NEWS RELEASE

Otter Tail Power Company Requests Minnesota Rate Increase

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FERGUS FALLS, Minn.--(BUSINESS WIRE)-- Otter Tail Power Company, a wholly owned subsidiary of Otter Tail Corporation (Nasdaq: OTTR), filed a request with the Minnesota Public Utilities Commission (PUC) to increase electric rates for its Minnesota customers. This request initiates an 18- to 24-month review process during which the PUC evaluates the company's costs for providing electric service and then sets rates in a manner the PUC deems reasonable for both the company providing the service and the customers who depend on it.

"Our customers, employees, friends, and neighbors see the costs of goods and services going up all around us, and we know that's not easy," said Otter Tail Power President Tim Rogelstad. "We've taken a hard look at our operations to manage expenses and improve efficiency before asking our customers to pay more. This request reflects what's necessary to continue delivering the dependable service our communities count on."

As part of the state regulatory process, Otter Tail Power requested PUC permission to increase rates on an interim basis beginning January 1, 2026. If the PUC approves this request, the overall interim bill increase of approximately 12.6% remains in place until the PUC completes its highly structured review designed to balance public interest, utility viability, and legal rigor. During this 18- to 24-month interim period, a typical residential customer's bill would increase approximately $13.15 a month; a typical business customer's bill would increase approximately $43.67 a month. Each customer's interim increase will be different based on the rates they're on and how much energy they use.

The company anticipates the PUC will make its final rate decision in the first quarter of 2027; final rates likely will not impact customers' bills until the second or third quarter of 2027.

If the PUC approves Otter Tail Power's final rate request as filed, the net increase over what customers pay today would be approximately $44.8 million, or 17.7%. A typical residential customer's bill would increase approximately $18.14 a month; a typical business customer's bill would increase approximately $73.20 a month. As with interim rates, each customer's final increase will be different based on the rates they're on and how much energy they use. If final rates are lower than interim rates, customers will receive refunds with interest. If final rates are higher, the company won't collect the difference.

What customers see in return for this rate increase

According to Rogelstad, while inflation is one of the primary drivers behind this request, customers benefit from infrastructure investments that support immediate and long-term reliability; grid resilience efforts that reduce, and potentially prevent, service disruptions; and the transition to renewable resources.

1. Infrastructure investments. To support immediate and long-term reliability, Otter Tail Power is investing in the infrastructure that moves electricity to homes and businesses. For example, the company is extending the life of aging infrastructure by replacing cross arms, poles, and insulators that have been in place for 50+ years, as well as adding new infrastructure.
2. Grid resilience. Grid resilience efforts include expanding underground lines, now covering 28% of the company's distribution system, to reduce exposure to storms and improve reliability. The company also is increasing vegetation management near power lines to prevent service disruptions.
3. Energy transition. Otter Tail Power is transitioning to a larger percentage of renewable energy generation resources for Minnesota customers. These zero-fuel-cost resources, along with tax credits, have helped ease the transition. The company is including in this request the costs associated with no longer serving Minnesota customers with power from its co-owned, coal-fired Coyote Station in North Dakota by the end of 2031.
4. Inflation. Otter Tail Power's last Minnesota rate review was based on the cost of doing business in 2021. Since then, inflation has increased the cost of materials, and the labor and equipment needed to build and maintain the electric grid. According to Rogelstad, the company is managing these impacts through smart planning and efficient operations, but the cost of providing service is more than it can recover through current rates.
"We understand rising electric costs are challenging for our customers," said Rogelstad. "We also take very seriously our wholehearted commitment, and our regulatory obligation, to reliably serve those customers. This request is not being driven by data centers, despite what some national headlines might suggest. We would not ask for this rate increase if it didn't reflect the real costs of maintaining and strengthening our electric system."

According to Rogelstad, even with this increase Otter Tail Power customers will keep paying less for the energy they need to power their homes and businesses than they would almost anywhere else in the region. "While this is an impressive statement, we aren't competing against our neighbor's rates. We're competing against our own," said

Rogelstad. “Our ability to keep our rates among the lowest in the region demonstrates our tradition of working hard for the economic viability of our customers and communities, and we’ll keep that tradition going.”

Forward-Looking Statements

Except for historical information contained here, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “can,” “confident,” “could,” “estimate,” “expect,” “future,” “goal,” “intend,” “likely,” “may,” “optimistic,” “opportunity,” “outlook,” “plan,” “possible,” “potential,” “predict,” “probable,” “projected,” “should,” “target,” “will,” “would” and similar words and expressions are intended to identify forward-looking statements. Such statements are based upon the current beliefs and expectations of management. Forward-looking statements made herein, which may include statements regarding 2025 earnings and earnings per share, long-term earnings, earnings per share growth and earnings mix, anticipated levels of energy generation from renewable resources, anticipated reductions in carbon dioxide emissions, future investments and capital expenditures, rate base levels and rate base growth, future raw materials costs, future raw materials availability and supply constraints, future operating revenues and operating results, and expectations regarding 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. The Company’s risks and uncertainties include, among other things, uncertainty of future investments and capital expenditures; rate base levels and rate base growth; risks associated with energy markets; the availability and pricing of resource materials; inflationary cost pressures; attracting and maintaining a qualified and stable workforce; changing macroeconomic and industry conditions that impact the demand for our products, pricing and margin; long-term investment risk; seasonal weather patterns and extreme weather events; future business volumes with key customers; reductions in our credit ratings; our ability to access capital markets on favorable terms; assumptions and costs relating to funding our employee benefit plans; our subsidiaries’ ability to make dividend payments; cybersecurity threats or data breaches; the impact of government executive orders, legislation and regulation including foreign trade policy and environmental; health and safety laws and regulations; changes in tax laws and regulations; the impact of climate change including compliance with legislative and regulatory changes to address climate change; expectations regarding regulatory proceedings, assigned service areas, the construction of major facilities, capital structure, and allowed customer rates; actual and threatened claims or litigation; and operational and economic risks associated with our electric generating and manufacturing facilities. These and other risks are more fully described in our filings with the Securities and Exchange Commission, including our 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.

About the Corporation: Otter Tail Corporation, a member of the S&P SmallCap 600 Index, has interests in diversified operations that include an electric utility and manufacturing businesses. Otter Tail Corporation stock trades on the Nasdaq Global Select Market under the symbol OTTR. The latest investor and corporate information is available at **www.ottertail.com**. Corporate offices are in Fergus Falls, Minnesota, and Fargo, North Dakota.

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Source: Otter Tail Corporation