



ESG Report 2023



ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT 2023

Table of contents

Highlights	1
Message from our president	3
About us	3
ENERGY AND ENVIRONMENT	5
SOCIAL	23
Customers	24
Communities	27
Employees	30
GOVERNANCE	34
APPENDIX	35

Glossary of abbreviations

DOE: Department of Energy	kWh: Kilowatt hours
EPA: Environmental Protection Agency	kV: Kilovolt
FEMA: Federal Emergency Management Agency	MISO: Midcontinent Independent System Operator, Inc.
FERC: Federal Energy Regulatory Commission	MW: Megawatt
GWh: Gigawatt hours	MWh: Megawatt hours
kW: Kilowatt	



GOALS



To own or contract energy generation that is 55% renewable by 2030.
Does not include MISO market purchases.

Current

37%
RENEWABLE



To reduce carbon emissions from owned generation resources 50% by 2030 and 97% by 2050.
Does not include MISO market purchases.

Current

39%
REDUCTION

Our goals above focus on energy generation resources we operate or for which we have long-term power purchase agreements. These don't include MISO market purchases. Later in this report, you'll see information about the overall energy delivery mix we use to serve our customers, which includes MISO market purchases.

We've based these goals on our December 2023 Supplemental Integrated Resource Plan filing in Minnesota. While modified from our previously published goals, they reflect current market conditions, including the impact of higher natural gas prices, and higher than originally forecasted dispatch levels of our co-owned, coal-fired power plants.



2023 HIGHLIGHTS



49-MW
SOLAR FACILITY

Hoot Lake Solar, our 49-MW solar facility in Fergus Falls, Minnesota, became fully operational. It's Minnesota's lowest-cost and third-largest operating solar facility. With the completion of Hoot Lake Solar, nearly 40 percent of our owned and contracted energy generation comes from renewable resources. *Pages 9 and 17*



62-MW
WIND FACILITY ACQUISITION

We purchased Ashtabula III Wind Energy Center in eastern North Dakota. Owning the facility provides a lower-cost alternative for our customers than maintaining the power purchase agreement. The 39-turbine site adds 62 MW of nameplate capacity to our energy generation mix. *Page 9*



174,000
AMI METERS

We installed our first 480 of 174,000 advanced metering infrastructure (AMI) meters. We began full meter deployment in February 2024 and expect to complete advanced meter installations for all customers throughout our service area by early 2025. *Page 24*



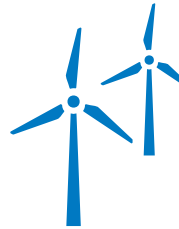
345-KV
TRANSMISSION LINES

We began public outreach and planning for two new 345-kV transmission lines, which are part of MISO's Long-Range Transmission Planning Tranche 1 projects. We're leading development and construction on an approximately 95-mile transmission line between Jamestown and Ellendale, North Dakota, and an approximately 100-mile transmission line between Big Stone City, South Dakota, and Alexandria, Minnesota. We're also working with our co-owners of the CapX2020 Fargo to Twin Cities 345-kV transmission line to add a second circuit to the existing double-circuit capable structures from Alexandria to the Big Oaks substation near Monticello, Minnesota. *Page 11 and 12*



15-YEAR
ENERGY GENERATION PLAN

On May 30, 2024, the Minnesota Public Utilities Commission (MPUC) approved our resource plan. The MPUC decision includes the addition of new renewable resources to meet the energy needs of our Minnesota customers, limits Minnesota's share of output of Coyote Station to emergency situations, recognizes our proposal to add on-site liquified natural gas at Astoria Station is reasonable and prudent, and offers guidance on future resource planning analysis in adding new generation resources that best meet the needs of our customers. *Page 10*



164-GWH
WIND REPOWERING

We began plans and received site permits to upgrade and refurbish wind turbines at our Ashtabula, Ashtabula III, Langdon, and Luverne Wind Energy Centers in 2024 and 2025. Once complete, we expect this wind repowering to provide approximately 164 GWH of additional energy—the equivalent of a new 40-MW facility. *Page 9*

MESSAGE FROM OUR PRESIDENT



In 2023 we continued our mission to improve the quality of life in the areas where we do business.

Throughout this report you'll read about our focus on environmental responsibility and progress toward reducing our environmental impact. Hoot Lake Solar, our 49-megawatt solar facility, became fully operational in August—bringing us closer to our renewable energy generation and carbon emissions reduction goals. And our 15-year Integrated Resource Plan outlines how we propose to continue providing low-cost, reliable electricity to our 133,700 customers.

You'll learn about our impact on the rural communities we serve. From new projects that will help ensure a reliable and resilient transmission system to the thousands of hours our employees volunteered with local non-profit organizations, we're focused on the growth and success of our customers, friends, and neighbors.

We also share how we're continuing to be a great place to work, in part with updated policies and options that reflect what's important to our people. Our employees set us apart through customer-focused decisions and Midwestern resourcefulness, working hard to do what's needed each and every day.

The energy industry continues its transformation. And we're right there in it, taking steps to make sure we'll continue to meet our customers' needs for cost-effective, reliable, and increasingly clean electricity.

Timothy J. Rogelstad
President
Otter Tail Power Company

ABOUT US

Otter Tail Power Company generates, transmits, and distributes electricity for residential, commercial, and industrial customers. We're headquartered in Fergus Falls, Minnesota. A wholly-owned subsidiary of Otter Tail Corporation, we reported \$528 million in revenues in 2023.

Otter Tail Corporation (ottertail.com): Nasdaq Global Select Market: OTTR, has interests in diversified operations that include Otter Tail Power and four manufacturing businesses. Corporate offices are in Fergus Falls, Minnesota, and Fargo, North Dakota.

Vision

Growth and success—for our company and the rural communities we serve. We collaborate and prosper through responsible, resourceful action. We balance community, economic, and environmental commitments. Always.

Mission

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

Values

We make decisions based on our core values:

Integrity: We conduct business responsibly and honestly.

Safety: We provide safe workplaces and require safe work practices.

Customer focus: We provide reliable electricity and timely, courteous customer service.

Resourcefulness: We draw on the ingenuity and expertise of various resources to create strategic, balanced plans.

Community: We improve the quality of life in the areas in which we do business.

People: We build respectful relationships and create an environment where all people can thrive.

Customers

We serve more than 133,700 customers spanning 70,000 square miles in western Minnesota, eastern North Dakota, and northeastern South Dakota. Our service area is predominantly rural and agricultural.

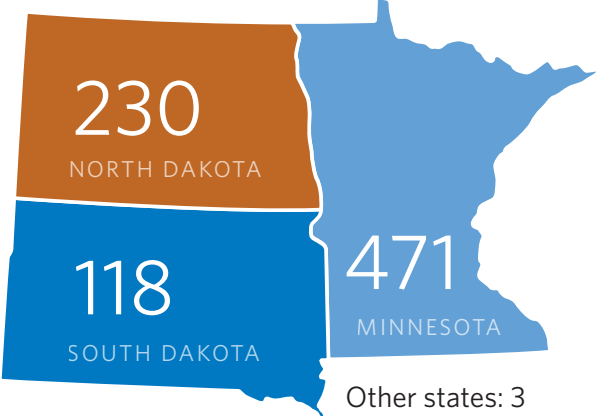
Customers and their energy use

STATE AND CATEGORY	CUSTOMERS	MWH ENERGY USE
Minnesota		
Residential	49,715	544,560
Farm	1,286	52,136
Commercial	10,470	313,940
Large commercial	481	1,865,205
Streetlighting	294	4,677
Governmental agencies	522	20,294
North Dakota		
Residential	45,431	606,547
Farm	1,028	39,804
Commercial	11,453	472,883
Large commercial	289	1,365,347
Streetlighting	305	7,457
Governmental agencies	577	17,878
South Dakota		
Residential	9,005	119,957
Farm	350	9,751
Commercial	2,283	85,233
Large commercial	69	283,882
Streetlighting	57	1,666
Governmental agencies	128	4,706
Total	133,743	5,815,923

Employees

Our employees work hard to keep customers' power on—from those braving the elements during outages to those carefully monitoring and maintaining our many systems.

Employees by location



Employees by category

CATEGORY	FEMALE	MALE
Regular		
Full-time	187	615
Part-time	11	2
Temporary		
Full-time	0	2
Part-time	2	3
Total employees	200	622

ENERGY AND ENVIRONMENT



Energy generation mix

There isn't a single electric generation technology that fully meets the need for reliable, low-cost, environmentally responsible electricity. Diversity in a utility's generation portfolio is key.

We create electricity from coal, hydroelectric, natural gas, oil, solar, and wind facilities. Our energy generation mix includes:

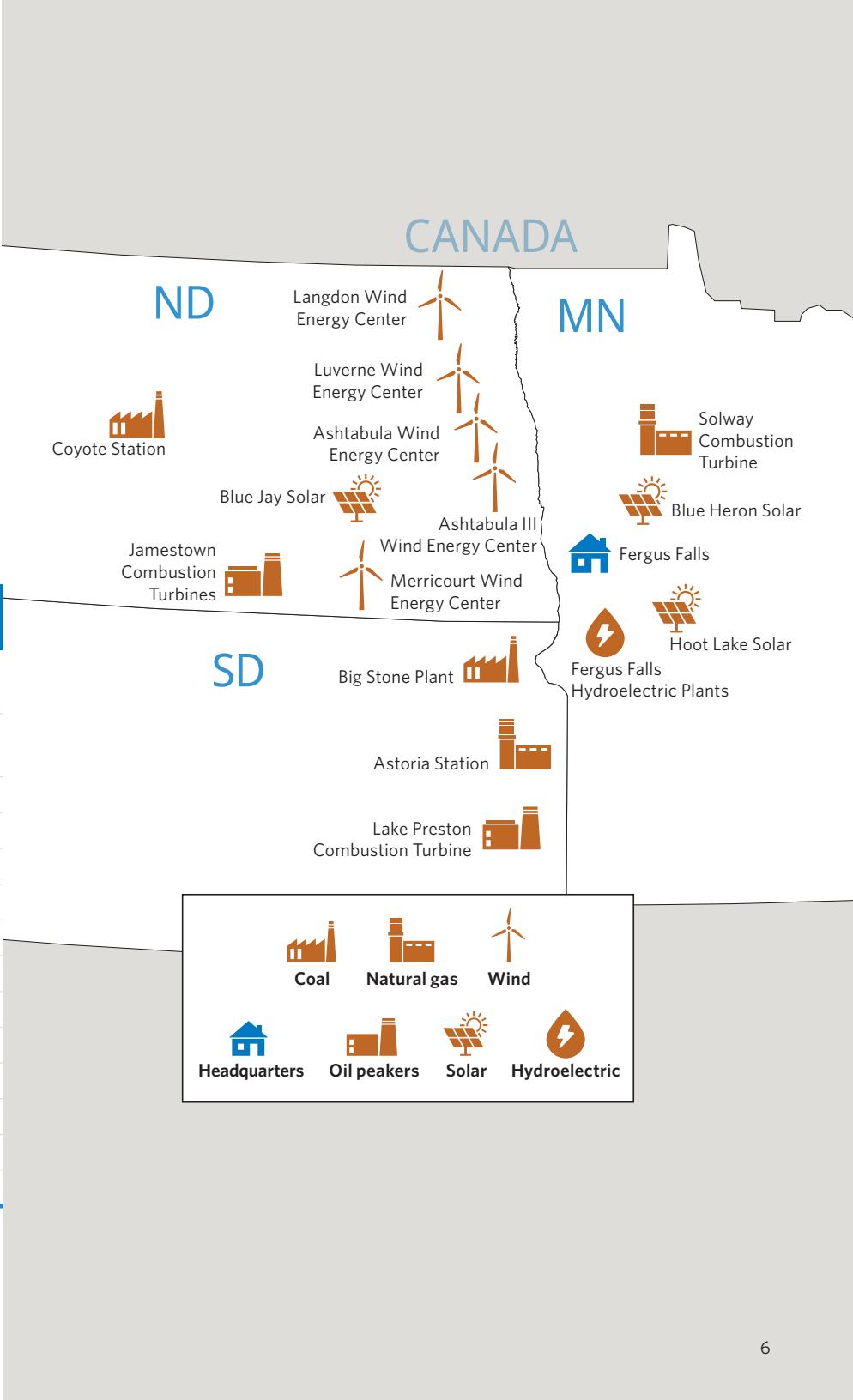
- **Dispatchable:** Energy generated when called upon, such as coal.
- **Intermittent:** Energy generated in intervals (and not as a continuous source), such as renewables, which depend on the sun shining or the wind blowing.
- **Peaking:** Energy generation that can ramp up quickly, such as natural gas and oil. These resources fill gaps when customer demand for energy is high or conditions for renewable energy aren't ideal.

Owned energy generation resources

RESOURCE	NAMEPLATE CAPACITY (MW)	FUEL SOURCE
Big Stone Plant ¹	475.0 total 256.0 Otter Tail Power	Coal (sub-bituminous)
Coyote Station ²	427.0 total 149.5 Otter Tail Power	Coal (lignite)
Astoria Station	249.7	Natural gas
Merricourt Wind Energy Center	150.0	Wind
Ashtabula III Wind Energy Center	62.4	Wind
Hoot Lake Solar	49.9	Solar
Luverne Wind Energy Center	49.5	Wind
Ashtabula Wind Energy Center	48.0	Wind
Solway Combustion Turbine	42.4	Natural gas
Jamestown Combustion Turbines (2 turbines)	41.0	Oil
Langdon Wind Energy Center	40.5	Wind
Lake Preston Combustion Turbine	19.4	Oil
Fergus Falls Hydroelectric Plants (5 plants)	2.6	Water
Blue Jay Solar/Blue Heron Solar	<0.1	Solar

¹ Plant co-owners are Otter Tail Power (53.9 percent), NorthWestern Energy (23.4 percent), and Montana-Dakota Utilities Co. (22.7 percent). We operate and maintain the plant on behalf of the co-owners.

² Plant co-owners are Otter Tail Power (35 percent), Montana-Dakota Utilities Co. (25 percent), Northern Municipal Power Agency (30 percent), and NorthWestern Energy (10 percent). We operate and maintain the plant on behalf of the co-owners.





Target

To own or contract energy generation that is 55% renewable by 2030. Does not include MISO market purchases.

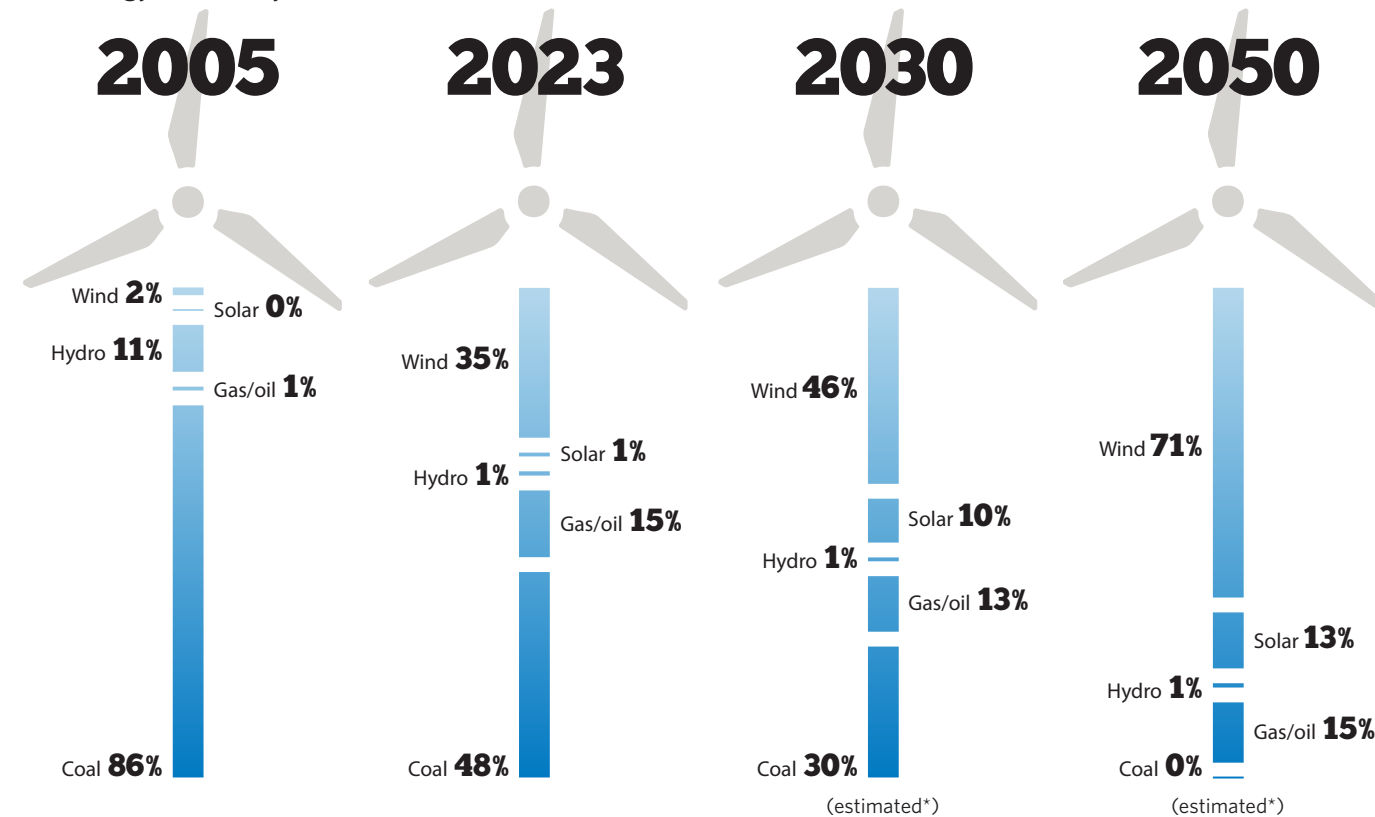
Current

37%

RENEWABLE

Owned energy generation mix by year

The energy created by our owned and contracted resources.



*These are based on our December 2023 Supplemental Integrated Resource Plan filing in Minnesota. See page 1 for additional information.

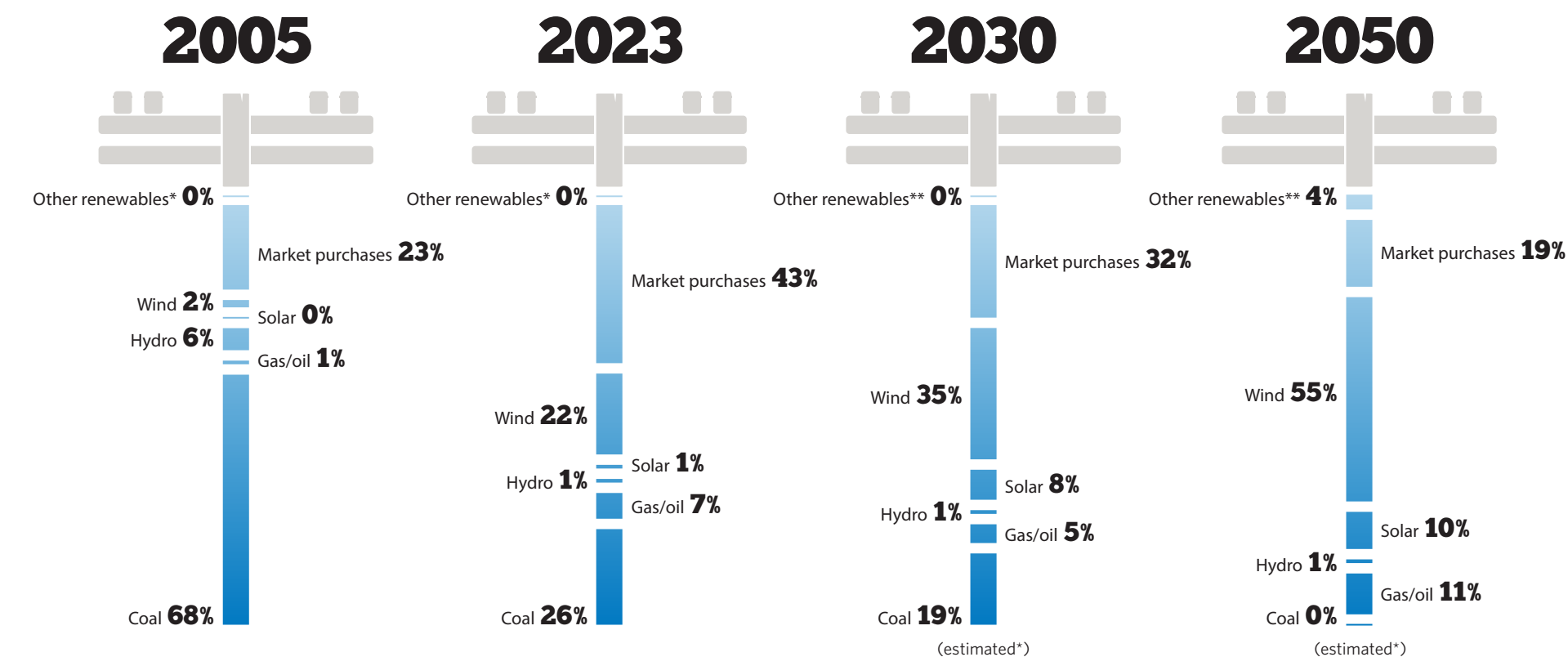
Energy delivery mix

We purchase electricity from the MISO daily energy market when buying it is more economical than generating it ourselves. MISO oversees energy delivery from utilities across the Central United States, including 15 states and the Canadian province of Manitoba. It acts as an air traffic controller for the energy grid, ensuring utilities can generate and deliver the right amount of electricity to more than 45 million people.

Our energy delivery mix is the energy we use to serve our customers, which includes MISO market purchases.

Energy delivery mix by year

The energy used to serve our customers.



*These are based on our December 2023 Supplemental Integrated Resource Plan filing in Minnesota. See page 1 for additional information.

**Other renewables include future energy efficiency and battery storage (2050 only).




BY 2050
approximately

70%

of our energy delivery mix
will be renewables.

Our energy use

We use electricity too. Our resource mix and use of renewable resources mirrors that of our customers. Below is our 2023 electrical use at all locations, including offices, linework and fleet service buildings, and substations.

STATE	MWH
 Minnesota	5,608
 North Dakota	4,301
 South Dakota	767
Total	10,676

“We expect Hoot Lake Solar will generate about twice what’s needed to meet the Minnesota Solar Energy Standard, which is 1.5 percent of retail electricity sales.”



Randy Synstelien
Development Manager

Renewables

As we introduce new energy sources and technologies, our priority remains the same—meeting our customers’ needs.

Soaking up the sun

In August we completed the 49-MW Hoot Lake Solar, our first large-scale investment in solar generation. Located in Fergus Falls, Minnesota, its nearly 130,000 panels produce enough energy to power approximately 9,000 homes annually.

We began construction on the \$62 million project in May 2022. Hoot Lake Solar started producing electricity in early 2023. On August 8 it went into full commercial operation and became part of the MISO energy market. We made use of the existing transmission interconnection from our retired Hoot Lake Plant, adding renewable energy to the grid without significant investment in additional transmission infrastructure.

Hoot Lake Solar helps us meet renewable energy goals while remaining an economical option. The Minnesota Office of the Attorney General (OAG) noted that Hoot Lake Solar, “To the OAG’s knowledge, would be the lowest-cost solar project the [Minnesota Public Utilities Commission] has approved to date by a large margin.” Hoot Lake Solar is Minnesota’s third-largest operating solar site based on generation capacity.

We’ve installed a learning area with a solar panel and inverter demonstrations and will begin public tours and educational opportunities for students, highlighting our energy generation resources, in fall 2024.

We also own two nearly 40-kW solar facilities: Blue Jay Solar in Jamestown, North Dakota, and Blue Heron Solar near Ottertail, Minnesota.

Harnessing the wind

In January we purchased Ashtabula III Wind Energy Center in eastern North Dakota. We’d purchased wind-generated electricity from Ashtabula III since 2013 through a power purchase agreement, but exercised our option to buy the facility as part of our least-cost plan to meet our customers’ energy needs. The 39-turbine site added 62 MW of nameplate capacity to our owned generation assets.

We’re planning to upgrade and refurbish wind turbines at our Ashtabula, Ashtabula III, Langdon, and Luverne Wind Energy Centers in 2024 and 2025. The Inflation Reduction Act provides for full production tax credits for repowering wind facilities, and these tax credits will offset the additional revenue requirements of the new investment. Tax credits for these projects, combined with zero fuel costs for renewable resources, demonstrate our commitment to affordability and help us maintain low-cost rates. Once complete, we expect this wind repowering to provide approximately 164 GWh of additional electricity—the equivalent of a new 40-MW facility.

Resource planning

In September 2021 we submitted our initial IRP filing, but since then saw significant changes in the energy industry, including the FERC’s approval of MISO’s new seasonal resource adequacy construct, MISO’s proposal to significantly increase winter and spring planning reserve margins, and enactment of the Inflation Reduction Act—which together drove the need to update our IRP modeling.

On May 30, 2024, the Minnesota Public Utilities Commission (MPUC) approved our resource plan containing many elements of the settlement between our company and other parties filed April 2, 2024, in our 2022-2036 Integrated Resource Plan docket.

The MPUC decision:

- Allows us to retain the reliability benefits of Coyote Station while running the portion of the plant used to serve our Minnesota customers for emergency purposes only. This will begin as soon as June 1, 2026, and end no later than 2031. At that time, our Minnesota customers will no longer use the capacity of or energy from Coyote Station. The MPUC’s decision doesn’t require us to withdraw from Coyote Station or change how we operate Coyote Station to serve our North Dakota and South Dakota customers, even beyond 2031.
- Allows us to begin creating project plans for replacement energy for the portion of Coyote Station used to serve our Minnesota customers—and allows us to make progress toward the Minnesota Carbon Free standard. We’ll develop plans for 200 to 300 MW of solar resources, 150 to 200 MW of wind resources, and 20 to 75 MW of battery storage to be commercially operational between now and the end of 2029.
- Recognizes our proposal to add on-site liquefied natural gas storage at our Astoria Station natural gas facility, a shared resource across our three-state service area, is reasonable and prudent to protect system reliability and provide price protection for our Minnesota customers. This recognition takes us one step farther in the regulatory process to add on-site fuel at Astoria Station.

Our Advanced Determination of Prudence request for the on-site fuel project at Astoria Station is pending with the North Dakota Public Service Commission. The South Dakota Public Utilities Commission doesn’t have a project preapproval process, so we are not awaiting any related decisions in that state.

Resource planning is an ever-evolving process. To ensure we continue to provide our customers with reliable, low-cost electricity, we’ll continue to monitor developments that could impact our plan.

“When we do our long-range resource planning, there are three things we keep in mind. The first one is reliability. We want to make sure the lights stay on. Not just some of the time, but all the time. The second one is keeping rates low. And third, we want to make sure we’re being good stewards of the environment.”

Nate Jensen
Resource Planning Manager



Transmission and distribution

Generating energy is the first step in providing electricity to our customers. The second step is safely, efficiently, and reliably delivering that electricity to our customers via our wholly or jointly owned 6,352 miles of transmission lines and 7,877 miles of distribution lines.

Investing in grid resilience

In July 2022 the MISO Board of Directors approved \$10.3 billion in a portfolio of 18 new transmission projects focused on its Midwest Subregion, which includes our service area. These projects—including the proposed Jamestown to Ellendale, Big Stone South to Alexandria, and Alexandria to Big Oaks transmission lines—are the first of four portfolios of

future transmission projects in MISO’s Long-Range Transmission Planning (LRTP) process, which aims to:

- Ensure electric reliability.
- Increase resilience to extreme weather events.
- Reduce transmission congestion.
- Increase access to low-cost energy.

With this first portfolio of transmission projects totaling more than 2,000 miles of new transmission, MISO indicated this portfolio will bring two to four times more benefits than costs over the next 20 years. These LRTP projects represent a set of transmission projects that will help ensure a reliable, resilient, and cost-effective transmission system as the area’s energy resource mix continues to change.



The **Jamestown to Ellendale 345-kV transmission line** will run approximately 95 miles between our Jamestown substation and Montana-Dakota Utilities’ Ellendale substation in North Dakota. We’re leading development and construction while working closely with Montana-Dakota Utilities, our co-owner on the transmission line.

In 2023 we began project development, coordinating with residents, business and property owners, agencies, and other interested stakeholders to determine a potential line route. We plan to submit a route permit to the North Dakota Public Service Commission in the second half of 2024 and are currently targeting an in-service date of late 2028.

In September we—along with Xcel Energy, Great River Energy, Minnesota Power, and Missouri River Energy Services, acting on behalf of Western Minnesota Municipal Power Agency—filed a Certificate of Need with the Minnesota Public Utilities Commission for the **Big Stone South to Alexandria to Big Oaks transmission project**. This 345-kV transmission line consists of two segments, with one running between Big Stone City, South Dakota, and Alexandria, Minnesota (western segment), and the other between Alexandria and Becker, Minnesota (eastern segment).

The **Big Stone South to Alexandria** western segment will connect our Big Stone South substation and Missouri River Energy Services’ (MRES) Alexandria substation. We’ll co-own the approximately 100-mile line with MRES and lead development and construction. We’re engaging with residents, business and property owners, agencies, and others on identifying potential line routes that we’ll include in a route permit application, which we plan to file with the Minnesota Public Utilities Commission in the fourth quarter of 2024. We filed a facility permit application with the South Dakota Public Utilities Commission in the second quarter of 2024. We’re currently targeting an in-service date no later than 2031 for this 345-kV line.

The **Alexandria to Big Oaks** eastern segment is an addition of a second 345-kV circuit to the existing Fargo to Twin Cities CapX2020 transmission line between the existing Alexandria Substation owned by MRES and a new substation called Big Oaks near Becker, Minnesota, which will be owned by Xcel Energy. We’ll co-own the approximately 105-mile line with Xcel Energy, Great River Energy, Minnesota Power, and MRES. Xcel Energy is leading development and construction and filed a route permit and Certificate of Need with the Minnesota Public Utilities Commission in September 2023. If approved, we anticipate construction to begin in 2025 and be complete by the end of 2027.



In October the DOE announced up to \$3.5 billion in “Grid Resilience and Innovation Partnerships Program investments for 58 projects across 44 states to strengthen electric grid resilience and reliability across America.” One of the selected projects is a joint proposal by the Minnesota Department of Commerce, Great Plains Institute, MISO, Southwest Power Pool (SPP), Evergy, ITC Midwest, MidAmerican Energy, Omaha Public Power District, Xcel Energy, and our company to enhance the grid’s ability to deliver low-cost, clean energy to communities across the Midwest.

Called the **Joint Targeted Interconnection Queue Transmission Study (JTIQ)**, up to \$464 million (covering approximately a quarter of the costs of the JTIQ projects) in grant funding would be used to help build five high-voltage transmission lines spanning seven states—Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

Specific to our company, funding would be applied to our **Bison to Hankinson to Big Stone South** 345-kV transmission project in collaboration with Xcel Energy. This transmission line would run from the Bison substation near Fargo to the Hankinson substation in North Dakota, then continue to our Big Stone South substation in South Dakota. The DOE grant is contingent on negotiation and project logistics. Before utilities can commence on these projects, MISO and SPP, the project’s leads, will submit a filing seeking approval by FERC. This filing is anticipated in the third quarter of 2024.

In addition to these 345-kV transmission projects, we’re working on several local 230-kV and 115-kV transmission projects to help alleviate regional transmission congestion and ensure reliability.

Improving system infrastructure and reliability

Inspecting and maintaining the infrastructure we rely on to transmit and deliver electricity is as critical as performing maintenance on a vehicle. Making sure we’re repairing or replacing infrastructure ahead of potential breakdowns or failure starts with understanding the overall health of our existing assets and the process to replace those assets.



“Our teams are looking at the system all the time. Replacing poles, trimming trees, upgrading conductor, replacing insulators, you name it—we want to catch an issue before it becomes a problem for our customers.”

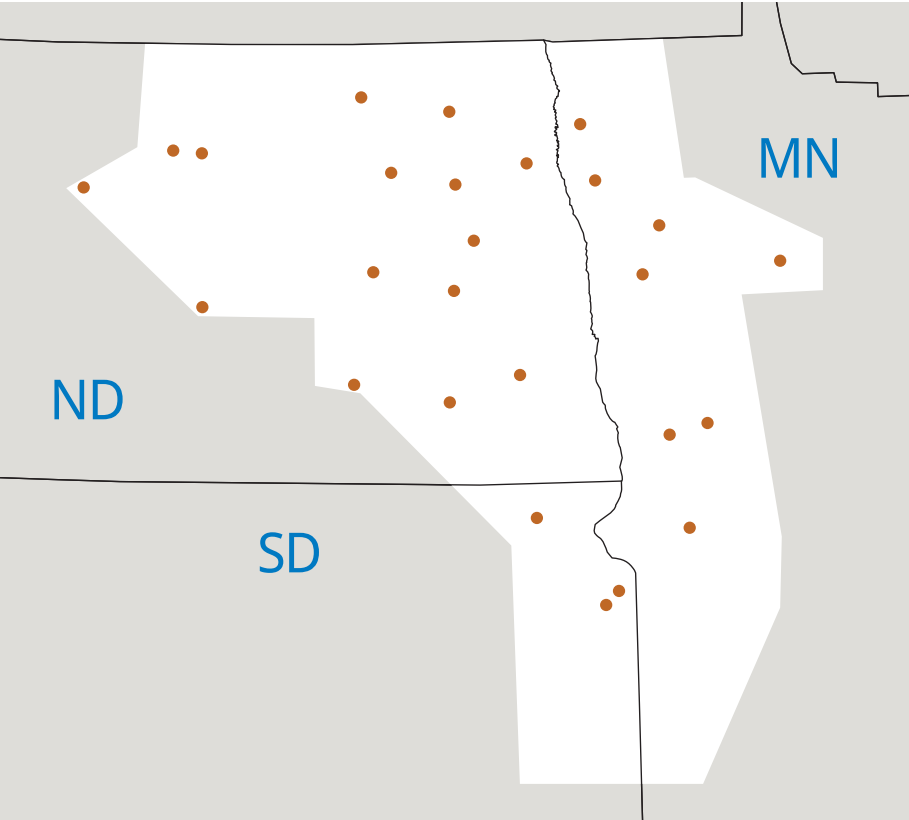


Mike Riewer
System Infrastructure
and Reliability Manager

In 2022 we doubled our traditional annual capital spend in the replacement of aging transmission and distribution assets. In 2023 we maintained this increased level of capital spending.

One asset health investment is our Strategic Overhead to Underground program. In this program we take aging and underperforming overhead distribution lines and bury them, which removes many of the causes for overhead interruptions such as vegetation, weather, and animals. In 2020 we converted approximately eight miles around the Otter Tail Lake area in Minnesota from overhead line to underground line. Since then, the area has seen six times the improvement in reliability. In 2020 we also started converting adjacent distribution system overhead lines in this same area and many others in our system. Overall, this program represents 10 percent to 15 percent of our asset health and replacement spending, which equates to over \$14,000,000 since 2020. In 2023 our overhead to underground

Major system infrastructure and reliability projects map



ratio was approximately 75 percent overhead distribution lines and 25 percent underground distribution lines.

Improving reliability also includes decreasing risks associated with natural events like storms and wildfires. While 80 percent of our transmission and distribution lines are in relatively low or relatively moderate risk indexes according to FEMA's Wildfire National Risk Index, we’re working on enhancing our preventative and responsive processes and formalizing plans to help reduce wildfire risk.

We also continue exploring transmission and distribution technologies for more efficient and responsible operations. This includes remote fault sensing and monitoring, artificial intelligence, satellite imagery, drones, and new sectionalizing technology.

In 2023 we submitted six concept papers for Infrastructure Investment and Jobs Act funding to help shorten the timeframe in which we address outage causes; maintain resilience of the power system through hazards caused by floods, extreme cold, wildfires, and other weather events; and improve the quality of life in the rural communities we serve.

Three of the grants we submitted were focused on the Grid Resilience and Innovation Partnerships (GRIP) Program to “enhance grid flexibility and improve the resilience of the power system against growing threats of extreme weather and climate change.” Three other grants were under the Energy Improvement in Rural or Remote Areas funding notice to “advance clean energy demonstrations and energy solutions that are replicable and scalable for rural and remote areas of the U.S. with 10,000 or fewer inhabitants.” (Grant descriptions as per the DOE.)

The Infrastructure Investment and Jobs Act creates many opportunities, but grant awards are highly competitive. In late 2023 the North Dakota Transmission Authority recommended our Next Generation Grid Resilience program for \$4.4 million in state-allocated funds. These funds are part of the GRIP Program but set aside for allocation to states to then subaward to utilities. We’re awaiting final DOE approval before starting our Next Generation Grid Resilience program; the DOE didn’t award our other five grant applications. We’ll continue to monitor opportunities and apply for those that benefit our customers.

Measuring reliability

We track our response to interruptions using four reliability performance indicators. We normalize this data using the Institute of Electrical and Electronics Engineers standards to account for storm anomalies or events. For example, in December 2023 a severe ice storm moved through our North Dakota service territory, resulting in prolonged interruptions to approximately 17,000 customers and damage to over 200 poles. On December 26 the System Average Interruption Duration Index (SAIDI) accumulated was 36 minutes, which qualified for a Major Event Day and was removed from the numbers at right. However, over December 25 and 27, we realized an additional 18 minutes of SAIDI accumulation that didn't meet the threshold for a Major Event Day and as such, those minutes are included within the numbers at right.



System Average Interruption Frequency Index (SAIFI)

The number of sustained interruptions lasting more than five minutes that an average customer experienced during the year.

	2019	2020	2021	2022	2023
GOAL	<1.30	<1.30	<1.35	<1.20	<1.20
ACTUAL	1.23	1.26	1.24	1.62	1.47

Customer Average Interruption Duration Index (CAIDI)

The average length of time a customer was without power during a sustained interruption.

	2019	2020	2021	2022	2023
GOAL (in minutes)	<62.0	<69.3	<70.0	<70.0	<70.0
ACTUAL (in minutes)	75.2	66.2	66.9	73.2	75.4

System Average Interruption Duration Index (SAIDI)

The average length of time a customer was without power for an entire year.

	2019	2020	2021	2022	2023
GOAL (in minutes)	<80	<95	<95	<85	<85
ACTUAL (in minutes)	92.5	83.5	79.1	118.6	110.8

Momentary Average Interruption Frequency Index (MAIFI)

The number of interruptions lasting five minutes or less that an average customer experienced during the year.

	2019	2020	2021	2022	2023
GOAL	<6.5	<5.5	<5.5	<5.5	<5.5
ACTUAL	5.1	6.1	4.7	6.0	4.4

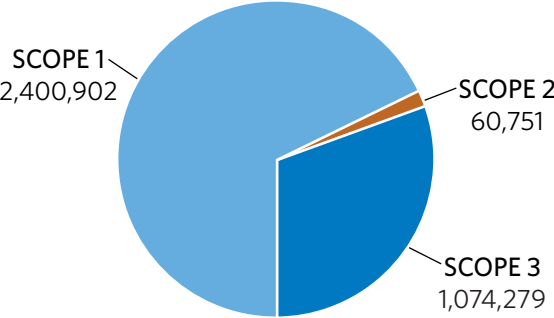
Environmental responsibility

We’re reducing our environmental impact across operations. As we work toward our carbon emission reductions and renewable energy goals, we’re also reducing other greenhouse gas emissions and preserving or restoring the areas where we operate.

Reducing greenhouse gas emissions

Below is our 2023 greenhouse gas emissions (GHG) inventory.

Total CO2 equivalent emissions (metric tons)



Scope 1 includes direct emissions from stationary combustion (Otter Tail Power’s share only), company vehicles, and transmission/distribution equipment.
Scope 2 includes electricity purchased for building use and line losses.
Scope 3 includes only purchased electricity resold to end users.

Investments in new pollution-control equipment and renewable energy have driven significant reductions in emissions of carbon dioxide (CO2), sulfur dioxide (SO2), nitrogen oxides (NOx), and mercury (Hg).

Scope 1 CO2 emissions from owned generation

YEAR	CO2 (million tons)
2005	4.3
2009	3.7
2013	3.9
2017	2.9
2023	2.6
2030 TARGET	2.1
2050 TARGET	0.13

Additional emissions reporting information, including Sustainability Accounting Standards Board, Taskforce for Climate-related Financial Disclosure, and Edison Electric Institute’s ESG/Sustainability quantitative metrics, is available at otpsustainability.com under Reports and Data.

We also participate in the Edison Electric Institute’s Carbon Emissions and Electricity Mix Reporting Database. Customers can use this database to calculate Scope 2 CO2 emissions associated with their electricity use. For purposes of this database, we’ve assigned zero carbon emissions to all wind, hydro, and solar energy that is delivered to our customers, regardless of whether an associated renewable energy credit is retired. However, we’ve adjusted the emission rate for any green energy certified renewable energy credits for customers enrolled in our TailWinds wind-generated energy program (see page 22 for more information about TailWinds). Using this methodology, our carbon intensity for customers was 1,176.6 pounds per megawatt hour in 2023.



To reduce carbon emissions from owned generation resources 50% by 2030 and 97% by 2050.
Does not include MISO market purchases.

Current
39%
REDUCTION

SO2, NOx, and Hg emissions from owned generation

YEAR	SO2 (tons)	NOx (tons)	Hg (pounds)
2005	13,600	13,700	223
2009	12,300	10,600	214
2013	15,800	10,600	206
2017	6,100	3,200	37
2023	5,200	2,900	27

REDUCTION FROM 2005
62% 79% 88%

“You can only call a project habitat friendly if a site adheres to a set of standards. You need to score a minimum of 70 to claim that habitat-friendly solar standard. Where Hoot Lake Solar ended up was a score of 100. We exceeded a score of 85, which represents the gold standard for providing exceptional habitat.”



Paul Vukonich
Environmental Compliance Manager



Learn more about how Hoot Lake Solar coexists with a living landscape at otpc.com/HootLakeSolar.

Maintaining biodiversity

From Minnesota’s forested regions and 10,000 lakes to the plains of North Dakota and South Dakota, our service area is environmentally diverse. Humans and other species rely on healthy ecosystems for oxygen, water, and food. Before investing in new assets or operations, we conduct environmental assessments to analyze potential impacts and protect the biodiversity of our region.

The Minnesota Board of Water and Soil Resources designated Hoot Lake Solar as Habitat Friendly Solar, combining support for pollinators, songbirds, and other species while also providing water management and soil health benefits. We minimized impact to the environment by planting native grasses to provide pollinator-friendly and native habitats for wildlife cover, food, and nesting areas. We also included revegetation, especially along the perimeter fence, with trees, native grasses, and flowering plant species.

Hoot Lake Solar includes:

- 34 native flower species.
- 33 delineated wetlands for migratory waterfowl.
- 12 species of native grasses and sedges for nesting birds.

In January 2023 the Minnesota Erosion Control Association awarded our Hoot Lake Solar project its Environmental Excellence award. We earned this award based on several factors, including innovation, partnership, water quality and quantity protection, and project success.

We completed Hoot Lake Plant’s decommissioning and site restoration in 2023, converting 12 acres of industrial land back to native grassland. We performed a full environmental site assessment to identify any site contaminants, then responsibly removed those materials for proper disposal. Additionally, we closed our coal ash landfill by installing a geomembrane cap and drainage system to encapsulate waste and prevent exposure to the environment.

We’re working on wind repowering at four of our North Dakota wind farms (see page 9), continuing our environmental stewardship and following all requirements as the projects move forward.

Using water responsibly

Some of our generation resources burn fuel to produce steam, which in turn powers combustion turbines that generate electricity. Steam generation requires access to large volumes of water, and we employ several tactics to responsibly manage our water use, including recirculating cooling systems at Big Stone Plant and Coyote Station. These recirculating systems minimize water withdrawals, limit impacts to aquatic species near the source of water intake, and protect against discharge of large volumes of heated water.

Prior to Hoot Lake Plant’s retirement, we’d used a once-through cooling system. Consumptive water refers to water consumed within the plant, while non-consumptive water refers to water returned to the Otter Tail River under Hoot Lake Plant’s water discharge permit. We used most of our non-consumptive water in our once-through cooling system, where the water was thermally heated by condensers but did not come into contact with any other industrial processes. We discontinued this once-through cooling with the retirement of Hoot Lake Plant in 2021, which explains the significant decrease in non-consumptive water withdrawals between 2005 and 2022 in the chart below.

We continued our water use compliance in 2023.

Fresh water resources used in thermal power generation activities

WATER WITHDRAWALS	2005	2022	2023
Consumptive ¹ (millions of gallons)	1,348.8	968.7	910.2
Non-consumptive ² (millions of gallons)	29,468.9	31.9	38.8
Consumptive rate ¹ (millions of gallons/net MWH)	0.0004	0.0003	0.0002
Non-consumptive ² rate (millions of gallons/net MWH)	0.0084	0.00001	0.00001

¹ Consumptive means water consumed and not available for other uses.
² Non-consumptive means water that can be recycled or reused.

Giving new life to waste

An important aspect of environmental stewardship is properly transporting and disposing of the by-products from our generation facilities. The primary by-product we manage is coal combustion residuals (CCR), or coal ash. The American Coal Ash Association estimates the electric utility industry generated 75.2 million tons of CCR in 2022—of which our facilities comprised approximately 0.3 million tons.

We look for opportunities to responsibly reuse our CCR in useful and appropriate applications, providing it to third parties for shingle grit and sandblasting media.

Waste products disposed or reused

	2005	2022	2023
Amount of hazardous waste disposed (in metric tons)	0.10	0.20	5.20
Percentage of CCR beneficially used	17%	26%	26%

Reporting and cleaning up spill events

Despite our commitment to sound environmental stewardship, rare accidents and uncontrollable events can occur. When they do, we correct them as quickly as possible. We train our employees to understand our environmental permit requirements and the steps they must take to maintain compliance. In the event of noncompliance, we work with regulators to mitigate the instance and adjust related processes. Our Environmental Services department also operates a 24-hour spill response line.

Typical spill-response measures include collection and disposal of contaminated soil, site restoration, oil testing for polychlorinated biphenyls, working with state agencies to document site conditions, and monitoring potential contaminant migration pathways such as storm sewers, ditches, and roadways.

Public policy proposals

Fossil fuel-fired plants are subject to many evolving regulations. We’re paying particular attention to the following rules.

Greenhouse gas regulations

In May 2024 the U.S. EPA proposed regulations under Clean Air Act Section 111 to address greenhouse gas emissions from fossil fuel-based electric generating units. The rule is complex, with an array of compliance requirements for different subcategories of existing coal-fired steam units and new gas-fired stationary combustion turbines that would take effect at different times. We’ll be evaluating the impact of the rule throughout 2024 and working with the states we serve, which have two years to develop implementation plans.

Many entities have filed suits to challenge the rule and have petitioned the court for stay of the rule. Some entities have filed motions to intervene to support the EPA’s rule. The Edison Electric Institute (EEI), of which we are a member, has filed a petition for review to challenge the carbon capture and sequestration portions of the rule and a motion to intervene to support other parts of the rule.

We understand the importance of reducing greenhouse gas emissions and are transitioning to a lower-carbon, increasingly clean energy future. It’s important that we also continue to deliver the reliable, cost-effective electricity our customers depend on.

Regional Haze Rule

The Clean Air Act establishes a national visibility goal to prevent future and remedy existing human-caused visibility impairment in national parks, wilderness areas, and wildlife refuges. The EPA’s Regional Haze Rule requires states to periodically provide plans demonstrating how they have made, and will continue to make, reasonable progress toward achieving the goal to attain natural visibility conditions by 2064.

The first Regional Haze planning period covered the years 2008 through 2018. During this Regional Haze planning period, we installed a new air-quality control system at Big Stone Plant in 2015. The system delivered an approximate 90 percent reduction in sulfur dioxide and nitrogen oxide emissions. Coyote Station reduced emissions by approximately 35 percent by installing separated over-fire air technology in 2016.

The second planning period covers the years 2019 through 2028. For this planning period, the Clean Air Act requires continued reasonable progress toward the natural visibility goal. The reasonable progress evaluation is required to focus on four factors: (1) The costs of compliance with additional controls, (2) the time it would take to install the controls, (3) the non-air-quality environmental impacts of the controls, and (4) the remaining useful life of the plant.

For the second planning period, both North Dakota and South Dakota proposed to the EPA that no additional controls should be required from covered electric generation units. Ultimately, the EPA is required to review and approve or reject each state’s Regional Haze plan. In pending litigation, it’s likely the EPA will enter into a consent decree in summer 2024 that would require the EPA to take final action on the North Dakota Regional Haze Plan by November 22, 2024, and on the South Dakota plan by July 31, 2025. We and our plant co-owners are engaged with our states and the EPA throughout this process.

Mercury and Air Toxics Standards Rule

In May 2024 the EPA published the Mercury and Air Toxics Standards Rule that, among other changes, proposes elimination of the lignite-fired subcategory for mercury. Although we’ll need time to understand the impacts of the final ruling, Coyote Station—our only lignite-fired unit—already uses an activated carbon injection system in conjunction with a fabric filter to control mercury. The EPA considers this to be the presumptive control technology that can be used to comply with the rule. Coyote Station will have three years (until mid-2027) to comply with the new standards.

Coal Combustion Residuals Rule

In May 2024 the EPA finalized changes that would regulate certain legacy coal combustion residuals (CCR) that were not covered by the EPA’s initial 2015 CCR rule. While we don’t own any legacy CCR surface impoundments that would be subject to the rule, we do own and manage legacy CCR landfills and beneficial use areas. The rule will require us to take certain actions, such as conducting facility evaluations, installing additional groundwater monitoring, and adhering to certain closure standards.

We’ll evaluate the impact of the rule and begin preparing for compliance throughout 2024.

Energy efficiency and load management

Our responsibility for efficient energy use doesn’t stop at generation. To help our customers conserve energy and manage their electric bills, we educate them on efficient new technologies, provide rate information to help them calculate operating costs associated with energy use, and encourage participation in energy efficiency and load management programs.

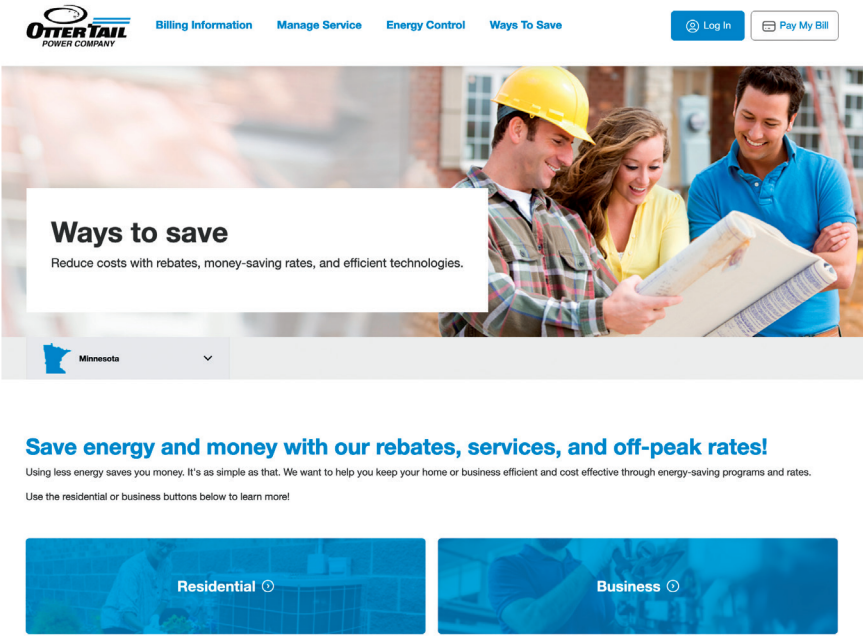
Encouraging energy conservation

In 2023 Minnesota customers saved 61,444 MWH of energy and South Dakota customers saved 6,650 MWH through our energy conservation programs.

In August we reorganized and updated the Ways to Save section of our website, which helps customers find programs, rates, and information on the latest technologies to help make their homes and businesses more energy efficient.

Updating our buildings

We’re upgrading our own buildings and operations to help reduce energy use. In 2023 we replaced the roof on one of our office buildings and added additional insulation, resulting in 4,300 kWh saved each year.



Partnering in load management

About one third of our customers partner with us through our portfolio of off-peak discounted rates to create a high-performing load management program. Load management provides our customers options to reduce their energy costs during periods of high energy demand. And it’s a resource for our company that enhances system reliability and provides multiple methods of reducing costs, including avoiding high-priced energy purchases and delaying the need to build new energy generation resources.

Load management is accredited with MISO, reducing our company’s capacity requirements. We pass these savings along to customers, helping us keep our prices among the lowest in the nation.

Providing efficiency from the ground up

Our Integrated Building Design (IBD) Plus program focuses on energy efficiency across a building’s lifetime. Through this program multidisciplinary teams work together to optimize energy efficiency, indoor air quality, and environmental sustainability of buildings.

Throughout 2023 we offered customers, field employees, and design team members free access to GeoFease, an online geothermal feasibility and evaluation tool. We also assisted customers on four new construction projects through the IBD Plus program and closed five projects with construction completion and verification of qualifying energy efficiency technologies.

“Ways to Save now includes targeted content for renters, income-qualified customers, contractors, and others. And overall, the information we’re providing our customers is more dynamic and useful.”



Jon Fabre
Program Development and
Implementation Supervisor

Electric technologies and options

Our partnerships to create more efficient spaces with new electric technologies and options continue.

Supporting electric vehicle adoption

Potential electric vehicle (EV) owners often cite range anxiety as a barrier to purchase. Range anxiety is the fear of depleting an EV’s battery and not having an accessible place to recharge. We’re working to ease this anxiety and remove obstacles to EV adoption by making more charging stations accessible throughout our service area.

With approval from the Minnesota Public Utilities Commission, in 2023 we finished construction on 6 of 11 direct-current fast-charging sites we’re helping construct throughout Minnesota. We expect to finish the remaining charging sites in 2024. These sites range in size from 50 kW to 80 kW and can add up to 100 miles of driving range in 12 minutes to 40 minutes of charging.

The Fergus Falls partnership site with Tesla is one of the largest fast-charging sites in Minnesota. It includes a total of 10 fast-charging stations, offering 3 EV charging connectors serving all EV models.

LEVEL 2 CHARGING SITES		
Location	Size (kW)	Ports
Appleton	11.5	1
Canby	11.5	1
Fertile	11.5	1
Frazee	11.5	1
New York Mills	11.5	1
Ottertail	11.5	1
Red Lake Falls	11.5	1
Parkers Prairie	11.5	1
Pelican Rapids	11.5	1
Wheaton	11.5	1

DC FAST-CHARGING SITES		
Location	Size (kW)	Ports
Battle Lake	50	1
Bemidji	180	2
Crookston	120	1
Dawson	120	1
Erskine	120	1
Fergus Falls (2)*	180	4
Hallock	120	1
Lake Benton	120	1
Mahnomen	50	1
Morris	180	2
Perham	180	2

*At the Fergus Falls charging site, there are two chargers that each have two ports—totaling four ports. If two cars use a single charger, the 180-kW charger becomes two 90-kW chargers.

As we gain experience in operating the Minnesota fast-charging sites, we’ll propose similar EV fast-charging opportunities to the North Dakota Public Service Commission and the South Dakota Public Utilities Commission to expand charging options for customers in those states.



ONCE INSTALLED

100%

OF OUR MINNESOTA CUSTOMERS WILL BE WITHIN

60 MILES

OF AN EV CHARGING STATION

&

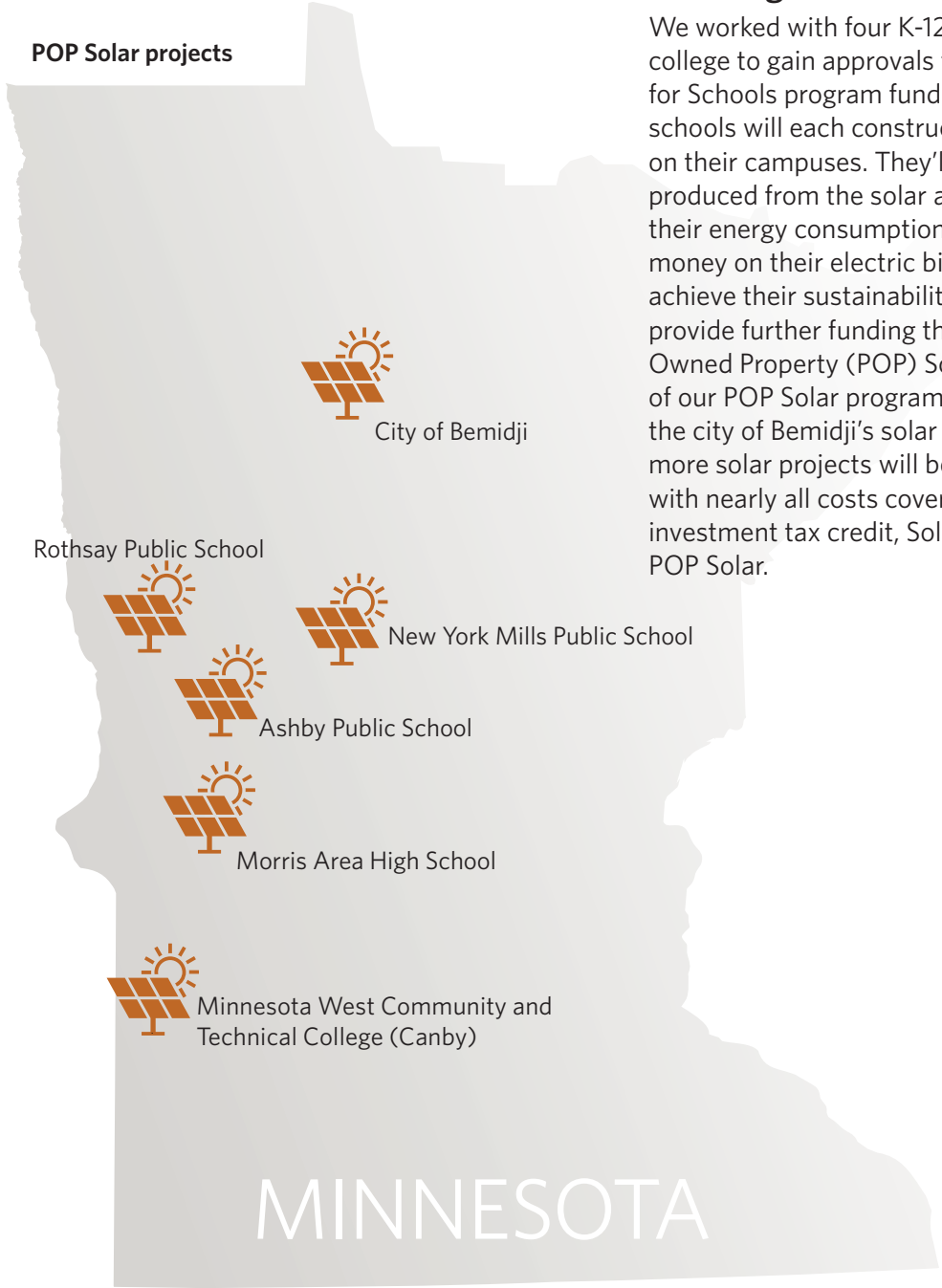
97%

OF OUR MINNESOTA CUSTOMERS WILL BE WITHIN

30 MILES

OF AN EV CHARGING STATION.

POP Solar projects



Providing renewable energy options

We worked with four K-12 schools and one college to gain approvals for Minnesota Solar for Schools program funding. These five schools will each construct 40-kW solar arrays on their campuses. They’ll use the energy produced from the solar arrays to help offset their energy consumption, saving the schools money on their electric bills and helping them achieve their sustainability goals. We plan to provide further funding through our Publicly Owned Property (POP) Solar program. As part of our POP Solar program, we helped fund the city of Bemidji’s solar array. We anticipate more solar projects will be completed in 2024 with nearly all costs covered by the federal investment tax credit, Solar for Schools, and POP Solar.

Our TailWinds program offers interested customers the ability to supplement their energy mix with additional wind energy. Customers can buy wind-generated electricity in 100-kWh blocks for a small additional charge each month. This helps offset the cost of adding wind power to our resource mix.

The Minnesota Public Utilities Commission approved our plan to build up to 15 small-scale solar arrays on our property or on an interested customer’s property. These projects will showcase the potential for solar energy throughout our Minnesota service area and help us meet the state’s small-scale solar energy objectives. We’ll begin construction of these small-scale solar arrays in 2024.

In 2023 we requested approval in the three states we serve for our on-bill Renewable Energy Credit program, which allows businesses to purchase renewable energy to help meet their renewable energy requirements or goals. Pending regulatory approval in the respective states, we expect to begin offering this option in 2024.

We’re partnering with the University of Minnesota Morris to install a flow battery on campus. This flow battery will capture the University’s excess renewable energy generation and store it locally to be used by the University or community at a later time. The battery will also be able to store energy during low-cost periods and dispatch energy during high-cost periods, saving all customers money. As partners, we’re both excited about the research opportunities provided by this project, as it supports local renewables and the energy industry’s transition to smarter technologies. We expect the flow battery to be installed on campus and operational in 2025.

SOCIAL



CUSTOMERS

Customer experience

Our focus on customers is demonstrated through our projects, plans, and day-to-day work.

Applying customer feedback

We request input on customers' needs and expectations through surveys, focus groups, and direct contacts, analyzing this information to better improve their experience with us.

We use research surveys to measure transaction-specific satisfaction with customers who've recently contacted our company. Surveys all customer contacts—phone, web, mail, scheduled visits, and after-hours calls—and measure specific aspects of customers' experiences.

Otter Voice is an online community that helps us continue to provide exceptional service. Customers offer feedback on our current practices, preview new programs, and suggest improvements, allowing us to use direct feedback to design programs and options focused on addressing their obstacles.

We plan to implement a net promoter score to help us measure and evaluate customer sentiment through one simple question: How likely is it you'd recommend Otter Tail Power to a friend or colleague? Though customers can't currently choose their electric provider (it's determined by assigned service area), we'd want our customers to choose us if they could.

We'll combine our net promoter score with transaction information and Otter Voice feedback to help ensure we continue fulfilling our customers' evolving needs.

Providing new tools for more efficient service

We launched our Outage Management System in coordination with a telephone-based Integrated Voice Response in December 2022, providing enhanced customer service related to outage restoration just in time for Winter Storm Elliott. Since then, we've added outbound customer calls for planned outages, online outage reporting, and the ability to receive outage notifications and updates by text, while also improving our behind-the-scenes processes. Integrated Voice Response is now taking more than 80 percent of customer outage calls, allowing us to respond to customer

needs more quickly and provide our Customer Service Representatives sufficient time to assist customers with more in-depth inquiries or issues.

In August 2023 we made significant updates to our website, including a new My Account portal for customers. The new My Account portal features a customizable view, self-service capabilities, interactive usage information, notification options, a streamlined process to view and pay bills, and more.

Advanced Metering Infrastructure (AMI) is a technology upgrade that lays the groundwork for us to better meet customers' needs for reliable service. When combined with the systems we have in place today—and those we've identified for future implementation—customers will have more visibility into their energy use (helping them save energy and money), and we'll be able to respond to outages faster and more precisely.

Long term, AMI helps us keep costs low (savings we pass along to our customers) and will provide insight into new on- or off-peak rate options that can help customers save money. We began installing advanced meters in late 2023 and plan to finish upgrading approximately 174,000 electric meters with meters that enable two-way communication with our systems by early 2025.

"The My Account portal has a fresh look and new features, while still offering many of our familiar services. We're excited to provide a more seamless online experience and alert notifications for our customers, making it easier for them to manage their accounts."



Joleen Schmit
Customer Experience and
Training Supervisor

Rates

From investments in new technologies and infrastructure upgrades to programs that help customers conserve energy at home, we’re focused on delivering safe, reliable energy at rates among the lowest in the nation.

While we’ve selected cost-effective technology, infrastructure, and program options to meet customer needs, they still come with a price. Without knowing the full extent of future external influences, such as inflation, we anticipate all customers averaged together will see electric bills increase less than 3 percent annually. We base our cost-change requests to the commissions in the states we serve on forecasted and historical data, and any increases will vary by state, year, and size.

We also provide several options for customers who might need help paying their electric utility bills. Our Even Monthly Payment plan averages energy use over the year so customers pay the same amount each month—making budgeting easier. We provide information about energy assistance programs in each of the states we serve and offer payment plan arrangement and extension options. In 2022 we launched our Uplift program, through which Minnesota residential customers receiving Energy Assistance are eligible for credits on their electric bills.

We remind customers throughout the year that if they’re experiencing difficulties paying their electric utility bills to please reach out to us as soon as they can so we can help them make a plan.

In November we filed a request to increase our rates with the North Dakota Public Service Commission (PSC). We last filed for a base rate increase in North Dakota in 2017, and our request is a result of increased costs to maintain a safe and reliable system while meeting growing electricity demand. Changes in our company’s customer mix also contributed to the timing of this request.

While the PSC considers our overall request, in December 2023 the PSC approved our request to implement interim rates on January 1, 2024. With the approval of interim rates, North Dakota customers had an average net increase of 6.03 percent on their monthly electric service statements.

“We recognize our customers’ costs have gone up in many parts of their lives. While we’ve successfully managed expenses and continue to choose low-cost options to meet our customers’ needs, the cost of providing service is more than we can recover through our current base rates. Reviewing and updating our rates through rate cases allows us to continue to cost-effectively provide the reliable electricity our customers depend on.”



Tim Rogelstad
President

Average rate comparisons (cents per kWh)

MINNESOTA		
	State average	Otter Tail Power average
Residential	14.25	11.64
Commercial	12.30	9.84
NORTH DAKOTA		
	State average	Otter Tail Power average
Residential	10.92	10.41
Commercial	8.45	7.23
SOUTH DAKOTA		
	State average	Otter Tail Power average
Residential	12.09	11.05
Commercial	10.21	8.06
UNITED STATES		
	United States average	Otter Tail Power average
Residential	15.04	11.09 (weighted average)
Commercial	12.41	8.62 (weighted average)

Source: U.S. Energy Information Administration, Total Electric Industry - Average Retail Price, October 2023

Cybersecurity

The risk of cybersecurity incidents poses a threat to customer, employee, and vendor data privacy and reliable operation of the electric system. To mitigate this threat, we steadfastly adopt, revise, and maintain policies, processes, controls, and technologies to address physical, electronic, and information threats. We test these policies, processes, controls, and technologies regularly with internal and external resources. And we actively participate on boards of directors and in programs and organizations designed to keep cybersecurity at the forefront, including:

- Midwest Reliability Organization (MRO) Board of Directors
- MRO Reliability Advisory Council
- MRO and MISO working groups and committees
- Edison Electric Institute (EEI) working groups and committees
- EEI Culture of Security peer review
- Cyber Mutual Assistance (CMA) program
- Midwest Transmission Assistance Group
- SPAREConnect (Nationwide resource we can reach out to for specific equipment in times of need.)

We’ve also participated in North American Electric Reliability Corporation GridEx security exercises since their inception in 2011 and have been a participant in numerous emergency preparedness exercises at state and local levels. We’re focused on managing and mitigating risk to ensure our company remains prepared to reliably serve our customers and protect their data.

The Otter Tail Corporation 10-K includes additional cyber security disclosures.

COMMUNITIES



Volunteerism and donations

We continue our tradition of giving to and caring for the communities we serve. In October the Fergus Falls Area Chamber of Commerce included us in Business Gives, a program that “recognizes local Chamber member for-profit businesses that give at least 2 percent of their pre-tax earnings (profit) for charitable donations that come in the form of cash, in-kind services/products, and volunteer hours.”





The Otter Tail Power Company Foundation’s mission is to connect with our rural areas 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.

In 2023 the Foundation’s donations helped local organizations provide science, technology, engineering, and mathematics labs; scholarships; automatic external defibrillators; mentorship programs; accessible playgrounds; food and resources; and much more. For example, we helped fund the Fergus Falls OtterBots robotics team and the Band of Brothers Outdoors program for veterans.

Our Power of Two program, funded by our Otter Tail Power Company Foundation, encourages employees to be active in their communities, volunteering their time to their favorite nonprofit organizations. Any employee who contributes a minimum of 24 hours of personal volunteer time to a qualifying nonprofit organization is eligible for one \$250 donation made payable to that organization. Our employees reported more than 2,800 volunteer hours in 2023 and our Foundation contributed \$22,250 to nonprofit organizations they served.

In addition to our Foundation, each of our Customer Service Centers provide charitable support for local donation and sponsorship requests. Our company also coordinates conservation efforts and programs in which we provide localized assistance and rebates. And many of our teams participate in community-based efforts and provide in-kind work, using their time and talents to give back to our communities.

Foundation giving by priority area

	Education	\$166,090
	Health and human services	\$232,850
	Community, civic, and cultural development	\$229,750
	Environmental stewardship	\$38,750

Total **\$667,440**

Foundation giving by state

Minnesota	\$303,610	45%
North Dakota	\$298,280	45%
South Dakota	\$65,550	10%



“[We] provide free and well-maintained access to Devils Lake and this organization helps keep the lake sustainable and accessible to everyone.”



Jamie Lehmann
Devils Lake Service Representative and
Lake Region Anglers Association volunteer

Community collaborations

We’re working with schools and organizations to help children learn more about energy generation, new electric technologies, and efficient energy use.

We’ve provided support to Otter Cove Children’s Museum in Fergus Falls. Discover Energy is a monthly Saturday morning program for children ages four to ten with activities promoting renewable energy sources, such as wind, solar, and hydroelectric power. Interactive exhibits include a wind farm, wind turbine, water current racing, and a hydroelectric dam model. Our company’s funding provides supplies for activities and a stipend for teachers. In 2023 approximately 22 children participated in Discover Energy.

At Bemidji’s Headwaters Science Center, we provided funding in 2023 for a trout and lizard aquarium display. A heat pump provides cool water for trout and warm water for lizards. The display also includes signs explaining how heat pumps efficiently transfer heat. In addition to the 7,431 children visiting this display in 2023, the staff has a mobile demonstration that traveled to an area school with future school visits planned.

Heat Pumps 101 introduces eighth- and ninth-grade students throughout our service area to the science of high-efficiency heat pumps. Our presentation includes interactive demonstrations, animations, and a small working heat pump demonstration module and provided 112 students in 2023 with a fun, hands-on learning experience.

Economic development and value

Protecting and improving the quality of life in our communities means helping them remain vibrant, attractive places to live and do business. The investments we make to carry out our mission have significant direct and indirect economic value.

Direct economic impact	
Property taxes paid to local jurisdictions	\$16,612,584
Wages and benefits paid to utility employees	\$94,788,999
Interest paid	\$35,337,780
Amount paid to suppliers and vendors	\$550,318,615
Total	\$697,057,978

Indirect economic impact	
Labor spending on construction	\$22,561,703
New/replacement construction property	\$254,931,702
Labor spending on maintenance	\$11,994,816
Rent	\$2,461,160
Economic development spending	\$388,507
Total	\$292,337,888

Tri-state vendor expenditures		
	AMOUNT	PERCENTAGE OF TOTAL
Minnesota	\$198,048,711	36.0%
North Dakota	\$86,081,904	15.6%
South Dakota	\$19,530,604	3.5%
Total for local vendors	\$303,661,219	55.1%
Total payments to all vendors	\$550,318,615	

EMPLOYEES

Safety

We provide safe working conditions, extensive safety training, and appropriate protective equipment to make sure our employees return home safe and healthy after every day of work.

Creating a safety culture

We have approximately 375 employees working in the field and at our power plants who participate in monthly safety meetings, job briefings, and other training opportunities to discuss safe work practices. Approximately 425 employees companywide are trained in CPR and first aid.

We hold an Annual Safety Roundtable for approximately 100 safety committee leaders, people leaders, and new employees to discuss ways to improve safety. Internal and external speakers address safety-related topics, and employees who attend the Safety Roundtable share the information they learn with other employees and work groups.

When hired, all company power plant workers receive rigorous safety training, followed by ongoing refresher sessions and monthly safety meetings. They also hold first aid and CPR certifications.

In addition, Big Stone Plant and Coyote Station have emergency response teams that receive monthly training on hazardous materials handling, firefighting, emergency medical technician/advanced first aid, high-angle rescue, and confined-space rescue. These emergency response teams also are available to contractors working on respective plant sites.

This year we ran a summer safety series in which we shared information and tips throughout the season with employees companywide. Topics

Safety performance

	OTTER TAIL POWER		EEI PEERS
	2023 Goal	2023 Actual	2022 Average*
Lost-time injury rate	0.25 or below	0.38	0.33
Occupational Safety and Health Administration (OSHA) recordable injury rate Total number of cases x 200,000 ÷ total number of hours worked.	1.38 or below	1.01	1.44
Preventable vehicle accidents Total number of accidents x 1,000,000 ÷ total number of miles driven.	2.29 or below	2.48	5.13

* 2023 EEI peer information was not yet available at the time we published this report.

ranged from how to prevent heat-related illnesses to highlighting the National Safety Council’s First Aid app as a life-saving resource.

Management and union representatives work together on our safety program and rule book. The rule book includes topics such as working on or near energized equipment, hazard communications, confined space, equipment, lineman practices, and switching, tagging, and grounding. And a team of employees assists company decision makers by providing research on procedures, policies, equipment, and regulations to support safety-related decisions. This helps us improve cross-departmental communication related to operations, equipment, and training.

Behavior-based observations are a process through which our work groups identify, measure, and change safety behaviors. Observers provide employees with feedback, including positive reinforcement for safe behavior or coaching and guidance regarding unsafe behavior.

Encouraging public safety

From safety around electrical equipment to preparing for severe weather and tree trimming, we provide public safety information to customers in a variety of ways. We publish everyday tips and reminders on our social media platforms and in monthly bill inserts. Information is also available on our website and by calling our customer service department.

And we continuously remind customers via these same communication methods to stay safe and stay away from downed lines or poles until our crews can make repairs—especially during outage restoration efforts.

Celebrating safety success

Our safety recognition program rewards employees for a wide range of proactive safety activities, including leading safety indicators like creating safer work practices or developing safety-related training. This program recognizes employees who demonstrate an exceptional commitment and achievement toward safety and health practices—making our company a safer place to work. Employees can be nominated for a Safety Recognition Award by coworkers or supervisors.

The Minnesota Safety Council awarded us the 2023 Minnesota Governor’s Workplace Safety Silver Award for safety and health excellence. We earned this award by achieving incidence rates better than the 50th percentile of both the state and national averages for the previous three years.

Supporting our people

We're passionate about continuing to be a great place to work.

In 2023 we added a maternity leave policy to provide non-union employees who give birth with six to eight weeks (based on delivery type) of paid leave without using sick leave they've earned. In addition, we added paid parental leave of up to 80 hours available for use within three months of a baby's birth and hospital release or when a legally adopted child joins the family.

We also updated our vacation policies to better serve our employees by significantly shortening intervals for accruing paid time off. We want to make sure employees have and can take the time off they've earned.

The South Dakota American Legion presented the Employer of Veterans Award to Big Stone Plant in 2023. To qualify for this recognition, at least 10 percent of the nominee's workforce must be veterans. Big Stone Plant was one of a few medium-sized employers (51 to 200 employees) nominated by local Birch-Miller Post 9.



“One of our core values is people. Policy changes like the ones we made in 2023 can make a big impact, and we're working to address more opportunities for improvement in the short- and long-term future.”



Jeff Endrizzi
Human Resources Manager

Emphasizing inclusion

It's imperative we continue to build respectful relationships and create an inclusive environment where all people can thrive. In 2023 we:

- Continued efforts to identify and participate in community career fairs where populations are more diverse than our broader service area.
- Launched training opportunities for recruiting, hiring, onboarding, and engaging employees to assist managers in attracting and retaining talented people.
- Encouraged ongoing participation in our leadership development employee resource group Otter Tail Women Networking and Integrating Talent (OWN IT) to aid in networking and creating an inclusive workplace.
- Participated as a member in the Center for Energy Workforce Development and the Minnesota Energy Consortium, which focus on developing educational and career pathways that will increase diversity within the energy industry.

We hold employees accountable for maintaining an inclusive workplace free of discrimination and harassment. We know diverse thoughts and experiences are critical to our ongoing success, providing our essential service, and being a great place to work.

Recruiting

We provide recruitment materials, including our Powerful Possibilities career guide, to educational institutions and other entities as outreach to potential employees, highlighting jobs in customer service, engineering, and plant and field operations.

This year we were one of ten Otter Tail County businesses to participate in a talent tourism rural workforce recruitment pilot program. It began with a “pitch night” in the Twin Cities area, networking with students and faculty from college campuses and career centers. We're looking forward to similar opportunities in the years ahead as we highlight rural careers.

To increase awareness and understanding of what it means to have a career as a lineworker, in May we invited high school students from our service area to experience a day on site with our Apprentice Lineworkers. During their time with us, students gained a better understanding of the industry and how to launch their careers while also experiencing a glimpse of the many important skills lineworkers must have.

Our Otter Tail Power Company Foundation partners with post-secondary institutions to provide industry-related scholarships. In 2023 we assessed our current and past scholarship agreements and re-outlined scholarship requirements and amounts to better match Foundation goals to invest in our current and future workforce. Beginning in 2024 for all scholarships provided by the Foundation, students must be enrolled full time and demonstrate financial need. Recognizing financial stress can contribute to lower academic performance as students try to balance both school and jobs, we require students who receive a scholarship maintain a minimum 2.0 GPA as we work to provide support to students who need it. Additionally, preference must be given to students who are from our company's service area and seeking a career in the power industry, including linework, plant technologies, and renewables.

We also have employees engaged with multiple advisory committees at area colleges.



“This day with our Apprentice Lineworkers can make a future career feel real to students who are still determining what they want to do after high school. We heard a lot of positive feedback from both teachers and students about the day.”



Katherine Worwa
Talent Management Manager

Training

As a company, we’re responsible for educating employees on a variety of safety, legal, and ethical issues that affect our company’s daily business. To fulfill this important responsibility, we provide a series of required online courses for employees.

This year 822 employees enrolled in 11,108 required compliance training courses, completing 10,391 courses, or 94 percent.

Required compliance training highlighted courses

COURSE TITLE	NUMBER OF EMPLOYEES		PERCENT COMPLETED
	Required	Completed	
Discrimination in the Workplace (for managers)	138	136	99%
Drug-Free Workplace	830	820	98%
Basic First Aid	671	660	98%
Defensive Driving Strategies	74	74	100%
Sexual Harassment and Discrimination	692	686	99%
Sexual Harassment Prevention (for managers)	138	136	99%
Violence in the Workplace	830	818	98%
FERC Standards of Conduct	776	768	99%
FERC Standards of Conduct, extended	50	49	99%

Average required compliance training hours completed

EMPLOYEE CLASSIFICATION	TOTAL TRAINING HOURS	NUMBER OF EMPLOYEES	AVERAGE HOURS PER EMPLOYEE
Craftworker	1388	407	3.4
Intern	4	1	4.0
Manager	650	106	6.1
Office/Clerical	548	123	4.5
Operative	31	8	3.9
Professional	740	163	4.5
Service worker	8	2	4.0
Technical	43	12	3.6

We also require employees to complete Otter Tail Corporation training focused on our Code of Business Ethics and cybersecurity.

Additional required training

COURSE TITLE	NUMBER OF EMPLOYEES		PERCENT COMPLETED
	Required	Completed	
Code of Business Ethics*	321	320	99%
• What is Workplace Conduct?			
• Business Ethics			
• Conflicts of Interest			
• What is Fraud?			
• Inclusive Workplace			
• What is Insider Trading?			
• Material, Non-public Information			
• Speaking Up			
Security Awareness Training	714	714	100%

*Employee required completion date for this training was between August 22, 2022, and March 1, 2023. Data above reflects new employees required to complete training from March 1, 2023, to December 31, 2023.

GOVERNANCE

Board oversight

Otter Tail Corporation, the holding company of Otter Tail Power Company, has a Board of Directors committed to sound corporate governance practices and policies. In 2023 nine of the ten board members were independent, including all members of the Compensation and Human Capital Management, Corporate Governance, and Audit committees. An overview of the Corporation’s governance practices and policies is available online at ottertail.com.

The Corporation’s Proxy Statement provides further information about corporate governance practices and Committee roles. The Board, through the Corporation’s Business Risk Management process, regularly reviews the Corporation’s significant and emerging risks, including cybersecurity and climate change, and assesses the Corporation’s plans to mitigate or manage those risks. The Compensation and Human Capital Management Committee oversees the management of human capital, including the policies and programs supporting workplace health and safety and diversity, equity, and inclusion (2024 Proxy Statement, page 27).

Supply chain

When it comes to external support, our suppliers are extensions of our teams. We have five primary areas partnering with supply chains:

- **Wind, solar, and combustion turbine sites**
Software and information technology hardware, consulting and maintenance services, and parts and equipment repair
- **Coal-fired plant sites**
Fuel, fuel transportation, fuel reagents (pebble lime, powdered carbon, and anhydrous ammonia), operations monitoring and maintenance services, and engineering services
- **Purchased power**
Capacity and energy from counterparties and the MISO energy market

- **Transmission and distribution materials**
Poles, conductor wire, fiber-optic communications wire, connecting and insulating hardware, transformers, meters, and substation and switchyard construction services and equipment
- **Companywide services**
Software and information technology hardware, system protection devices and technology, right-of-way and land management services, engineering services, environmental services, consulting services, contract labor (including project-based construction workers), recycling and disposal services, and communications and miscellaneous equipment

We evaluate our suppliers based on quality, experience, cost, safety performance, adherence to cybersecurity requirements, and other applicable business criteria. Our goal is to increase our awareness of diverse suppliers in our geographic region and track our spend by supplier diversity business classification.

We expect Otter Tail Power contractors to abide by the Otter Tail Power Company Contractor Code of Business Ethics, Otter Tail Power Company Contractor Safety Policy, Otter Tail Corporation Human Rights Policy, and Federal Equal Opportunity requirements. Contractors must conform to applicable governmental permits, cybersecurity standards, licenses, and laws; meet or exceed all OSHA requirements; and meet or exceed all reporting requirements for the accidental release of hazardous materials.

APPENDIX

About this report

This is Otter Tail Power’s eleventh sustainability report. We’ve prepared the report with reference to Global Reporting Initiative (GRI) Standards, Sustainability 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. Please click the logos on this page to access these data tables.

We’re reporting on 2023 year-end data, unless otherwise indicated.

Forward-looking statements

This report may include forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “outlook,” “plan,” “possible,” “potential,” “should,” “will,” “would,” “target,” “goal,” and similar words and expressions are intended to identify forward-looking statements and involve known and unknown risks and uncertainties that may cause our actual results in current or future periods to differ materially from the forecasted assumptions and expected results. Forward-looking statements made herein, which include anticipated levels of energy generation from renewable resources, anticipated reductions in carbon dioxide emissions, future investments and capital expenditures, and expectations regarding the outcomes of regulatory proceedings, as well as other assumptions and statements involve known and unknown risks and uncertainties that may cause our actual results in current or future periods to differ materially from the forecasted assumptions and expected results.

Risks are more fully described in Otter Tail Corporation’s filings with the Securities and Exchange Commission, including the Corporation’s most recently filed Annual Report on Form 10-K, as updated in subsequently filed Quarterly Reports on Form 10-Q, as applicable. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any obligation to update any forward-looking information.

Latest data

Click the logos below to see the latest data.





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