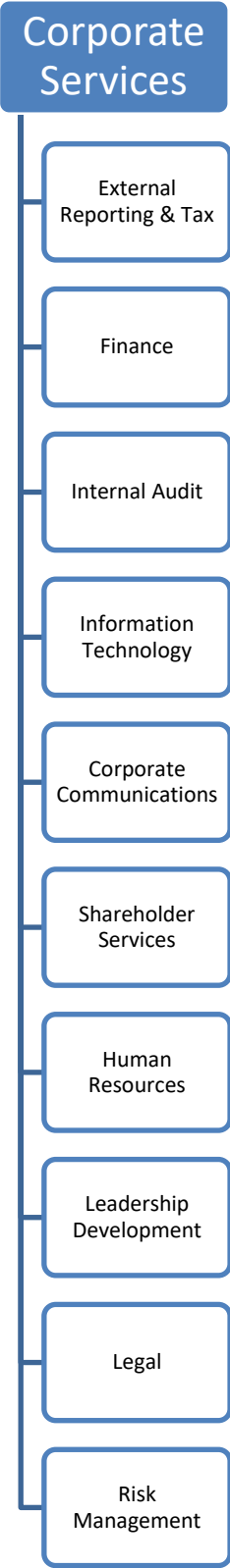


Explanations for the major cost drivers for 2023 Forecast versus 2024 Budget:

External Services: The increase in 2022 is not expected to be duplicated in 2023.

Other: Decrease in Employee Benefits (stock compensation above target for 2023).

Section III – Functional Organization Chart



Section IV – Major Business Functions & Key Activities

External Reporting & Tax

Major Functions

The primary function of the External Reporting and Tax area is to prepare accurate consolidated financial results of the Corporation for shareholders and for SEC and tax reporting. The reports prepared are necessary to obtain the appropriate funding needed by OTP for its major construction projects.

Key Activities

- Complete the 10-Q and 10-K for SEC reporting compliance
- Management Reporting
- Accurately record transactions
- Maintain and perform allocations between Corporate and OTP
- Prepare federal and state income tax returns
- Consult with OTP

Finance

Major Functions

Finance is responsible for coordinating and consolidating the financial forecasts of the Corporation. Corporate also has a centralized treasury function that has the responsibility for overall corporate financing functions as well as cash management.

Key Activities

- Consolidate financial forecasts
- Maintain the software used for budgeting and consolidation purposes
- Collaborate with OTP to review their monthly results
- Conduct goodwill testing when necessary
- Perform financial and enterprise value analysis as needed
- Lender relationship management for all of OTP's debt instruments, including responsibility for interest payments on OTP's debt and covenant compliance.
- Access the equity and debt markets to raise funds for OTP. The scope includes: negotiating pricing, terms and optimal agreements, as well as ongoing monitoring of the debt and equity markets.
- Monitor and maintain an optimal capital structure
- Oversee lease agreements and negotiate lease arrangements.
- Chairs the Investment Sub-Committee that is responsible for overseeing the pension plan investments.

Section IV – Major Business Functions & Key Activities

Internal Audit

Major Functions

The primary function of Internal Audit is performing strategic, financial, compliance and consulting projects. Internal Audit accomplishes its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

Key Activities

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risk or control concerns identified by management
- Establish an adequate balance of financial, operational, regulatory and strategic auditing according to the organizational needs that support strategic objectives.
- Evaluate the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Assess the effectiveness and efficiency of organizational resources and recommend process and system improvements.
- Follow up on project findings and recommendations until open issues are cleared.
- Issue periodic reports to the Audit Committee and senior management summarizing the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.

Information Technology

Major Functions

The primary function of IT is to manage and support long term planning, direction and organization of enterprise IT services. In addition, this area supports the Corporate office's computers, networks, software, and telephonic components.

Section IV – Major Business Functions & Key Activities

Key Activities

- Determine the systems and applications appropriate for corporation.
- Perform maintenance and patches on networks and software
- Management of the Microsoft Enterprise Agreement, Gartner Agreement and Antivirus Software agreements for entire organization.
- Supports corporate workstations, networks server infrastructure, phone system, software and company-owned mobile devices.
- Responsible for review of cyber security issues across the organization.
- Provide training for cyber security
- VP of Information Technology is on the Steering Committee for the implementation of the new customer information services project
- VP of Information Technology will lead the enterprise centralization strategy

Corporate Communications

Major Functions

The primary function of Corporate Communications is to communicate the Corporation's strategic plan inside and outside OTP, along with providing consistent and clear communication to all stakeholders including shareholders and employees.

Key activities

- Act as a spokesperson in relations with media and the public
- Maintain the Corporation's website
- Publish quarterly press releases
- Coordinate the preparation of the annual report

Shareholder Services

Major Functions

The primary function of Shareholder Services is to perform the various services on behalf of shareholders and manage investor relations.

Key Activities

- Plan and attend investor fairs
- Maintain shareholder records
- Manage transfer agent and activities
- Plan the annual shareholder meeting

Section IV – Major Business Functions & Key Activities

Human Resources

Major Functions

The primary function of Human Resources is to oversee and consult on all HR, leadership development and benefit-related matters across the organization and to establish and maintain policies related to executive compensation, employment and benefits of corporate employees.

Key Activities

- System administrator duties for the UltiPro Software, which is a comprehensive HR management system used by OTP and all operating companies. Establish and maintain policies related to employment, incentive comp, benefits and executive compensation, including various stock-based compensation programs
- Search for candidates for upper-level management positions
- Plan and facilitate leadership training
- Interacts with the Board of Directors' compensation committee in the review and approval of executive compensation and benefits
- Assist in the completion of the annual proxy statement with Legal and Shareholder Services for filing with the SEC

Leadership Development

Major Functions

The primary function of Leadership Development is to oversee and consult on succession planning, employee engagement, leadership development and inclusion and diversity related efforts across the organization.

Key Activities

- Project manage the succession planning process; create and assist with development plans
- Project manage the employee engagement survey, report on results, action key drivers of engagement
- Plan and facilitate leadership development training at all levels across the organization
- Establish and assist with enterprise-wide inclusion and diversity efforts; equip our organizations with tools and resources to drive action plans

Section IV – Major Business Functions & Key Activities

Legal

Major Functions

The primary function of Legal is to handle legal matters associated with the operations of a publicly held Corporation. This includes matters pertaining to the Board of Directors, SEC filings, Officer-related matters, benefit plans, and other Corporate-related matters.

Key Activities

- Review contracts with third parties along with any other matter needing legal review or input
- Coordinate Board of Director meetings
- Maintain minutes for all Board-related meetings
- Coordinate litigation
- Coordinate completion of annual proxy statement with Human Resources and Shareholder Services for filing with the SEC

Risk Management

Major Functions

The primary function of Risk Management is to assist operating companies with assessing and managing risk of loss, implementing loss-control strategies, managing loss claims, and identifying and documenting environmental conditions of OTP.

Key Activities

- Manage the consolidated insurance program including property, casualty, D&O, excess general liability, crime, and fiduciary
- Manage the captive insurance program for casualty insurance (the self-retention layer of commercial casualty)
- Act as liaison between insurance carriers and OTP on recommendations of loss-control measures
- Manage loss claims along with our third-party claims management party

Section V – Cost Allocation Methodologies

The following documentation is from the Corporate Cost Allocation Procedures document and describes the way that Corporate costs are allocated to the operating companies.

Corporate identifies costs in three categories: 1) directly assignable costs, 2) indirect costs that are allocated on a department or functional allocation factor, and 3) general costs that are allocated using a general allocation factor.

Directly assignable costs are those costs where the purpose behind the costs can be attributed to a specific operating company. If there is a forecasted cost which is specifically for OTP, then it will be directly assigned in the forecast/budget.

The five allocation factors developed are as follows:

- General Allocator
- IT Allocator
- HR Allocator
- RM Allocator
- Internal Audit Allocator

Corporate employees track their time each pay period and based on how their time is distributed between operating companies, labor and benefit costs are allocated accordingly. For budget/forecast purposes, each employee's time allocation over the previous 12 months is used to allocate their respective salary and benefit costs.

Non-labor O&M in the budget/forecast is allocated using the same allocation factors as mentioned previously. The allocations factors for the current year are based on actual results from the prior year. Since the budget is prepared before actual results are available, the allocation factors for the following year are estimated using the nine months of actual data and three months of forecasted data.



Accounting Transactions Cost Center 0960

Cost Center 0960 is used as an administrative tracking cost center for multiple overhead loading adjustments and accounting assignments that either support overall company operations or are not assigned elsewhere.

Credits

Credits of various types are the result of accounting transfers from one cost center to another, generally for the purpose of charging the correct FERC account. Typically, the debit side of the journal entry is controlled and the responsibility of an operating area or construction project. The Credit side of the entry, if not posted to a single cost center, i.e., 0960, can be very confusing to managers. Therefore, the credit side of these entries is accumulated in a single cost center to reduce confusion and facilitate better control over the charged accounts. Credits in Cost Center 0960 are as follows:

Loading for Joint Large Transmission projects

Jointly owned Large Transmission projects have a labor loading component as agreed upon as part of the operating agreements. This represents the allocation of administration and general expenses as a percentage of total company O&M salaries and wages which is charged to all labor charges and applied to a Large Transmission project.

Loading for Joint Operations of Big Stone Plant and Coyote Station

Jointly owned power plants have labor loadings as part of the operating agreement. This represents the administration loading to all labor charged to jointly owned plants, not originating from the plant cost center.

Administrative and General Transfers to Capital work

There is an administration loading for all capital work, excluding jointly owned plants. Charges are made to each work-order, and the credit is posted to Cost Center 0960.

Loadings for Below-the-line Projects

Below-the-line Projects are accounted for as non-utility and require a loading to reduce the cost to above-the-line Utility operations.

Loadings for Billings to Others

On occasion, OTP will bill for work performed for others. When this occurs, there is a labor administrative loading component applied to the bill.

Vehicle Use

When a vehicle is utilized, the charge to the appropriate expense or capital project follows the cost center that has used the vehicle. The vehicle use credit is posted to Cost Center 0960.

Warehouse Clearing / Loading

Materials in warehouse inventory are charged to the user's Cost Center and the correct FERC account, whereas the credit for their use is posted to Cost Center 0960.

Meter Installation Capitalization

The costs to install a meter are capitalized (charged) to meter inventory when it is purchased. The corresponding credit is posted to Cost Center 0960.

Computer Installation Costs

The costs to install computers are capitalized (charged) to computer capital FERC accounts when it is unitized. The credit is posted to Cost Center 0960.

Other Charges (Debits)

Other charges also appear in this cost center for expenses to support the entire company yet are not the responsibility of any one Cost Center manager.

- Annual incentive payments to all employees
- Annual year end payroll and expense accruals
- Annual bad debt provision
- Annual insurance policy expense
- Other miscellaneous accruals and charges not the responsibility of any single Cost Center manager.



O&M Summary Reports

OTP presents three Summary Reports for two time periods to provide an overview of our operating and maintenance (O&M) costs within the Summary Reports portion of Volume 5, Budget Documentation.

Summary Report #1a, 1b and 1c – shows O&M costs by FERC Sub-Function for 2022 Actuals versus 2023 Forecast, 2023 Forecast versus 2024 Budget and 2024 Budget to 2024 Test Year data.

Summary Report #2a and 2b – shows O&M costs by FERC Account for 2022 Actuals versus 2024 Budget data as well as 2023 Forecast versus 2024 Budget data.

Summary Report #3a and 3b – shows O&M costs by Sub-Account for 2022 Actuals versus 2024 Budget data as well as 2023 Forecast versus 2024 Budget data.

Summary Report #1a
O&M's by FERC Sub-Function
2022 Actuals versus 2023 Forecast

	2022 Actual	2023 Forecast	Variance	% Variance
Production				
Steam	\$ 70,326,334	\$ 62,730,140	\$ (7,596,194)	-11%
Wind	8,450,991	10,817,400	2,366,409	28%
Hydro	407,282	296,347	(110,935)	-27%
Solar	14,424	262,000	247,576	1716%
Other IC *	24,644,907	15,082,658	(9,562,249)	-39%
Total Power Production	\$ 103,843,938	\$ 89,188,545	\$ (14,655,393)	-14%
Transmission	36,676,862	33,748,845	\$ (2,928,017)	-8%
Regional Market Expenses	800,367	1,065,740	\$ 265,373	33%
Distribution	17,303,681	16,933,996	\$ (369,685)	-2%
Customer Accounts	14,027,785	15,247,193	\$ 1,219,408	9%
Customer Service	10,866,633	12,324,489	\$ 1,457,856	13%
Sales	590,374	822,828	\$ 232,454	39%
Administrative & General	58,595,486	56,923,325	\$ (1,672,161)	-3%
Total O&M	\$ 242,705,126	\$ 226,254,961	\$ (16,450,165)	-7%

*Fuel burned FERC 547 was high in 2022 due to higher costs

Summary Report #1b
O&M's by FERC Sub-Function
2023 Forecast versus 2024 Budget

	2023 Forecast	2024 Budget	Variance	% Variance
Production				
Steam	\$ 62,730,140	\$ 75,633,591	\$ 12,903,451	21%
Wind	10,817,400	11,985,590	1,168,190	11%
Hydro	296,347	413,347	117,000	39%
Solar	262,000	393,463	131,463	50%
Other IC	15,082,658	13,950,549	(1,132,109)	-8%
Total Power Production	\$ 89,188,545	\$ 102,376,540	\$ 13,187,995	15%
Transmission	33,748,845	34,569,256	\$ 820,411	2%
Regional Market Expenses	1,065,740	759,810	\$ (305,930)	-29%
Distribution	16,933,996	17,553,487	\$ 619,491	4%
Customer Accounts	15,247,193	16,028,499	\$ 781,306	5%
Customer Service	12,324,489	12,470,634	\$ 146,145	1%
Sales	822,828	590,748	\$ (232,080)	-28%
Administrative & General	56,923,325	49,655,042	\$ (7,268,283)	-13%
Total O&M	\$ 226,254,961	\$ 234,004,016	\$ 7,749,055	3%

Summary Report #1c
O&M's by FERC Sub-Function
2023 Forecast versus 2024 Budget

	2024 Budget	TY Adjustments	Final TY Budget
Production			
Steam	\$ 75,633,591	\$ 967,837	\$ 76,601,428
Wind	11,985,590		11,985,590
Hydro	413,347		413,347
Solar	393,463		393,463
Other IC	13,950,549		13,950,549
Total Power Production	\$ 102,376,540	\$ 967,837	\$ 103,344,377
Transmission	34,569,256	610,424	\$ 35,179,680
Regional Market Expenses	759,810		759,810
Distribution	17,553,487	934,867	18,488,354
Customer Accounts	16,028,499	592,714	16,621,213
Customer Service	12,470,634	151,425	12,622,059
Sales	590,748		590,748
Administrative & General	49,655,042	3,599,464	53,254,506
Total O&M	\$ 234,004,016	\$ 6,856,731	\$ 240,860,747

Summary Report #2a
O&M's by FERC Account **
2022 Actuals versus 2024 Budget

	2022	2024	Variance	% Variance
4118 - Gains from disposition of allowances	-10		10	-100%
5000 - Steam Power Generation - Operation supervision and engineering	1,446,944	2,158,400	711,456	49%
5010 - Steam Power Generation - Fuel	240,879	174,679	-66,200	-27%
5020 - Steam Power Generation - Steam expenses	3,098,161	2,815,483	-282,677	-9%
5050 - Steam Power Generation - Electric expenses	1,776,147	1,975,891	199,744	11%
5060 - Steam Power Generation - Miscellaneous steam power expenses	4,471,714	4,965,681	493,966	11%
5070 - Steam Power Generation - Rents	-5,533		5,533	-100%
5100 - Steam Power Generation - Maintenance supervision and engineering	624,664	606,686	-17,977	-3%
5110 - Steam Power Generation - Maintenance of structures	795,762	967,805	172,043	22%
5120 - Steam Power Generation - Maintenance of boiler plant	6,980,241	5,404,699	-1,575,542	-23%
5130 - Steam Power Generation - Maintenance of electric plant	2,866,936	972,464	-1,894,473	-66%
5140 - Steam Power Generation - Maintenance of miscellaneous steam plant	941,351	1,209,743	268,392	29%
5350 - Hydraulic Power Generation - Operation supervision and engineering	51,177	11,290	-39,887	-78%
5370 - Hydraulic Power Generation - Hydraulic Expenses	8,156	29,898	21,743	267%
5380 - Hydraulic Power Generation - Electric Expenses	860	872	11	1%
5390 - Hydraulic Power Generation - Miscellaneous hydraulic power generation expenses	35,808	13,173	-22,635	-63%
5410 - Hydraulic Power Generation - Maintenance supervision and engineering	345	22	-323	-94%
5420 - Hydraulic Power Generation - Maintenance of structures	26,644	7,294	-19,350	-73%
5430 - Hydraulic Power Generation - Maintenance of reservoirs, dams and waterways	265,137	341,324	76,187	29%
5440 - Hydraulic Power Generation - Maintenance of electric plant	18,437	3,006	-15,431	-84%
5450 - Hydraulic Power Generation - Maintenance		6,468	6,468	0%
5450 - Hydraulic Power Generation - Maintenance of Misc hydraulic plant	718		-718	-100%
5460 - Other Power Generation - Operation supervision and engineering	498,816	1,608,954	1,110,138	223%
5480 - Other Power Generation - Generation Expenses	2,650,988	1,832,612	-818,375	-31%
5490 - Other Power Generation - Miscellaneous other power generation expenses	2,211,236	5,591,584	3,380,349	153%
5500 - Other Power Generation - Rents	1,451,522	1,848,624	397,102	27%
5510 - Other Power Generation - Maintenance supervision and engineering	25,834	200,833	174,999	677%
5520 - Other Power Generation - Maintenance of structures	77,501	84,795	7,294	9%
5530 - Other Power Generation - Maintenance of generating and electric plant	4,736,562	2,191,520	-2,545,042	-54%
5540 - Other Power Generation - Maintenance of misc other power generation plant	392,863		-392,863	-100%
5540 - Other Power Generation - Maintenance of miscellaneous other power generation pla		2,061,397	2,061,397	0%
5560 - Other Power Supply Expenses - System control and load dispatching	431,659	485,549	53,890	12%
5570 - Other Power Supply Expenses - Other Expenses	42,138	26,453	-15,685	-37%
5600 - Transmission Expenses - Operation supervision and engineering	249,664	231,636	-18,028	-7%
5611 - Transmission Expenses - Load dispatch - reliability	84,388	58,838	-25,550	-30%
5612 - Transmission Expenses - Load dispatch - monitor and operate transmission system	2,441,066	2,219,618	-221,448	-9%
5614 - Transmission Expenses - Scheduling, syst		1,162,957	1,162,957	0%
5614 - Transmission Expenses - Scheduling, system control, and dispatching services	1,211,833		-1,211,833	-100%
5615 - Transmission Expenses - Reliability, planning, and standards development	531,719	633,739	102,020	19%
5616 - Transmission Expenses - Transmission service studies	80,983	86,130	5,147	6%
5620 - Transmission Expenses - Station expenses	395,016	342,727	-52,289	-13%
5630 - Transmission Expenses - Overhead line expenses	783,176	794,989	11,813	2%
5650 - Transmission Expenses - Transmission of		708,386	708,386	0%
5650 - Transmission Expenses - Transmission of electricity by others	639,664		-639,664	-100%
5660 - Transmission Expenses - Miscellaneous transmission expenses	2,174,931	927,529	-1,247,401	-57%
5670 - Transmission Expenses - Rents	37,445	36,260	-1,185	-3%
5680 - Transmission Expenses - Maintenance supervision and engineering	288,580	310,515	21,934	8%
5691 - Transmission Expenses - Maintenance of computer hardware	18,138	47,821	29,683	164%
5692 - Transmission Expenses - Maintenance of computer software	825,411	851,288	25,876	3%
5693 - Transmission Expenses - Maintenance of communication equipment	63,034	70,750	7,716	12%
5700 - Transmission Expenses - Maintenance of station equipment	1,471,876	1,525,157	53,281	4%
5710 - Transmission Expenses - Maintenance of overhead lines	2,019,929	1,877,768	-142,161	-7%
5720 - Transmission Expenses - Maintenance of underground lines	1,133	130	-1,002	-88%
5752 - Regional Market Expenses - Day-ahead and real-time market administration	770,030	730,768	-39,262	-5%
5753 - Regional Market Expenses - Transmission rights market administration	5,083	1,936	-3,147	-62%
5755 - Regional Market Expenses - Ancillary Services Market Admin	25,025		-25,025	-100%
5755 - Regional Market Expenses - Ancillary services market administration		25,737	25,737	0%
5756 - Regional Market Expenses - Market Monitoring and Compliance	228	1,369	1,141	500%
5763 - Regional Market Expenses - Maintenance of computer software	247,043	260,227	13,184	5%
5800 - Distribution Expenses - Operation supervision and engineering	314,772	408,414	93,643	30%
5810 - Distribution Expenses - Load Dispatching	281,413	195,497	-85,916	-31%
5820 - Distribution Expenses - Station expenses	332,860	292,870	-39,989	-12%
5830 - Distribution Expenses - Overhead line expenses	232,250	255,629	23,379	10%
5840 - Distribution Expenses - Underground line expenses	1,806,837	2,380,523	573,687	32%
5850 - Distribution Expenses - Street lighting and signal system expenses	611		-611	-100%
5860 - Distribution Expenses - Meter expenses	888,209	2,109,573	1,221,364	138%
5870 - Distribution Expenses - Customer installation expenses	7,532	1,401	-6,132	-81%
5880 - Distribution Expenses - Miscellaneous distribution expenses	3,701,612	3,792,991	91,379	2%
5890 - Distribution Expenses - Rents	194,724	233,543	38,820	20%
5900 - Distribution Expenses - Maintenance supervision and engineering	627,121	982,657	355,536	57%
5920 - Distribution Expenses - Maintenance of station equipment	598,485	744,378	145,893	24%
5930 - Distribution Expenses - Maintenance of overhead lines	6,068,195	4,154,764	-1,913,431	-32%
5940 - Distribution Expenses - Maintenance of underground lines	811,407	805,694	-5,713	-1%
5950 - Distribution Expenses - Maintenance of line transformers	184,713	236,669	51,956	28%
5960 - Distribution Expenses - Maintenance of street lighting and signal systems	166,109	176,602	10,493	6%
5970 - Distribution Expenses - Maintenance of meters	950,343	597,884	-352,458	-37%
5980 - Distribution Expenses - Maintenance of miscellaneous distribution plant	136,501	184,398	47,898	35%
9010 - Customer Accounts Expenses - Supervision	31,226	23,039	-8,187	-26%
9020 - Customer Accounts Expenses - Meter reading expenses	6,048,967	5,849,342	-199,624	-3%
9030 - Customer Accounts Expenses - Customer records and collection expenses	6,398,078	7,727,599	1,329,521	21%
9040 - Customer Accounts Expenses - Uncollectib		1,200,621	1,200,621	0%
9040 - Customer Accounts Expenses - Uncollectible accounts	696,382		-696,382	-100%

Summary Report #2a
O&M's by FERC Account **
2022 Actuals versus 2024 Budget

	2022	2024	Variance	% Variance
9050 - Customer Accounts Expenses - Miscellaneous customer accounts expenses	850,853	1,187,249	336,396	40%
9070 - Customer Service and Informational Exp - Supervision	745,698		-745,698	-100%
9070 - Customer Service and Informational Expenses - Supervision		765,449	765,449	0%
9080 - Customer Service and Informational Exp - Customer assistance expenses	1,668,788		-1,668,788	-100%
9080 - Customer Service and Informational Expenses - Customer assistance expenses		1,892,860	1,892,860	0%
9090 - Cust Service and Informational Exp - Informational and instructional adv exp	98,070		-98,070	-100%
9090 - Customer Service and Informational Expenses - Informational and instructional ad		209,751	209,751	0%
9100 - Cust Service and Informational Exp - Misc customer service and informational exp	131,916		-131,916	-100%
9100 - Customer Service and Informational Expenses - Miscellaneous customer service and		117,574	117,574	0%
9110 - Sales Expenses - Supervision	14,113	12,190	-1,924	-14%
9120 - Sales Expenses - Demonstrating and selling expenses	572,598	570,924	-1,674	0%
9130 - Sales Expenses - Advertising expenses	252	1,348	1,095	434%
9160 - Sales Expenses - Miscellaneous sales exp		3,171	3,171	0%
9160 - Sales Expenses - Miscellaneous sales expenses	5,738		-5,738	-100%
9200 - Administrative and general salaries	28,959,967	20,805,164	-8,154,804	-28%
9210 - Office supplies and expenses	13,152,813	11,763,429	-1,389,384	-11%
9220 - Administrative expenses transferred -- C		-2,720,136	-2,720,136	0%
9220 - Administrative expenses transferred -- Credit	-2,667,481		2,667,481	-100%
9230 - Outside services employed	1,899,948	1,087,427	-812,522	-43%
9240 - Property insurance	2,411,400	4,226,579	1,815,179	75%
9250 - Injuries and damages	2,758,677	4,494,696	1,736,019	63%
9260 - Employee pensions and benefits	1,257,830	1,079,188	-178,643	-14%
9280 - Regulatory commission expenses	2,824,157	3,151,279	327,122	12%
9301 - General advertising expenses	985,974	877,707	-108,268	-11%
9302 - Miscellaneous general expenses	1,290,658	2,562,206	1,271,548	99%
9310 - Administrative and General Expenses - Re		562,704	562,704	0%
9310 - Administrative and General Expenses - Rents	330,177	-4,686	-334,863	-101%
9350 - Maintenance of general plant	4,405,344	1,804,138	-2,601,206	-59%
Grand Total	142,704,891	137,307,774	-5,397,117	

** Reporting O&M's exclude MISO Schedule 26, 26A expenses as well as MN and SD CIP

Summary Report #2b
O&M's by FERC Account**
2023 Forecast versus 2024 Budget

	2023	2024	Variance	% Variance
5000 - Steam Power Generation - Operation supervision and engineering	1,605,172	2,158,400	553,228	34%
5010 - Steam Power Generation - Fuel	177,498	174,679	-2,819	-2%
5020 - Steam Power Generation - Steam expenses	2,644,220	2,815,483	171,263	6%
5050 - Steam Power Generation - Electric expenses	1,755,632	1,975,891	220,259	13%
5060 - Steam Power Generation - Miscellaneous steam power expenses	4,232,385	4,965,681	733,296	17%
5070 - Steam Power Generation - Rents	195		-195	-100%
5100 - Steam Power Generation - Maintenance supervision and engineering	584,921	606,686	21,766	4%
5110 - Steam Power Generation - Maintenance of structures	805,149	967,805	162,656	20%
5120 - Steam Power Generation - Maintenance of boiler plant	5,118,130	5,404,699	286,569	6%
5130 - Steam Power Generation - Maintenance of electric plant	1,995,826	972,464	-1,023,362	-51%
5140 - Steam Power Generation - Maintenance of miscellaneous steam plant	1,148,614	1,209,743	61,129	5%
5350 - Hydraulic Power Generation - Operation supervision and engineering	334	11,290	10,956	3282%
5370 - Hydraulic Power Generation - Hydraulic Expenses	5,537	29,898	24,361	440%
5380 - Hydraulic Power Generation - Electric Expenses	0	872	871	177781%
5390 - Hydraulic Power Generation - Miscellaneous hydraulic power generation expenses	12,545	13,173	628	5%
5410 - Hydraulic Power Generation - Maintenance supervision and engineering	7,020	22	-6,998	-100%
5420 - Hydraulic Power Generation - Maintenance of structures	10,082	7,294	-2,788	-28%
5430 - Hydraulic Power Generation - Maintenance of reservoirs, dams and waterways	183,859	341,324	157,465	86%
5440 - Hydraulic Power Generation - Maintenance of electric plant	6,129	3,006	-3,123	-51%
5450 - Hydraulic Power Generation - Maintenance	3,258	6,468	3,210	99%
5460 - Other Power Generation - Operation supervision and engineering	892,371	1,608,954	716,583	80%
5480 - Other Power Generation - Generation Expenses	2,523,676	1,832,612	-691,064	-27%
5490 - Other Power Generation - Miscellaneous other power generation expenses	4,439,907	5,591,584	1,151,677	26%
5500 - Other Power Generation - Rents	1,659,667	1,848,624	188,957	11%
5510 - Other Power Generation - Maintenance supervision and engineering	143,490	200,833	57,343	40%
5520 - Other Power Generation - Maintenance of structures	69,633	84,795	15,162	22%
5530 - Other Power Generation - Maintenance of generating and electric plant	3,779,545	2,191,520	-1,588,026	-42%
5540 - Other Power Generation - Maintenance of miscellaneous other power generation pla	1,084,480	2,061,397	976,917	90%
5560 - Other Power Supply Expenses - System control and load dispatching	460,514	485,549	25,035	5%
5570 - Other Power Supply Expenses - Other Expenses	36,754	26,453	-10,301	-28%
5600 - Transmission Expenses - Operation supervision and engineering	156,103	231,636	75,533	48%
5611 - Transmission Expenses - Load dispatch - reliability	66,730	58,838	-7,892	-12%
5612 - Transmission Expenses - Load dispatch - monitor and operate transmission system	2,126,373	2,219,618	93,245	4%
5614 - Transmission Expenses - Scheduling, syst	1,173,625	1,162,957	-10,668	-1%
5615 - Transmission Expenses - Reliability, planning, and standards development	453,346	633,739	180,394	40%
5616 - Transmission Expenses - Transmission service studies	109,368	86,130	-23,238	-21%
5620 - Transmission Expenses - Station expenses	370,306	342,727	-27,579	-7%
5630 - Transmission Expenses - Overhead line expenses	653,175	794,989	141,814	22%
5650 - Transmission Expenses - Transmission of	702,526	708,386	5,861	1%
5660 - Transmission Expenses - Miscellaneous transmission expenses	1,107,494	927,529	-179,964	-16%
5670 - Transmission Expenses - Rents	52,290	36,260	-16,030	-31%
5680 - Transmission Expenses - Maintenance supervision and engineering	268,262	310,515	42,253	16%
5691 - Transmission Expenses - Maintenance of computer hardware	25,846	47,821	21,975	85%
5692 - Transmission Expenses - Maintenance of computer software	924,793	851,288	-73,506	-8%
5693 - Transmission Expenses - Maintenance of communication equipment	67,347	70,750	3,404	5%
5700 - Transmission Expenses - Maintenance of station equipment	1,459,446	1,525,157	65,711	5%
5710 - Transmission Expenses - Maintenance of overhead lines	1,485,962	1,877,768	391,806	26%
5720 - Transmission Expenses - Maintenance of underground lines	123	130	7	6%
5730 - Transmission Expenses - Maintenance of m	181,000		-181,000	-100%
5752 - Regional Market Expenses - Day-ahead and real-time market administration	755,450	730,768	-24,681	-3%
5753 - Regional Market Expenses - Transmission rights market administration	6,214	1,936	-4,278	-69%
5755 - Regional Market Expenses - Ancillary services market administration	23,935	25,737	1,802	8%
5756 - Regional Market Expenses - Market Monitoring and Compliance	1,187	1,369	182	15%
5763 - Regional Market Expenses - Maintenance of computer software	270,248	260,227	-10,022	-4%
5800 - Distribution Expenses - Operation supervision and engineering	332,871	408,414	75,543	23%
5810 - Distribution Expenses - Load Dispatching	143,379	195,497	52,118	36%
5820 - Distribution Expenses - Station expenses	330,074	292,870	-37,204	-11%
5830 - Distribution Expenses - Overhead line expenses	355,950	255,629	-100,321	-28%
5840 - Distribution Expenses - Underground line expenses	1,669,328	2,380,523	711,195	43%
5850 - Distribution Expenses - Street lighting and signal system expenses	1,197		-1,197	-100%
5860 - Distribution Expenses - Meter expenses	894,531	2,109,573	1,215,043	136%
5870 - Distribution Expenses - Customer installation expenses	8,100	1,401	-6,699	-83%
5880 - Distribution Expenses - Miscellaneous distribution expenses	3,885,413	3,792,991	-92,422	-2%
5890 - Distribution Expenses - Rents	232,963	233,543	580	0%
5900 - Distribution Expenses - Maintenance supervision and engineering	830,683	982,657	151,974	18%
5920 - Distribution Expenses - Maintenance of station equipment	645,857	744,378	98,521	15%
5930 - Distribution Expenses - Maintenance of overhead lines	5,520,587	4,154,764	-1,365,824	-25%
5940 - Distribution Expenses - Maintenance of underground lines	751,704	805,694	53,990	7%
5950 - Distribution Expenses - Maintenance of line transformers	169,387	236,669	67,282	40%
5960 - Distribution Expenses - Maintenance of street lighting and signal systems	138,804	176,602	37,798	27%
5970 - Distribution Expenses - Maintenance of meters	900,681	597,884	-302,797	-34%
5980 - Distribution Expenses - Maintenance of miscellaneous distribution plant	131,161	184,398	53,238	41%
9010 - Customer Accounts Expenses - Supervision	26,054	23,039	-3,014	-12%
9020 - Customer Accounts Expenses - Meter reading expenses	6,003,173	5,849,342	-153,830	-3%
9030 - Customer Accounts Expenses - Customer records and collection expenses	6,516,352	7,727,599	1,211,247	19%
9040 - Customer Accounts Expenses - Uncollectib	1,320,065	1,200,621	-119,444	-9%
9050 - Customer Accounts Expenses - Miscellaneous customer accounts expenses	1,163,419	1,187,249	23,830	2%
9070 - Customer Service and Informational Expenses - Supervision	719,868	765,449	45,581	6%
9080 - Customer Service and Informational Expenses - Customer assistance expenses	1,764,826	1,892,860	128,034	7%
9090 - Customer Service and Informational Expenses - Informational and instructional ad	181,949	209,751	27,802	15%
9100 - Customer Service and Informational Expenses - Miscellaneous customer service and	118,509	117,574	-935	-1%
9110 - Sales Expenses - Supervision	14,780	12,190	-2,590	-18%

Summary Report #2b
O&M's by FERC Account**
2023 Forecast versus 2024 Budget

	2023	2024	Variance	% Variance
9120 - Sales Expenses - Demonstrating and selling expenses	804,305	570,924	-233,381	-29%
9130 - Sales Expenses - Advertising expenses	1,056	1,348	292	28%
9160 - Sales Expenses - Miscellaneous sales exp	4,289	3,171	-1,118	-26%
9200 - Administrative and general salaries	28,462,044	20,805,164	-7,656,880	-27%
9210 - Office supplies and expenses	11,329,007	11,763,429	434,422	4%
9220 - Administrative expenses transferred -- C	-2,825,183	-2,720,136	105,047	-4%
9230 - Outside services employed	2,225,765	1,087,427	-1,138,338	-51%
9240 - Property insurance	3,303,900	4,226,579	922,679	28%
9250 - Injuries and damages	2,595,387	4,494,696	1,899,309	73%
9260 - Employee pensions and benefits	1,105,297	1,079,188	-26,109	-2%
9280 - Regulatory commission expenses	3,041,210	3,151,279	110,069	4%
9301 - General advertising expenses	819,764	877,707	57,942	7%
9302 - Miscellaneous general expenses	3,675,404	2,562,206	-1,113,198	-30%
9310 - Administrative and General Expenses - Re	395,135	562,704	167,569	42%
9310 - Administrative and General Expenses - Rents		-4,686	-4,686	0%
9350 - Maintenance of general plant	2,432,381	1,804,138	-628,243	-26%
Grand Total	139,969,116	137,307,774	-2,661,343	

** Reporting O&M's exclude MISO Schedule 26, 26A expenses as well as MN and SD CIP

Summary Report #3a
O&M's by Account**
2022 Actuals versus 2024 Budget

	2022	2024	Variance	% Variance
43400000 - Gain from Disposition of Allowances - n/	-10		10	-100%
50201000 - Water Supply - Chemicals	594,981	514,079	-80,902	-14%
50201200 - Water Supply - Ash Handling - Plants Onl	334,566	479,662	145,096	43%
50202000 - Water Supply - Water Supply/Miscellaneous	58,160	59,185	1,025	2%
50430000 - Non-RTO Tariff Expense-Transmission - n/	-214,131	-134,853	79,278	-37%
50440010 - SPP Expense Schedule 1	75,737	62,483	-13,254	-17%
50440015 - SPP Expense Schedule 1A	58,323	71,686	13,363	23%
50440020 - SPP Expense Schedule 2	530	306	-224	-42%
50440120 - SPP Expense Schedule 12	22,641	30,917	8,275	37%
50450020 - MISO Schedule 2 Expense	937,471		-937,471	-100%
50450100 - MISO Schedule 10 Expense	1,665,256	1,515,916	-149,340	-9%
50450110 - MISO Schedule 11 Expense	241		-241	-100%
51001100 - Labor - Operations	58,792,333	57,454,758	-1,337,575	-2%
51001120 - Labor/Operations - Transfer From (in)		18	18	0%
51001200 - Labor - Maintenance	12,745,795	12,652,861	-92,934	-1%
51001300 - Labor/Construction	381		-381	-100%
51002100 - Labor/Offsetting Entry	-1,044,709		1,044,709	-100%
51002150 - Labor True-up	181,914		-181,914	-100%
51012500 - Employee Expense - Miscellaneous	610,578	943,575	332,997	55%
51012600 - Employee Expense - Meals 50% Deductible	314,170	408,407	94,236	30%
51012700 - Employee Expense/Meals & Entertainment		22,149	22,149	0%
51020000 - Dues, Subscriptions & Books	1,600,470	1,426,314	-174,157	-11%
51021000 - Dues, Subscriptions & Books - Software Subscription	3,688,746	5,654,020	1,965,274	53%
51030000 - Travel	3,062,474	3,275,320	212,845	7%
51031000 - Travel - Vehicle Depreciation	2,342,895	0	-2,342,895	-100%
51050000 - Telephone/Communications	1,716,375	2,138,069	421,694	25%
51061000 - Misc Office Expense - Postage & Shipping	844,321	855,940	11,619	1%
51062000 - Misc Office Expense/Filing Fees & Assessments	2,042,774	1,450,240	-592,534	-29%
51063000 - Misc Office Expense - Bank Service Chrg	368,186	183,958	-184,228	-50%
51064000 - Misc Office Expense - Other Misc Office	704,726	1,126,870	422,145	60%
51070000 - Materials & Operating Supplies	6,566,163	3,691,518	-2,874,645	-44%
51079990 - Materials & Supplies Inventory	151,098	90,073	-61,025	-40%
51079999 - Materials & Operating Supplies/Invoice Price Variance	0	4,556	4,556	-
51080000 - Building & Grounds	986,149	1,277,349	291,200	30%
51090000 - Contract Services - Internal	0	-29,253	-29,253	0%
51101000 - External Services/Professional Services	3,170,138	4,686,303	1,516,165	48%
51102000 - External Services - Contract Services	25,033,065	21,600,461	-3,432,604	-14%
51103000 - External Services - Legal Services	1,132,862	1,627,130	494,268	44%
51110000 - Lease/Rental	2,007,548	2,675,544	667,996	33%
51153000 - Insurance - Property Insurance	3,172,819	4,621,659	1,448,839	46%
51153100 - Insurance - Provision for Storm Reserve	251,319	475,716	224,397	89%
51153200 - Insurance - Injuries & Damages - Other	1,905,342	2,401,220	495,877	26%
51153201 - Insurance - Injuries & Damages - Vehicle	3,311	3,075	-236	-7%
51160000 - Misc	1,743,100	1,554,575	-188,525	-11%
51170000 - Advertising Promo & PR	989,498	1,096,738	107,240	11%
51180000 - Uncollectible Accts	759,535	1,256,979	497,444	65%
51202000 - Facility Service Agreement Expenses - Interconnection Customer Only	775,032	780,000	4,968	1%
52401000 - Employee Benefits - Insurance	-42,004	42,110	84,114	-200%
52402000 - Employee Benefits - Pension	778,653	543,996	-234,658	-30%
52403000 - Employee Benefits - Other	6,591,411	3,973,567	-2,617,843	-40%
53710000 - Charitable Donations - n/a	0	7,000	7,000	0%
58000000 - Allocations	-4,693,549	-5,049,153	-355,604	8%
58001000 - Allocations - CAPX 2020		-115,620	-115,620	0%
58002000 - Standard Billings	-81,795	-99,648	-17,853	22%
Grand Total	142,704,891	137,307,774	-5,397,117	

** Reporting O&M's exclude MISO Schedule 26, 26A expenses as well as MN and SD CIP

Summary Report #3b
O&M's by Account**
2023 Forecast versus 2024 Budget

	2023	2024	Variance	% Variance
50201000 - Water Supply - Chemicals	475,723	514,079	38,357	8%
50201200 - Water Supply - Ash Handling - Plants Onl	370,113	479,662	109,549	30%
50202000 - Water Supply - Water Supply/Miscellaneous	53,424	59,185	5,761	11%
50430000 - Non-RTO Tariff Expense-Transmission - n/	-166,423	-134,853	31,570	-19%
50440010 - SPP Expense Schedule 1	86,162	62,483	-23,678	-27%
50440015 - SPP Expense Schedule 1A	57,077	71,686	14,608	26%
50440020 - SPP Expense Schedule 2	530	306	-224	-42%
50440120 - SPP Expense Schedule 12	22,013	30,917	8,903	40%
50450100 - MISO Schedule 10 Expense	1,578,230	1,515,916	-62,314	-4%
50450110 - MISO Schedule 11 Expense	1,532	-1,532	-1,532	-100%
51001100 - Labor - Operations	56,873,114	57,454,758	581,644	1%
51001120 - Labor/Operations - Transfer From (in)		18	18	0%
51001200 - Labor - Maintenance	11,611,000	12,652,861	1,041,861	9%
51002150 - Labor True-up	-1,535		1,535	-100%
51012500 - Employee Expense - Miscellaneous	835,053	943,575	108,522	13%
51012600 - Employee Expense - Meals 50% Deductible	397,614	408,407	10,792	3%
51012700 - Employee Expense/Meals & Entertainment	4,780	22,149	17,369	363%
51020000 - Dues, Subscriptions & Books	1,404,309	1,426,314	22,004	2%
51021000 - Dues, Subscriptions & Books - Software Subscription	4,504,721	5,654,020	1,149,299	26%
51030000 - Travel	2,457,826	3,275,320	817,494	33%
51031000 - Travel - Vehicle Depreciation	1,158,352	0	-1,158,352	-100%
51050000 - Telephone/Communications	2,034,412	2,138,069	103,657	5%
51061000 - Misc Office Expense - Postage & Shipping	799,956	855,940	55,984	7%
51062000 - Misc Office Expense/Filing Fees & Assessments	1,673,441	1,450,240	-223,201	-13%
51063000 - Misc Office Expense - Bank Service Charg	392,119	183,958	-208,161	-53%
51064000 - Misc Office Expense - Other Misc Office	930,983	1,126,870	195,887	21%
51070000 - Materials & Operating Supplies	4,718,176	3,691,518	-1,026,658	-22%
51079990 - Materials & Supplies Inventory	170,796	90,073	-80,723	-47%
51079999 - Materials & Operating Supplies/Invoice Price Variance	-3,226	4,556	7,782	-241%
51080000 - Building & Grounds	964,424	1,277,349	312,925	32%
51090000 - Contract Services - Internal	-4,386	-29,253	-24,867	567%
51101000 - External Services/Professional Services	4,033,334	4,686,303	652,969	16%
51102000 - External Services - Contract Services	24,711,366	21,600,461	-3,110,905	-13%
51103000 - External Services - Legal Services	1,494,230	1,627,130	132,900	9%
51110000 - Lease/Rental	2,339,441	2,675,544	336,103	14%
51153000 - Insurance - Property Insurance	3,884,951	4,621,659	736,708	19%
51153100 - Insurance - Provision for Storm Reserve	593,746	475,716	-118,030	-20%
51153200 - Insurance - Injuries & Damages - Other	2,147,273	2,401,220	253,946	12%
51153201 - Insurance - Injuries & Damages - Vehicle	335	3,075	2,740	818%
51160000 - Misc	4,857,061	1,554,575	-3,302,486	-68%
51170000 - Advertising Promo & PR	953,531	1,096,738	143,207	15%
51180000 - Uncollectible Accts	1,383,043	1,256,979	-126,064	-9%
51202000 - Facility Service Agreement Expenses - Interconnection Customer Only	778,056	780,000	1,944	0%
52401000 - Employee Benefits - Insurance	45,769	42,110	-3,659	-8%
52402000 - Employee Benefits - Pension	634,635	543,996	-90,639	-14%
52403000 - Employee Benefits - Other	3,847,525	3,973,567	126,042	3%
53710000 - Charitable Donations - n/a		7,000	7,000	0%
58000000 - Allocations	-4,960,137	-5,049,153	-89,016	2%
58001000 - Allocations - CAPX 2020	-84,740	-115,620	-30,880	36%
58002000 - Standard Billings	-90,613	-99,648	-9,035	10%
Grand Total	139,969,116	137,307,774	-2,661,343	

** Reporting O&M's exclude MISO Schedule 26, 26A expenses as well as MN and SD CIP



Capital Budget

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ATTACHMENTS

Attachment 1 – Capital Budget Report with AFUDC Template

Attachment 2 – Capital Variance Report Template

I. Capital Budgeting Process

1.0 Executive Summary

The Otter Tail Power Company (OTP) capital budget is comprised of “Routine” capital projects and “Non-routine” capital projects. Routine projects are typically lower cost projects that generally do not span more than one year. Routine projects are projects done in the normal course of business for utilities which help maintain the functionality of an asset, support typical customer growth, address minor compliance requirements, and maintain system reliability. Routine projects also include projects related to serving new customers by building new facilities or upgrading existing facilities. Non-routine capital projects are typically higher cost projects which are not done on a yearly basis and for which the construction duration normally spans more than one year. Non-routine projects are typically done to address major compliance requirements and/or adding a significant transmission or generation asset.

OTP’s capital budget process includes a five-year horizon and begins during the first quarter of the year before the budget year (i.e 2023 for the OTP 2024 capital budget). It begins with identification of new projects for consideration or updating of projects previously submitted through a prior capital budget to be reconsidered for the upcoming five-year capital budget. Project sponsors (the managers responsible for projects) propose new projects. The project sponsors are required to identify: (1) the need for the project; (2) the work to be completed; (3) the benefits of the project; and (4) any alternatives that were considered. After all potential new projects have been proposed by the project sponsors, they are reviewed by the Vice President of their respective functional area. At this stage, the Vice President determines whether the project is to be considered further or be denied for consideration in the five-year capital budget. After all projects for further consideration have been identified, the Capital Budget Committee categorizes each project as either routine or non-routine. The Capital Budget Committee representative for each functional area will assess priority of their projects. The preliminary five-year Capital Budget must conform to the Routine capital budget targets established for OTP by its Chief Financial Officer (CFO). The OTP Executive Team approves the preliminary five-year Capital Budget generally during the first half of March of each year. Following approval of the preliminary five-year Capital Budget, presentations of new Routine and Non-routine capital projects expected to begin in the following year are given by Project Sponsors within OTP.

During the third quarter of the year before the budget year, the preliminary five-year Capital Budget is refreshed by Project Sponsors with any necessary updates that have occurred since the April timeframe. This refreshed five-year Capital Budget is reviewed and modified by the Capital Budget Committee so that the best projects are included in the final five-year Capital Budget. After the refreshed five-year Capital Budget is completed by the Plant and Capital Budget Accountant, the OTP Executive Team approves the final five-year Capital Budget in

early November of each year. Thereafter, the final five-year Capital Budget is reviewed and approved by the OTP Board of Directors and Otter Tail Corporation Board of Directors.

Following approval, OTP has various processes in place to closely monitor Routine and Non-routine capital projects to promote completion on time and on budget, and to mitigate risk. One methodology used by OTP to actively manage Routine and Non-routine capital projects is the Phase Review Process. This process allows for an incremental approach to project commitment and is used mostly for Non-routine capital projects and a limited number of Routine capital projects. The first phase of this review process is development, which normally secures enough funding to do the necessary research to determine the feasibility of the project. The second phase of this process is construction, which is when construction agreements are executed, vendors are chosen, material is procured and construction commences. The third phase of this review process is post project review and includes an assessment of the performance of the project against the scope and objectives developed during the development phase.

Capital budget spending is monitored and reported monthly through various reports. The core document for monthly reporting of capital projects is the Capital Budget Report with AFUDC, which includes monthly, year-to-date, and forecasted year end spending for each project and is sent to the OTP Executive Team, Project Sponsors, and other interested OTP employees.

Forecasted spending for capital projects is updated monthly for all Routine and Non-routine capital projects. The reforecasting process is different between Routine and Non-routine capital projects. Monthly reforecasting for Non-routine capital projects is done by Project Sponsors between the 18th and 22nd of each month. Reforecasting for Routine capital projects is performed monthly by the Fixed Assets Department, with Project Sponsors requested to verify and/or update forecasts throughout the year.

The capital budget process is continuous throughout each year and has proven to be effective within OTP resulting in very accurate performance of actual spending to budget. A comparison of the historical budget to actual results for Routine projects over the past five years has shown that, on average, the actual spending has within been about a 5 percent variance from budget between 2018 and 2022.

2.0 Overview and Planning Horizon

The capital budget for OTP is developed, maintained, and updated by the Fixed Assets department. The OTP capital budget normally covers a six-year horizon, from the current year to five years into the future. For example, during 2023, actual monthly spending plus the remaining forecast for the current year is closely tracked while a five-year budget (2024-2028) is also developed and maintained. The OTP capital budget for Routine capital projects and Non-routine capital projects is described in further detail below.

3.0 Routine Capital Projects

Routine projects are typically lower cost projects for which the construction does not normally span more than one year. Routine projects are projects done in the normal course of business for utilities which help maintain the functionality of an asset, support typical customer growth, address minor compliance requirements, and maintain system reliability. Routine projects also include projects related to serving new customers by building new facilities or upgrading existing facilities. Examples of Routine capital projects include, but are not limited to, replacement of: (1) poles; (2) underground cable; (3) circuit breakers; (4) substation batteries; (5) vehicles; (6) computer equipment; and (7) other necessary equipment needed to generate, transmit, and deliver energy to customers. The Routine capital budget also includes projects related to serving new customers by building new facilities or upgrading existing facilities.

OTP's Routine capital budget is divided into nine Business Units: (1) Energy Supply; (2) Asset Management; (3) Customer Service; (4) Information Technology (IT) & Special Projects; (5) Finance & Business Planning; (6) Communications; (7) Human Relations/Safety; (8) Planning and Strategy; and (9) Regulatory Affairs and Compliance. Many capital budget reports published internally have these nine Business Units broken out separately for easy identification and reference. Human Relations/Safety, and Planning and Strategy and Regulatory Affairs and Compliance seldom have projects included in the annual capital budget.

4.0 Non-routine Capital Projects

Non-routine capital projects are typically higher cost projects which are not done on a yearly basis and for which the construction duration normally spans more than one year. Non-routine projects are typically done to address major compliance requirements and/or adding a significant transmission or generation asset. Examples of Non-routine capital projects include, but are not limited to: (1) generation additions; (2) large transmission projects; (3) environmental upgrades at generation stations; and (4) generation interconnection projects. Recent Non-routine capital projects within OTP have included OTP's wind farm repower, the Big Stone South to Alexandria and Jamestown to Ellendale Transmission projects.

5.0 Development and Approval of the Five-year Capital Budget

OTP's capital budget process for the upcoming five-year horizon begins the first quarter of each year. Project Sponsors assigned to carry out capital projects within OTP are responsible for submitting forecasts for new projects and/or updating existing projects in the five-year horizon. The Project Sponsors submit these projects into OTP's capital budgeting software called Power Plan ("Power Plan").

Project Sponsors are required to justify each new capital project by identifying: (1) the need for the project; (2) the work to be completed; (3) the benefits of the project; and (4) any alternatives

considered. Project Sponsors are also required to identify the location, estimated start date, estimated in-service date, and if Allowances for Funds Used During Construction (AFUDC) should accrue for each project.

Project Sponsors are also responsible for forecasting monthly cash flows for projects.

5.1 Project Prioritization

After all capital projects have been submitted and reviewed by the Vice President of the respective functional area, the Vice President will determine whether the project is to be considered further or be denied for consideration in the five-year capital budget. After all projects for further consideration have been identified, the Capital Budget Committee categorizes each project as either routine or non-routine. The Capital Budget Committee representative for each functional area will assess priority of their projects.

The objective of the Capital Budget Committee is to develop the list of projects to include in the preliminary Five-year Capital Budget in accordance with the Routine capital budget targets that have been established for OTP.

5.2 Routine Capital Budget Targets

The annual targets for OTP's Routine capital budget are determined by the OTP CFO. The development of a Routine capital budget target each year has been effective at identifying a reasonable spending rate to keep the assets of OTP operating safely and dependably and ensure continued reliable service to OTP customers at reasonable rates.

5.3 Capital Budget Committee

OTP's Capital Budget Committee is comprised of managers from various functional areas who serve as a spokesperson for their respective area. They serve as part of a decision-making body for determining if projects can be deferred, removed, combined or need to stay in the year in which they are forecasted. These activities are largely driven by committee members consulting with Project Sponsors and their respective Vice Presidents. Factors that are considered by the Capital Budget Committee when developing the Five-year Capital Budget include: (1) project prioritization from project sponsors; (2) planned outages for coal plants; (3) historical spending patterns; and (4) consequences of not completing projects in a given year. Through past interaction between the Capital Budget Committee and the OTP Executive Team, general guidance on the priority of allocating dollars within the Five-year Capital Budget is as follows: (1)

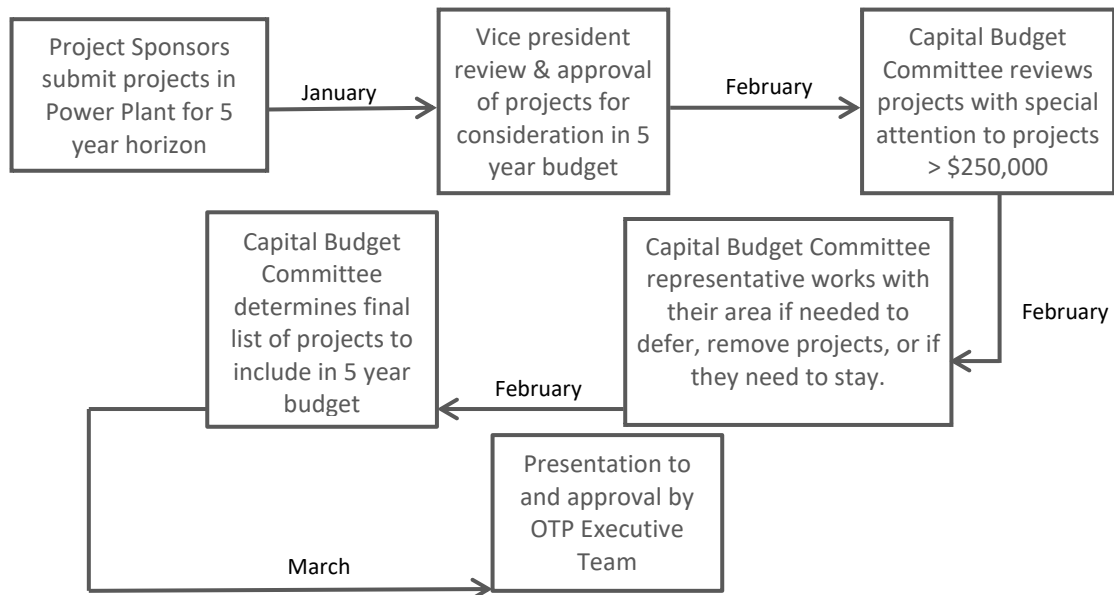
safety; (2) regulatory requirements (federal, state); (3) generation; (4) transmission; (5) information technology and telecommunications; (6) vehicles; and (7) buildings.

Through this process, a list of Routine capital projects is developed for inclusion in the preliminary five-year Capital Budget during the second quarter of each year.

5.4 Approval by OTP Executive Team

After the Capital Budget Committee has finalized a list of projects to include in the preliminary five-year Capital Budget, the P&CB Accountant along with the Manager of Property Accounting (“Manager – FA”) present the preliminary five-year Capital Budget to the OTP Executive Team for approval. The presentation and approval from the OTP Executive Team normally occurs during the first half of March each year. After approval of the preliminary five-year Capital Budget by the OTP Executive Team, the preliminary five-year Capital Budget is returned to the Capital Budget Committee and shared by the members of the Capital Budget Committee within each of their Business Units to assist in planning for the upcoming year.

The following block diagram gives a general overview of how the preliminary five-year Capital Budget is developed and approved within OTP each year:



5.5 Individual Project Review & Approval for Routine and Non-routine Projects

Following approval of the preliminary five-year Capital Budget by the OTP Executive Team, formal presentations of new Routine and Non-routine capital projects expected to begin in the following year are prepared by Project Sponsors.

Smaller Routine projects (generally less than \$500,000) are presented and approved through staff meetings of the respective Vice President.

Routine and Non-routine capital projects over \$500,000 generally require project review and approval from the full OTP Executive Team. The OTP President can approve Routine and Non-routine capital projects up to \$5,000,000. If the Routine or Non-routine capital project is greater than \$5,000,000, the project requires approval by the OTP Board of Directors. The OTP Board of Directors can approve Routine and Non-routine projects up to \$15,000,000. Any Routine or Non-routine capital project over \$15,000,000 requires approval by the Otter Tail Corporation Board of Directors.

5.6 Finalization and Approval by OTP Board of Directors

During the third quarter of each year, the preliminary five-year Capital Budget is refreshed with any necessary updates. After finalization of the refreshed five-year Capital Budget by the Capital Budget Committee, a further review is then conducted by the OTP Executive Team in conjunction with overall Company review of the upcoming forecast. Thereafter, the final five-year Capital Budget is presented to the OTP Board of Directors and the Otter Tail Corporation Board of Directors for approval. As part of this approval process, the OTP Executive Team finalizes the overall project-by-project details of the five-year Capital Budget while the OTP Board of the Directors and Otter Tail Corporation Board of Directors approves the total spending within the five-year Capital Budget. After approval of the five-year Capital Budget, it is returned to the Capital Budget Committee and shared within each of the Business Units.

6.0 Management and Oversight of Construction

OTP has implemented various processes to closely monitor approved Routine and Non-routine capital projects to ensure they are completed on time, on budget, and with minimal risk.

6.1 Phase Review Process

A methodology used by OTP to manage Routine and Non-routine capital projects is the Phase Review Process implemented in 2010. The Phase Review Process allows an

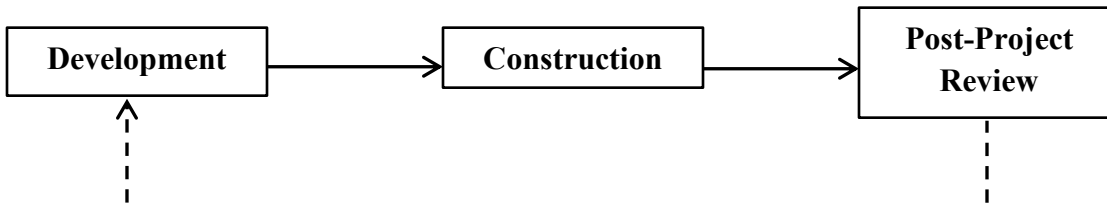
incremental approach to project commitment and management and is typically used for capital projects classified as Non-routine, but has also been applied to Routine projects on a limited basis.

The first phase of the Phase Review Process is development (the “Development Phase”). During the Development Phase, funding is secured to do the necessary research to determine the feasibility of the project. This research includes, but is not limited to, negotiations of project development agreements, preparing and submitting regulatory filings, and developing detailed projects scopes with a cash flow forecast. During the Development Phase, there is no commitment to proceed with the full project.

After the Development Phase, the Project Sponsor seeks approval and final commitment to proceed with construction of the project (the “Construction Phase”). During the Construction Phase, construction agreements are executed, leading to the selection of vendors, procurement of material and construction of the project.

After the project is completed, the project is reviewed (the “Post Project Review Phase”). The Post Project Review Phase includes an assessment of (1) the performance of the project against the scope and objectives developed at the beginning of the project; (2) expenses and savings; and (3) lessons learned. Knowledge gained from the Post-Project Review Phase is applied to future capital projects.

The Phase Review Process is illustrated in the block diagram below.



7.0 Reporting

7.1 Routine / Non-routine Capital Projects

Capital budget spending is monitored and reported on a monthly basis by the plant and capital budget accountant through coordination with the Accounting Department and Business Planning Department.

The P&CB Accountant creates the Capital Budget Actuals Report that outlines the capital spending for OTP’s Routine and Non-routine capital projects on a project-by-project basis divided into each of the nine Business Units. The Capital Budget Report with

AFUDC includes monthly, year-to-date spending, and forecasted year end spending for each project and is sent to the OTP Executive Team, Project Sponsors, and other interested OTP employees by the 10th of each month. Attachment 1 is a template of the Capital Budget Actuals Report.

The P&CB Accountant also creates a Capital Budget Variance Report quarterly. Project Sponsors provide an explanation for the variance in this report, which is also sent to the OTP Executive Team, Project Sponsors, and other interested OTP employees by the end of each month. Attachment 2 is a template of the monthly Capital Budget Variance Report.

8.0 Reforecasting

8.1 Monthly Capital Budget Reforecasting

Monthly reforecasting is performed for all Routine and Non-routine capital projects. Monthly reforecasting process is different between Routine and Non-routine projects.

8.1.1 Non-routine Capital Projects

Monthly reforecasting for Non-routine capital projects is done each month by Project Sponsors to ensure that the Non-routine capital project forecasts included in each monthly Capital Budget Actuals Report reflects the most accurate information possible.

8.1.2 Routine Capital Projects

Reforecasting for Routine capital projects also occurs monthly, but is largely driven by the P&CB Accountant rather than the Project Sponsors. If a Routine capital project had more spent than what was forecasted for a particular month, the forecasted spending in the next month of cash flows for that project is reduced. If a Routine capital project has spent less than what was forecasted for a particular month, the unspent dollars from that month are re-spread over the remaining months of that year.

8.2 Quarterly Capital Budget Reforecasting for Routine Capital Projects

Reforecasting for Routine capital projects, which occurs at the end of the second and third quarter of each year, is more extensive than the monthly reforecasting process described above. For the second and third quarter reforecasts of Routine capital projects, all Project Sponsors are requested to update all current year forecasts on their respective capital projects. This allows a refresh of the projects during the construction phase of

most capital projects after some of the uncertainty in projects has been eliminated. This quarterly process of reforecasting Routine capital projects also ensures that any inaccuracies introduced by the monthly re-spread of cash flows are corrected.

8.3 Quarterly Capital Budget Reforecasting for Non-routine Capital Projects

Non-routine capital projects are re-forecasted monthly. Accordingly, there is no need for additional quarterly reforecasting for Non-routine capital projects.

II. FIVE YEAR HISTORIC COMPARISON OF BUDGET TO ACTUAL¹

1.0 Executive Summary

A five-year historic comparison (2018-2022) of budget to actual spending for Routine capital projects shows that OTP average actual spending is 5 percent of budget. This information is presented in both tabular and graphical form below, shown separately for each Business Unit along with a roll-up of the total Routine capital budget for each year.

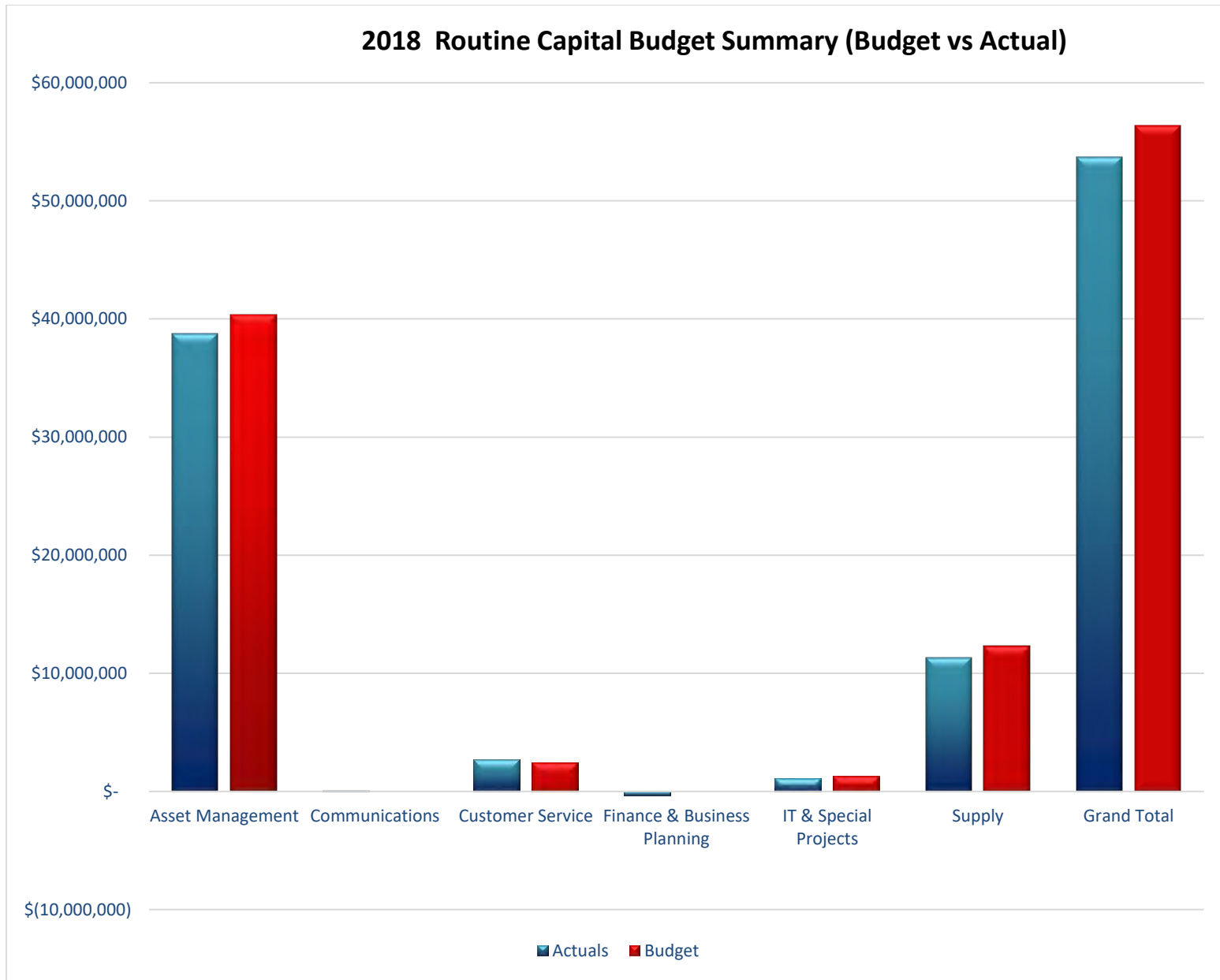
2018-2022 Budget to Actual Comparison for Routine Capital Expenditures				
Year	Budget	Actuals	\$ Variance	% Variance
2022	\$ 75,437,926	\$ 85,593,362	\$ 10,155,436	13.5%
2021	\$ 63,817,976	\$ 76,991,749	\$ 13,173,773	20.6%
2020	\$ 65,063,300	\$ 62,623,686	\$ (2,439,614)	-3.7%
2019	\$ 52,304,723	\$ 52,383,145	\$ 78,421	0.1%
2018	\$ 56,403,669	\$ 53,677,567	\$ (2,726,102)	-4.8%
Average	\$ 62,605,519	\$ 66,253,902	\$ 3,648,383	5.1%

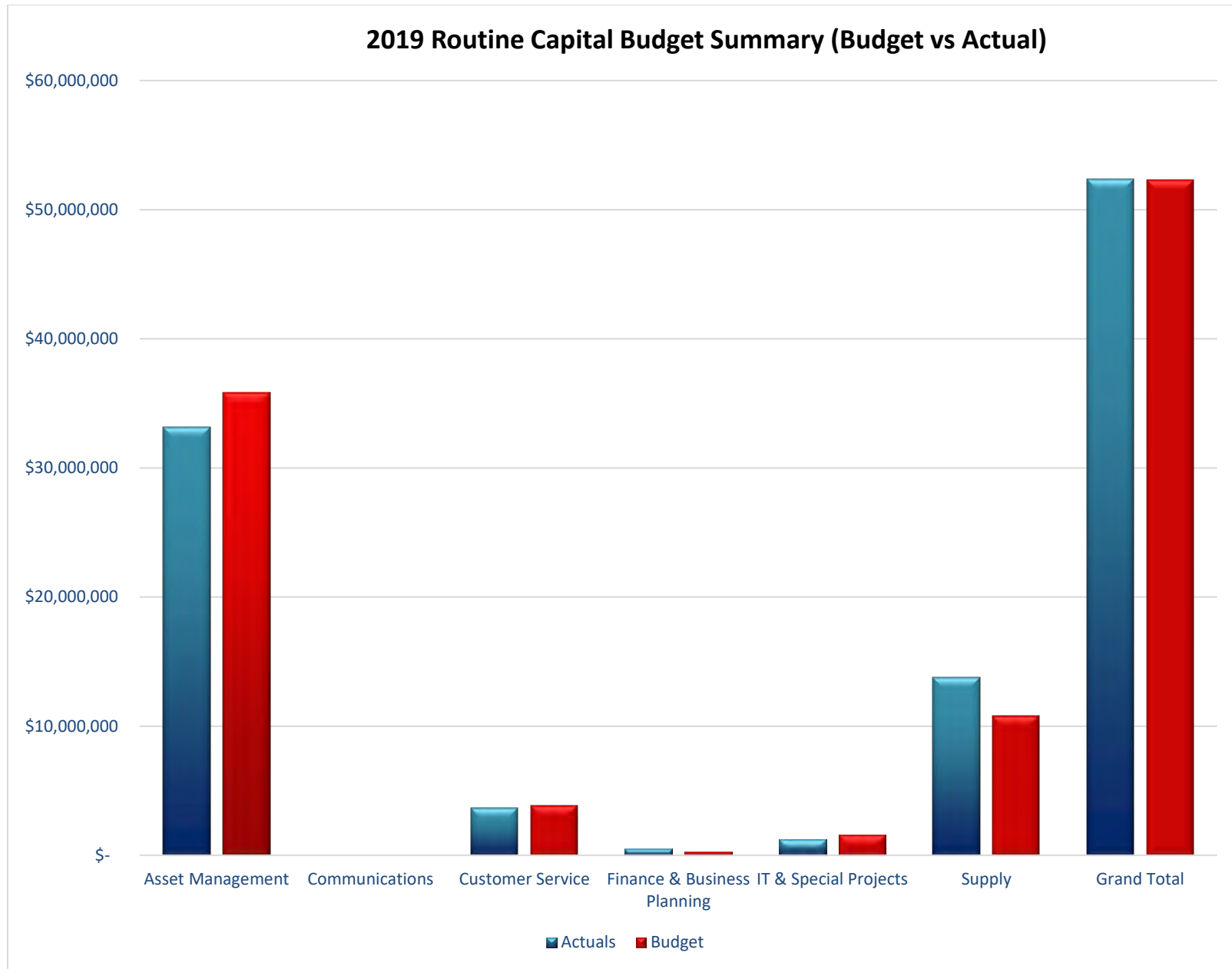
2.0 Routine Capital Spending by Business Unit

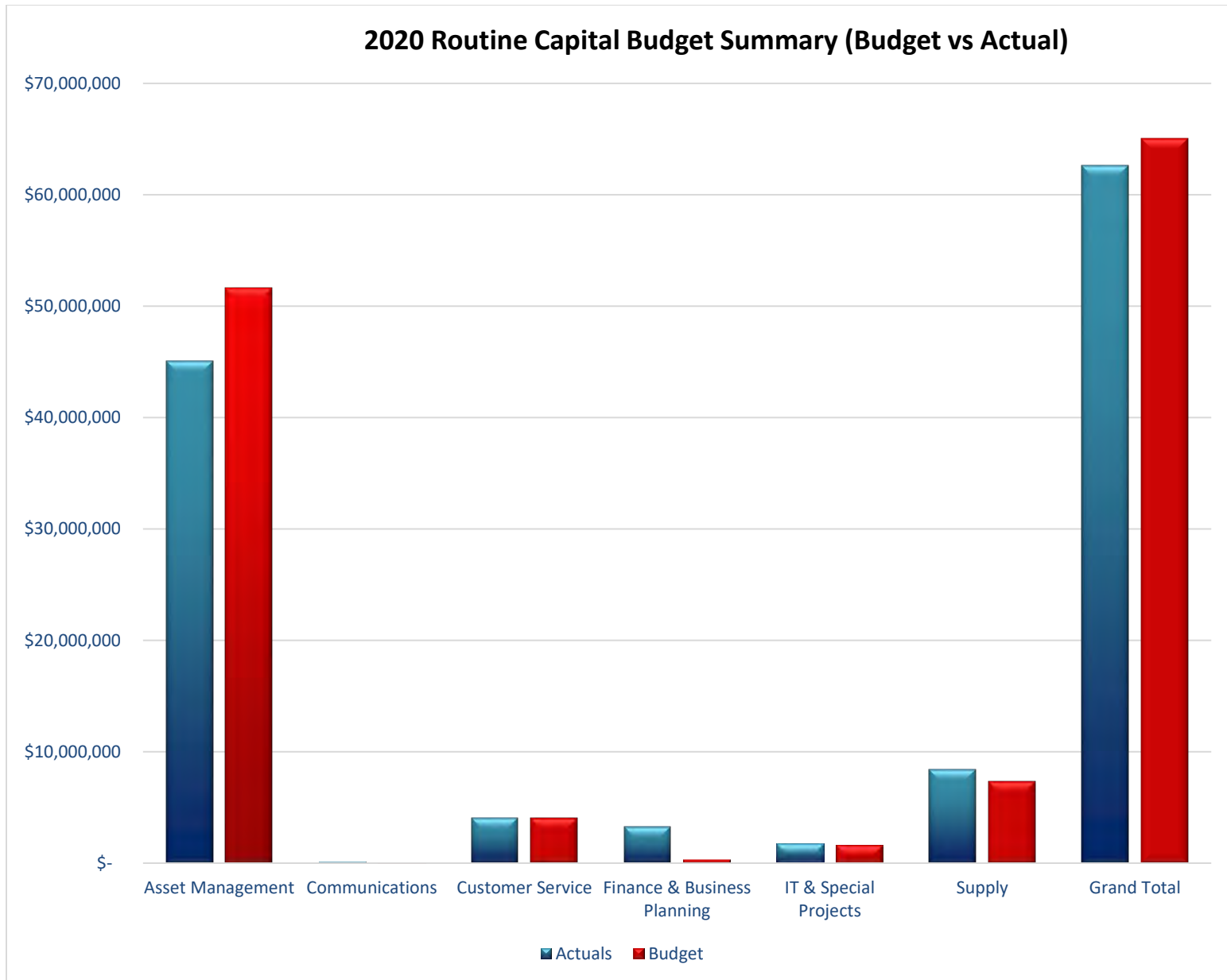
The following tables and charts are a summary of the Routine capital budget comparing the actual spend with the budget by Business Unit for 2018 through 2022. As previously mentioned, Human Relations/Safety, and Resource Planning/Strategy and Regulatory Affairs and Compliance seldom have specific projects in the annual capital budget.

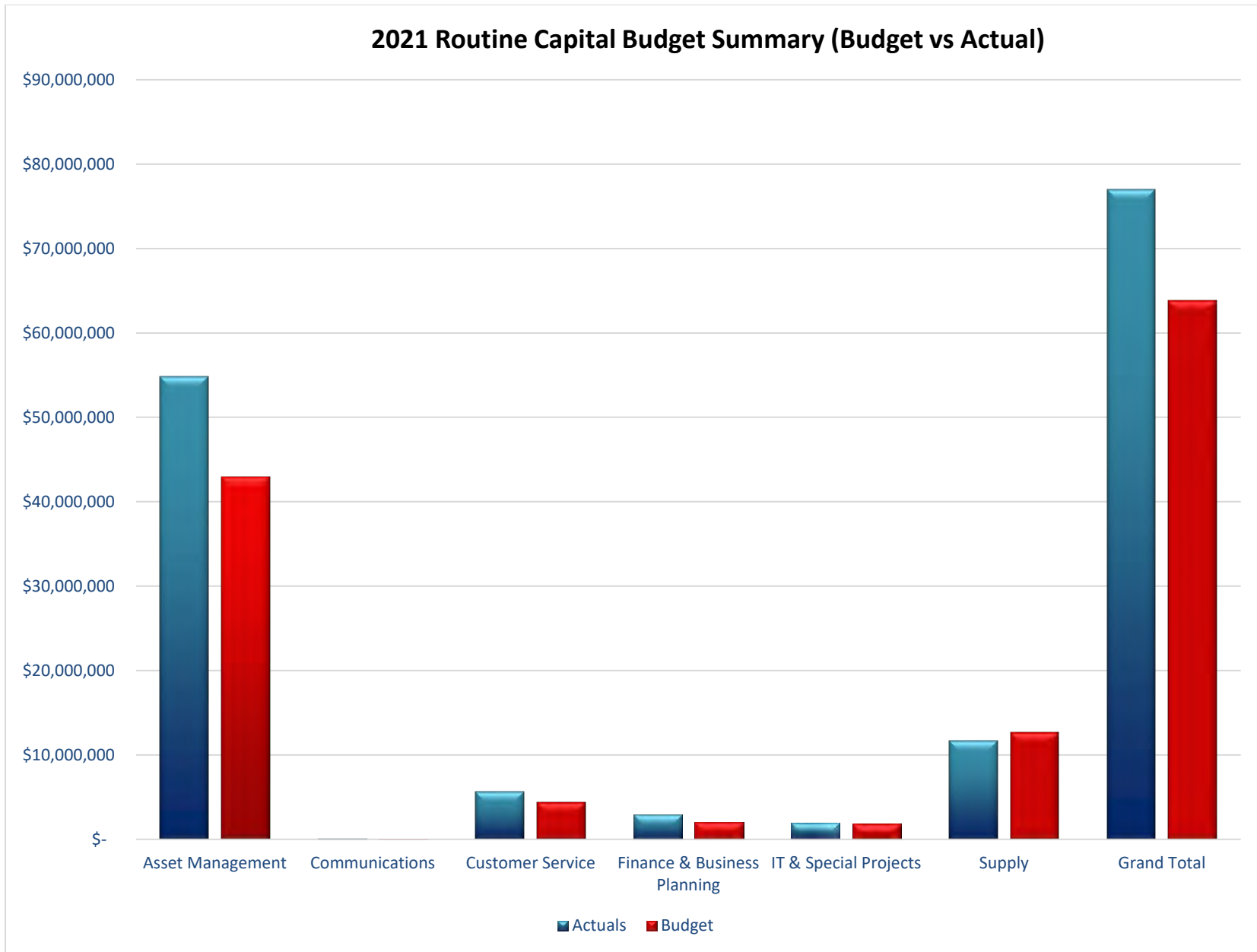
¹ All values are presented in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts.

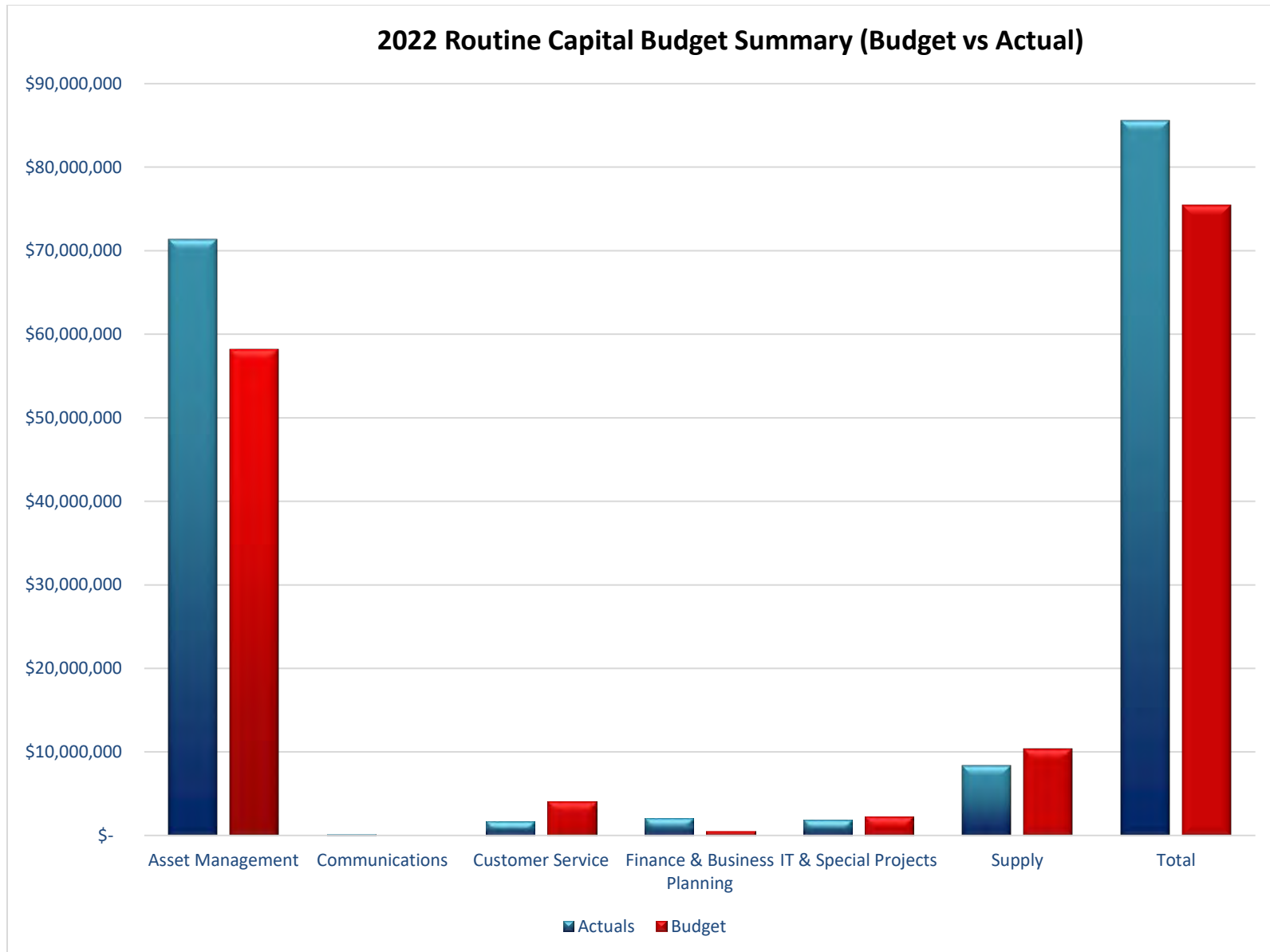
Business Unit	Actuals	Budget	\$ Variance	% Variance
2022				
Asset Management	\$71,383,007	\$58,175,870	\$13,207,137	22.7%
Supply	\$ 8,384,737	\$10,353,056	\$ (1,968,319)	-19.0%
IT & Special Projects	\$ 1,853,145	\$ 2,282,000	\$ (428,855)	-18.8%
Customer Service	\$ 1,723,592	\$ 4,102,000	\$ (2,378,408)	-58.0%
Finance & Business Planning	\$ 2,088,707	\$ 500,000	\$ 1,588,707	317.7%
Communications	\$ 160,174	\$ 25,000	\$ 135,174	540.7%
2022 Total	\$85,593,362	\$75,437,926	\$10,155,436	13.5%
2021				
Asset Management	\$54,779,724	\$42,905,391	\$11,874,332	27.7%
Supply	\$11,633,252	\$12,664,885	\$ (1,031,633)	-8.1%
IT & Special Projects	\$ 1,963,440	\$ 1,810,000	\$ 153,440	8.5%
Customer Service	\$ 5,616,623	\$ 4,346,700	\$ 1,269,923	29.2%
Finance & Business Planning	\$ 2,877,349	\$ 2,025,000	\$ 852,349	42.1%
Communications	\$ 121,362	\$ 66,000	\$ 55,362	83.9%
2021 Total	\$76,991,749	\$63,817,976	\$13,173,773	20.6%
2020				
Asset Management	\$45,036,947	\$51,654,578	\$ (6,617,631)	-12.8%
Supply	\$ 8,399,772	\$ 7,342,349	\$ 1,057,424	14.4%
IT & Special Projects	\$ 1,743,470	\$ 1,623,000	\$ 120,470	7.4%
Customer Service	\$ 4,057,510	\$ 4,067,873	\$ (10,363)	-0.3%
Finance & Business Planning	\$ 3,268,035	\$ 310,000	\$ 2,958,035	954.2%
Communications	\$ 117,951	\$ 65,500	\$ 52,451	80.1%
2020 Total	\$62,623,686	\$65,063,300	\$ (2,439,614)	-3.7%
2019				
Asset Management	\$33,177,258	\$35,864,107	\$ (2,686,849)	-7.5%
Supply	\$13,769,757	\$10,801,115	\$ 2,968,642	27.5%
IT & Special Projects	\$ 1,218,089	\$ 1,543,000	\$ (324,911)	-21.1%
Customer Service	\$ 3,675,664	\$ 3,830,501	\$ (154,837)	-4.0%
Finance & Business Planning	\$ 532,747	\$ 250,000	\$ 282,747	113.1%
Communications	\$ 9,630	\$ 16,000	\$ (6,370)	-39.8%
2019 Total	\$52,383,145	\$52,304,723	\$ 78,421	0.1%
2018				
Asset Management	\$38,778,682	\$40,368,243	\$ (1,589,560)	-3.9%
Supply	\$11,311,627	\$12,342,617	\$ (1,030,990)	-8.4%
IT & Special Projects	\$ 1,127,595	\$ 1,266,833	\$ (139,239)	-11.0%
Customer Service	\$ 2,701,658	\$ 2,424,476	\$ 277,182	11.4%
Finance & Business Planning	\$ (318,969)	\$ -	\$ (318,969)	0.0%
Communications	\$ 76,975	\$ 1,500	\$ 75,475	5031.6%
2018 Total	\$53,677,567	\$56,403,669	\$ (2,726,102)	-4.8%







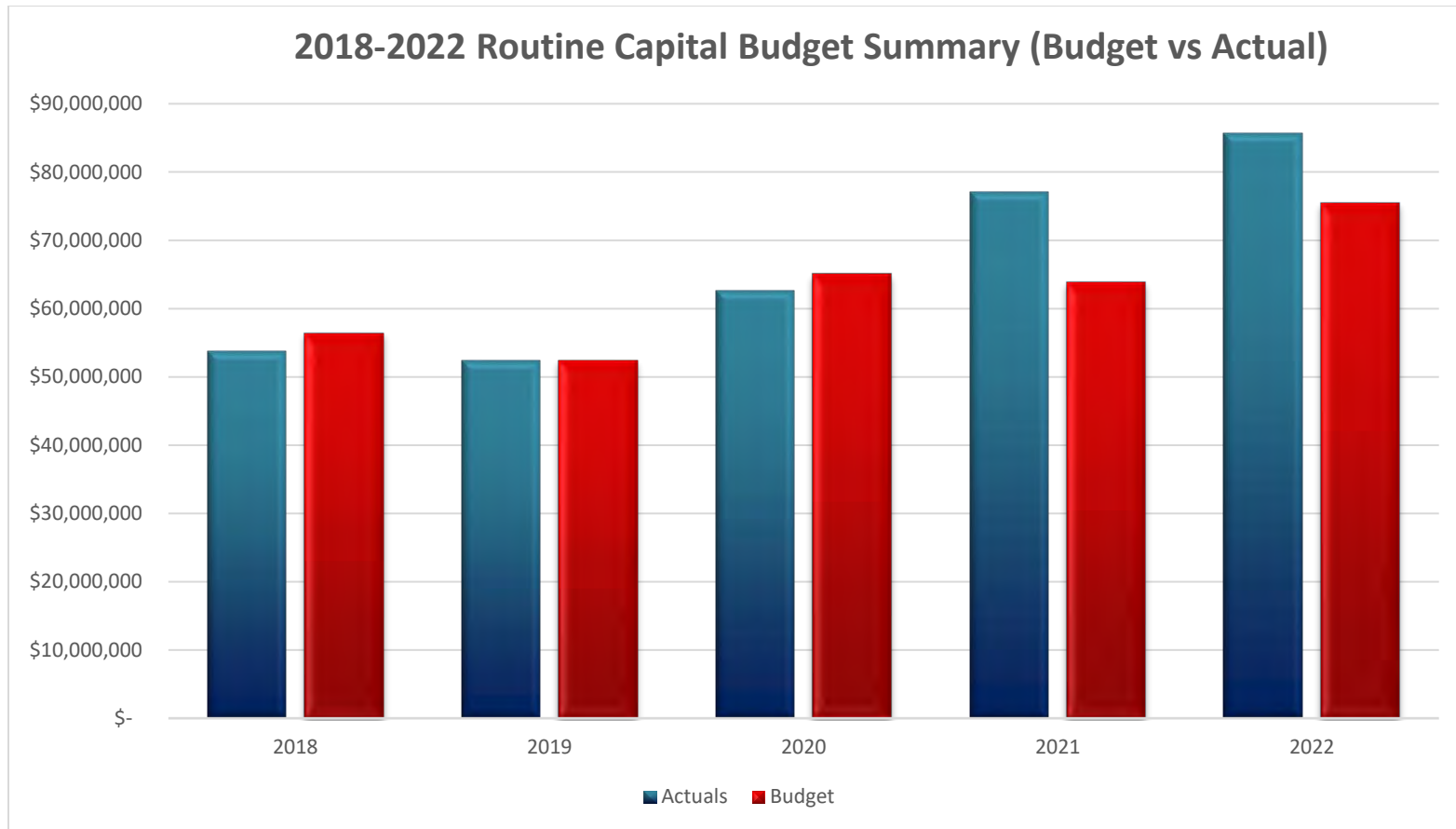




3.0 Total OTP Routine Capital Spending

The following table provides a summary of the Routine capital budget and actual Routine capital spending for:

Year	Budget	Actuals	\$ Variance	% Variance
2022	\$ 75,437,926	\$ 85,593,362	\$ 10,155,436	13.5%
2021	\$ 63,817,976	\$ 76,991,749	\$ 13,173,773	20.6%
2020	\$ 65,063,300	\$ 62,623,686	\$ (2,439,614)	-3.7%
2019	\$ 52,304,723	\$ 52,383,145	\$ 78,421	0.1%
2018	\$ 56,403,669	\$ 53,677,567	\$ (2,726,102)	-4.8%

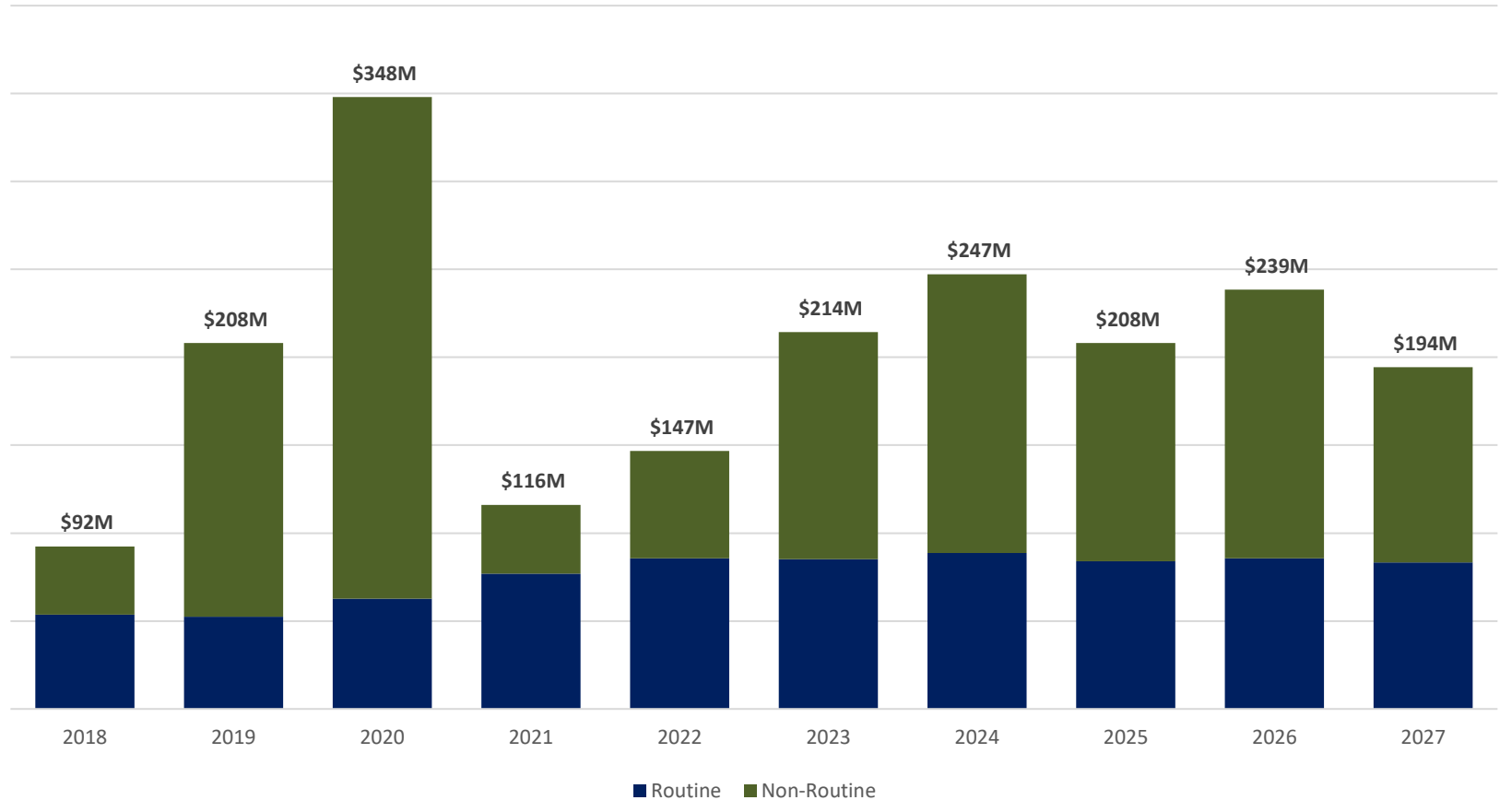


4.0 Historical and Forecasted Spending from 2018 through 2027

Most of the capital spending since 2018 has been directed to renewable generation investment, the construction of Astoria Station, and large transmission including Capx2020 projects. In the future, non-routine capital spending will continue to comprise the majority of OTP's capital spending with continued investment in renewable generation, I2030 Investment, MISO tranche 1 projects, and other transmission investments.

Forecasted non-routine renewable investment includes the repowering of four of OTP's existing wind farm sites and the construction of new solar and wind generation capacity. I2030 projects are aimed at implementing modernized technology and are largely made up of automated meter reading infrastructure (AMI) and a demand management response system (DRMS). These projects allow remote reading of electric meter data in near real-time and enhance the ability to effectively perform demand response management. MISO Tranche 1 projects include the construction of the Jamestown to Ellendale 345kv line and the Big Stone South to Alexandria 345Kv lines and the related infrastructure upgrades to support these new lines.

Capital Spending 2018-2022 Actual and Projections for 2023-2027



Capital Budget Report with AFUDC

FP Number	Description	Proj Mgr	Original Budget	Change	Year End Forecast	Current Month Forecast	Current Month Actual	Current Month Variance	Year to Date Budget	Year to Date Actual	YTD Budget Variance
Department Total											
Department Total											
Department Total											
Department Total											
Functional Area Total											

