

MONTANA-DAKOTA UTILITIES CO.

Before the Public Service Commission of North Dakota

Case No. PU-25-____

Direct Testimony
of
Bradley J. Davison

1 Q. Please state your name and business address.

2 A. My name is Bradley J. Davison, and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 Q. By whom are you employed and in what capacity?

5 A. I am the Manager of Regulatory Affairs for Montana-Dakota Utilities
6 Co. (Montana-Dakota or Company).

7 Q. Please describe your duties and responsibilities with Montana-
8 Dakota.

9 A. I am responsible for the preparation of rate recovery mechanisms,
10 fuel cost adjustments, purchased gas cost adjustments, and gas tracking
11 adjustments in each of the jurisdictions in which Montana-Dakota
12 operates.

13 Q. Please outline your educational and professional background.

14 A. I graduated from North Dakota State University with a Bachelor of
15 Science degree in Hospitality and Tourism Management, and University of
16 Mary with a Bachelor of Science degree in Accounting. I started my career
17 with Montana-Dakota in 2011 as a Credit and Collections Team Lead.
18 During my tenure with the Company, I have held various positions of

1 increasing responsibilities including Credit and Collections Supervisor,
2 Revenue Accounting Manager, and now as Regulatory Affairs Manager.

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. I provide support for the Company's request for an Advance
5 Determination of Prudence (ADP) for the Badger Wind Project (Project).
6 Specifically, I will provide an estimated revenue requirement of the Project
7 as well as the estimated fuel and purchased power savings, including the
8 residential customer impact. I am also sponsoring Exhibit No.__(BJD-1),
9 Exhibit No.__(BJD-2), and Exhibit No.__(BJD-3).

10 **Q. Please provide details of the total cost of the Project and the portion
11 allocated to North Dakota.**

12 A. Montana-Dakota's target purchase price for the Project is \$295.5 as
13 stated in Mr. Neigum's testimony. The portion of the Project allocated to
14 North Dakota is approximately \$212 million, which is calculated in Exhibit
15 No.__(BJD-1).

16 **Q. If the Company's ADP is approved, how does Montana-Dakota plan
17 to request recovery from customers?**

18 A. Montana-Dakota has a Renewable Resource Cost Adjustment
19 (RRCA) Rate 55 that allows recovery of renewable generation resource
20 investments. The RRCA currently includes the recovery of the Company's
21 existing wind facilities, including Cedar Hills, Diamond Willow, and
22 Thunder Spirit. The RRCA is updated annually on or around November

1 1st. The update includes a true up of the over/under collected balance
2 from the previous year.

3 The in-service date in late 2025 will closely match the filing dates of
4 the next annual RRCA. The Project will qualify for Production Tax Credits
5 (PTCs). Consistent with Montana-Dakota's other wind facilities, the
6 Company would propose to include a levelization of the revenue to more
7 closely match the declining rate base of other generation facilities. This
8 results in more consistent rates over time for customers when viewed over
9 the entire life of each wind facility.

10 The remainder PPA of 27.5 MW will be recovered through
11 Montana-Dakota's Fuel and Purchased Power Adjustment (FPPA) Rate
12 58.

13 **Q. Please describe the estimated revenue requirement to North Dakota**
14 **customers for the ownership interest of the Project?**

15 A. The revenue requirement of the Project is expected to be
16 approximately \$12.3 million in the first full calendar year of operations as
17 shown in Exhibit No.__(BJD-1). The revenue requirement has been
18 calculated similarly to the existing wind facilities revenue requirement and
19 includes land lease expenses, taxes, insurance, maintenance
20 agreements, depreciation rates based on a 35-year project life, and the
21 authorized return on equity of 9.75% as approved in Case No. PU-22-194.
22 A revenue levelization adjustment has also been included and is fully
23 discussed below. Based on the revenue requirement, a residential

1 customer using 800 Kwh per month would see an increase of \$4.59 per
2 month, or \$55.08 annually.

3 **Q. Please describe the revenue levelization adjustment.**

4 A. Montana-Dakota proposes to use the same levelization
5 methodology that has been used for Cedar Hills, Diamond Willow, and
6 Thunder Spirit pursuant to the Commission's Orders in Case Nos. PU-19-
7 355, PU-20-440, and PU-21-420.

8 The levelization attempts to more closely match the revenue
9 requirement of other generation resources and offers a more consistent
10 cost for customers over the life of each wind project. Because wind
11 projects typically qualify for PTCs for the first 10 years of the wind facility's
12 life, and because the relative size of the credits compared to the revenue
13 requirement is so great, the absence of a levelization adjustment results in
14 a dramatic increase in the revenue requirement upon the expiration of the
15 PTCs. Montana-Dakota has included a graph showing the revenue
16 requirement with and without the levelization adjustment in Exhibit
17 No.__(BJD-2).

18 **The generation from the ownership interest in the Project will reduce**
19 **the energy purchased from the MISO market. Please provide the**
20 **customer impact of this reduction in costs that will be passed to**
21 **customers.**

22 The Badger Wind Project will reduce the amount of energy
23 Montana-Dakota's integrated system will need to buy each year by

1 approximately 558,000 MW annually, which will reduce the purchased
2 power costs by an estimated \$10.5 million annually as allocated to North
3 Dakota customers shown in Exhibit No.__(BJD-3). Residential customers
4 using 800 Kwh per month will see a decrease of \$4.02 per month, or
5 \$48.24 annually.

6 **Please summarize the net impact to customers if the Project is**
7 **approved and recovery is granted through the RRCA, net of F&PP**
8 **savings.**

9 While customers will see a net increase of \$7 in the first calendar
10 year of operations based on the estimated impact to the RRCA and FPPA
11 rates, Mr. Neigum's testimony shows Badger Wind Ownership and
12 remainder PPA will provide the most benefit to customers over the life of
13 the project compared to solely purchasing energy under the PPA or MISO
14 energy market purchase prices used in the 2024 IRP.

15 **Q. Does this complete your direct testimony?**

16 **A.** Yes, it does.

**Montana-Dakota Utilities Co.
 Electric Utility - North Dakota
 Renewable Resource Cost Adjustment - Badger Wind
 2026 Example Rates**

| | |
|---|---------------------|
| | <u>Total</u> |
| Revenue Requirement 1/ | \$13,845,685 |
| Levelization 1/ | (1,488,603) |
| Total Cost to be Recovered through RRCA Rates | <u>\$12,357,082</u> |

| <u>Allocation of Costs & Resulting Rates</u> | <u>Allocated RRCA Costs 2/</u> | <u>2026 Projected Billing Determinants</u> | <u>Example RRCA Rates</u> |
|--|------------------------------------|--|-------------------------------|
| Residential & Small General | \$5,160,690 | 898,342,292 Kwh | \$0.00574 per Kwh |
| Large General | 7,104,775 | 1,175,792,473 Kwh | \$0.00604 per Kwh |
| Lighting | 91,617 | 22,104,235 Kwh | \$0.00414 per Kwh |
| | <u>\$12,357,082</u> | | |

1/ Exhibit No. ____ (BJD-1), Page 3.

2/ Demand/Energy for Wind Allocation Factor 3 approved in Case No. PU-22-194.

| | | |
|-----------------------------|--------------------|--|
| Residential & Small General | 41.763014% | (Rates 10, 13, 16, 20, 25, 26, and 40) |
| Large General | 57.495574% | (Rates 30, 31, 32, 38, 48 and contracts) |
| Lighting | 0.741412% | (Rates 41, 52) |
| | <u>100.000000%</u> | |

Montana-Dakota Utilities Co.
 Electric Utility - North Dakota
 Renewable Resource Cost Adjustment
 Revenue Requirement - Badger Wind
 Estimated 2026

| | Projected | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Jan 2026 | Feb 2026 | Mar 2026 | Apr 2026 | May 2026 | June 2026 |
| Rate Base | | | | | | |
| Plant Balance | | | | | | |
| Badger Wind | \$212,297,282 | \$212,297,282 | \$212,297,282 | \$212,297,282 | \$212,297,282 | \$212,297,282 |
| Total Plant Balance | 212,297,282 | 212,297,282 | 212,297,282 | 212,297,282 | 212,297,282 | 212,297,282 |
| Accumulated Reserve | | | | | | |
| Badger Wind | 505,975 | 1,011,950 | 1,517,925 | 2,023,900 | 2,529,875 | 3,035,850 |
| Decommissioning Balance | 20,064 | 40,128 | 60,192 | 80,256 | 100,320 | 120,384 |
| Total Accumulated Reserve | 526,039 | 1,052,078 | 1,578,117 | 2,104,156 | 2,630,195 | 3,156,234 |
| Net Plant in Service | \$211,771,243 | \$211,245,204 | \$210,719,165 | \$210,193,126 | \$209,667,087 | \$209,141,048 |
| Adds: | | | | | | |
| Def. Tax on Wind Decommissioning 4/ | 4,897 | 9,794 | 14,691 | 19,588 | 24,485 | 29,382 |
| Deferred Tax on Levelization Reg Liability | (30,274) | (60,549) | (90,823) | (121,097) | (151,372) | (181,646) |
| Less: | | | | | | |
| Accum DIT - Badger Wind 1/ | (\$679,315) | (\$1,301,860) | (\$1,861,566) | (\$2,360,431) | (\$2,796,383) | (\$3,171,494) |
| Levelization Regulatory Liability | (124,050) | (248,101) | (372,151) | (496,201) | (620,251) | (744,302) |
| Total Rate Base | \$212,549,231 | \$212,744,410 | \$212,876,750 | \$212,948,249 | \$212,956,834 | \$212,904,580 |
| Return on Rate Base 2/ | \$1,292,299 | \$1,293,486 | \$1,294,291 | \$1,294,725 | \$1,294,778 | \$1,294,460 |
| Expenses | | | | | | |
| Depreciation Expense | | | | | | |
| Badger Wind | 505,975 | 505,975 | 505,975 | 505,975 | 505,975 | 505,975 |
| Wind Decommissioning 4/ | 20,064 | 20,064 | 20,064 | 20,064 | 20,064 | 20,064 |
| Total Depreciation | 526,039 | 526,039 | 526,039 | 526,039 | 526,039 | 526,039 |
| Generation Taxes 6/ | 34,859 | 34,859 | 34,859 | 34,859 | 34,859 | 34,859 |
| Other Expenses 3/ | 431,084 | 431,084 | 431,084 | 431,084 | 431,084 | 431,084 |
| Total Expenses | \$991,982 | \$991,982 | \$991,982 | \$991,982 | \$991,982 | \$991,982 |
| Income before Taxes (EBIT) | (\$991,982) | (\$991,982) | (\$991,982) | (\$991,982) | (\$991,982) | (\$991,982) |
| Interest Expense 2/ | (425,807) | (426,198) | (426,463) | (426,606) | (426,624) | (426,519) |
| Taxable income | (\$1,417,789) | (\$1,418,180) | (\$1,418,445) | (\$1,418,588) | (\$1,418,606) | (\$1,418,501) |
| Income Taxes 5/ | (\$346,010) | (\$346,105) | (\$346,170) | (\$346,205) | (\$346,209) | (\$346,184) |
| Production Tax Credit 7/ | (1,356,519) | (954,537) | (1,052,626) | (909,847) | (1,028,562) | (934,140) |
| Net Income Taxes | (\$1,702,529) | (\$1,300,642) | (\$1,398,796) | (\$1,256,052) | (\$1,374,771) | (\$1,280,324) |
| Operating Income | \$710,547 | \$308,660 | \$406,814 | \$264,070 | \$382,789 | \$288,342 |
| Revenue Requirement | \$769,563 | \$1,302,765 | \$1,173,988 | \$1,363,389 | \$1,206,413 | \$1,330,931 |

Montana-Dakota Utilities Co.
 Electric Utility - North Dakota
 Renewable Resource Cost Adjustment
 Revenue Requirement - Badger Wind
 Estimated 2026

| | Projected | | | | | | Average Balance |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---|
| | July 2026 | Aug 2026 | Sept 2026 | Oct 2026 | Nov 2026 | Dec 2026 | |
| Rate Base | | | | | | | |
| Plant Balance | | | | | | | |
| Badger Wind | \$212,297,282 | \$212,297,282 | \$212,297,282 | \$212,297,282 | \$212,297,282 | \$212,297,282 | |
| Total Plant Balance | 212,297,282 | 212,297,282 | 212,297,282 | 212,297,282 | 212,297,282 | 212,297,282 | 212,297,282 |
| Accumulated Reserve | | | | | | | |
| Badger Wind | 3,541,825 | 4,047,800 | 4,553,775 | 5,059,750 | 5,565,725 | 6,071,700 | |
| Decommissioning Balance | 140,448 | 160,512 | 180,576 | 200,640 | 220,704 | 240,768 | |
| Total Accumulated Reserve | 3,682,273 | 4,208,312 | 4,734,351 | 5,260,390 | 5,786,429 | 6,312,468 | |
| Net Plant in Service | \$208,615,009 | \$208,088,970 | \$207,562,931 | \$207,036,892 | \$206,510,853 | \$205,984,814 | 208,878,029 |
| Adds: | | | | | | | |
| Def. Tax on Wind Decommissioning 4/ | 34,279 | 39,176 | 44,073 | 48,970 | 53,867 | 58,764 | |
| Deferred Tax on Levelization Reg Liability | (211,920) | (242,195) | (272,469) | (302,743) | (333,018) | (363,292) | |
| Less: | | | | | | | |
| Accum DIT - Badger Wind 1/ | (\$3,483,766) | (\$3,733,199) | (\$3,921,791) | (\$4,047,544) | (\$4,112,456) | (\$4,114,454) | |
| Levelization Regulatory Liability | (868,352) | (992,402) | (1,116,452) | (1,240,503) | (1,364,553) | (1,488,603) | |
| Total Rate Base | \$212,789,486 | \$212,611,552 | \$212,372,778 | \$212,071,166 | \$211,708,711 | \$211,283,343 | 212,484,757 |
| Return on Rate Base 2/ | \$1,293,760 | \$1,292,678 | \$1,291,226 | \$1,289,393 | \$1,287,189 | \$1,284,603 | \$15,502,888 |
| Expenses | | | | | | | |
| Depreciation Expense | | | | | | | |
| Badger Wind | 505,975 | 505,975 | 505,975 | 505,975 | 505,975 | 505,975 | |
| Wind Decommissioning 4/ | 20,064 | 20,064 | 20,064 | 20,064 | 20,064 | 20,064 | |
| Total Depreciation | 526,039 | 526,039 | 526,039 | 526,039 | 526,039 | 526,039 | 6,312,468 |
| Generation Taxes 6/ | 34,859 | 34,859 | 34,859 | 34,859 | 34,859 | 34,863 | 418,312 |
| Other Expenses 3/ | 431,084 | 431,084 | 431,084 | 431,084 | 431,084 | 431,078 | 5,173,002 |
| Total Expenses | \$991,982 | \$991,982 | \$991,982 | \$991,982 | \$991,982 | \$991,980 | \$11,903,782 |
| Income before Taxes (EBIT) | (\$991,982) | (\$991,982) | (\$991,982) | (\$991,982) | (\$991,982) | (\$991,980) | (\$11,903,782) |
| Interest Expense 2/ | (426,288) | (425,932) | (425,453) | (424,849) | (424,123) | (423,271) | (5,108,133) |
| Taxable income | (\$1,418,270) | (\$1,417,914) | (\$1,417,435) | (\$1,416,831) | (\$1,416,105) | (\$1,415,251) | (\$17,011,915) |
| Income Taxes 5/ | (\$346,127) | (\$346,040) | (\$345,924) | (\$345,776) | (\$345,599) | (\$345,391) | (\$4,151,740) |
| Production Tax Credit 7/ | (945,828) | (808,778) | (924,743) | (1,314,579) | (1,147,278) | (1,410,835) | (12,788,271) |
| Net Income Taxes | (\$1,291,955) | (\$1,154,818) | (\$1,270,667) | (\$1,660,355) | (\$1,492,877) | (\$1,756,226) | (\$16,940,011) |
| Operating Income | \$299,973 | \$162,836 | \$278,685 | \$668,373 | \$500,895 | \$764,246 | \$5,036,229 |
| Revenue Requirement | \$1,314,618 | \$1,494,597 | \$1,339,426 | \$821,508 | \$1,040,140 | \$688,347 | \$13,845,685 |
| | | | | | | | Badger Wind PTC Levelization, grossed up: (\$1,488,603) |
| | | | | | | | Total Projected 2026: \$12,357,082 |

2026 Footnotes:

Factor 271 - Integrated Peak and Energy
 2024 71.843412%

1/ Monthly Deferred Income Tax activity is 1/12 of projected 2026 DIT activity.

| | Badger Wind | | | | | |
|-----------------------------|----------------|-------------|-------------|-------------|-------------|-------------|
| DIT activity 2026: | (\$12,362,825) | | | | | |
| ND Fac. #271: | 71.843412% | | | | | |
| North Dakota activity 2026: | (\$8,881,875) | | | | | |
| Monthly: | (\$740,156) | | | | | |
| | January | February | March | April | May | June |
| | 91.78% | 84.11% | 75.62% | 67.40% | 58.90% | 50.68% |
| Badger Wind: | (\$679,315) | (\$622,545) | (\$559,706) | (\$498,865) | (\$435,952) | (\$375,111) |
| | July | August | September | October | November | December |
| | 42.19% | 33.70% | 25.48% | 16.99% | 8.77% | 0.27% |
| Badger Wind: | (\$312,272) | (\$249,433) | (\$188,592) | (\$125,753) | (\$64,912) | (\$1,998) |

2/ Projected Capital Structure with authorized return on equity

| | Ratio | Cost | | |
|------------------|---------|--------|--------|--------|
| Long Term Debt: | 44.735% | 4.728% | 2.115% | |
| Short Term Debt: | 5.088% | 5.681% | 0.289% | 2.404% |
| Common Equity: | 50.177% | 9.750% | 4.892% | |
| | 100.00% | | 7.296% | |

3/ Projected Expenses - 2026

| | |
|----------------------------|-------------|
| Projected Expenses: | \$7,200,385 |
| ND Factor #271: | 71.843412% |
| Budgeted ND Expenses: | \$5,173,002 |
| Monthly Budgeted Expenses: | 431,084 |

4/ Calculation for Badger Wind Decommissioning based on Thunder Spirit I of \$10,293,127 with 43 turbines and Badger Wind having 49 turbines.

| | Total Company Decomm | ND Decomm | Estimated Remaining Life | Annual Amortization |
|-------------|--|--------------|-----------------------------|------------------------|
| Badger Wind | \$11,729,377 | \$8,426,785 | 35 | \$240,765 |
| | Monthly Decommissioning Amortization: | | | \$20,064 |
| | Monthly Deferred Tax Amortization: | | | \$4,897 |

5/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
 1- Tax Rate 75.5951%

6/ Generation Tax

| | |
|------------------------------------|------------|
| Badger Wind: | \$582,256 |
| ND Fac. #271: | 71.843412% |
| Total projected 2026 North Dakota: | \$418,313 |
| Monthly: | \$34,859 |

7/ Production Tax Credit

| | January | February | March | April | May | June |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Badger Wind (Kwh): | 59,190,000 | 41,650,000 | 45,930,000 | 39,700,000 | 44,880,000 | 40,760,000 |
| Projected PTC (rate \$.029/Kwh): | \$1,716,510 | \$1,207,850 | \$1,331,970 | \$1,151,300 | \$1,301,520 | \$1,182,040 |
| Inflation Reduction Act (10%): | \$1,888,161 | \$1,328,635 | \$1,465,167 | \$1,266,430 | \$1,431,672 | \$1,300,244 |
| Projected ND PTC (Fac #271): | \$1,356,519 | \$954,537 | \$1,052,626 | \$909,847 | \$1,028,562 | \$934,140 |
| | July | August | September | October | November | December |
| Badger Wind (Kwh): | 41,270,000 | 35,290,000 | 40,350,000 | 57,360,000 | 50,060,000 | 61,560,000 |
| Projected PTC (rate \$.029/Kwh): | \$1,196,830 | \$1,023,410 | \$1,170,150 | \$1,663,440 | \$1,451,740 | \$1,785,240 |
| Inflation Reduction Act (10%): | \$1,316,513 | \$1,125,751 | \$1,287,165 | \$1,829,784 | \$1,596,914 | \$1,963,764 |
| Projected ND PTC (Fac #271): | \$945,828 | \$808,778 | \$924,743 | \$1,314,579 | \$1,147,278 | \$1,410,835 |

**MONTANA-DAKOTA UTILITIES CO.
PLANT / DEPRECIATION ADDITIONS - 2026
NORTH DAKOTA RENEWABLE RIDER - BADGER WIND
PROJECTED YEAR 2026**

Badger Wind Additions:

Plant Additions: \$295,500,000

Plant in Service: \$295,500,000

ND Fac. #271: 71.843412%

ND Plant: \$212,297,282 1/

Depreciation Rate: 2.86% 2/

Annual ND Depreciation: \$6,071,702

Monthly Depreciation: \$505,975 1/

1/ Plant balance assumed in service January 2026.

2/ Based on 35 year life.

**REVENUE REQUIREMENT LEVELIZATION ADJUSTMENT
 NORTH DAKOTA RENEWABLE RIDER - BADGER WIND**

| Badger Wind: | |
|---|--|
| <u>Estimated total PTC value, 2026 - 2035</u> | |
| | Year PTC Total 1/ |
| | 2026 12,788,546 |
| | 2027 12,980,375 |
| | 2028 13,175,080 |
| | 2029 13,372,706 |
| | 2030 13,573,297 |
| | 2031 13,776,896 |
| | 2032 13,983,549 |
| | 2033 14,193,303 |
| | 2034 14,406,203 |
| | 2035 14,622,295 |
| Total Badger Wind PTC Value: | \$136,872,250 |
| | 10.2% 2/ |
| | <u>\$13,913,857</u> |
| Difference, 2026 Projected to 2026 Levelized: | (\$1,125,311) |
| 2026 Levelized - Grossed Up for Tax: | (\$1,488,603) |
| 1/ Estimated annual PTCs at 2.9 cents per Kwh, plus 10% domestic content adder through the Inflation Reduction Acts of 2022, and a 1.5% escalation factor per year. | |
| 2/ 2026 Badger Wind levelization factor. | |

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual %: | 10.2% | 9.1% | 8.3% | 7.6% | 6.8% | 6.2% |
| PTC in Rev. Requirement: | 13,913,857 | 12,431,539 | 11,310,708 | 10,384,039 | 9,375,259 | 8,495,828 |
| Annual Difference: | (1,125,311) | 548,836 | 1,864,372 | 2,988,667 | 4,198,038 | 5,281,068 |
| | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
| Annual %: | 5.7% | 5.1% | 4.4% | 3.7% | 3.4% | 3.3% |
| PTC in Rev. Requirement: | 7,754,957 | 6,944,864 | 6,060,274 | 5,095,520 | 4,585,768 | 4,572,084 |
| Annual Difference: | 6,228,592 | 7,248,439 | 8,345,929 | 9,526,775 | (4,585,768) | (4,572,084) |
| | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
| Annual %: | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% |
| PTC in Rev. Requirement: | 4,557,401 | 4,541,647 | 4,524,746 | 4,506,611 | 4,487,153 | 4,466,276 |
| Annual Difference: | (4,557,401) | (4,541,647) | (4,524,746) | (4,506,611) | (4,487,153) | (4,466,276) |
| | 2044 | 2045 | Total | | | |
| Annual %: | 3.2% | 3.2% | 100.0% | | | |
| PTC in Rev. Requirement: | 4,443,876 | 4,419,843 | 136,872,250 | | | |
| Annual Difference: | (4,443,876) | (4,419,843) | | | | |

NORTH DAKOTA RENEWABLE RIDER - BADGER WIND
 TOTAL BILL RATE

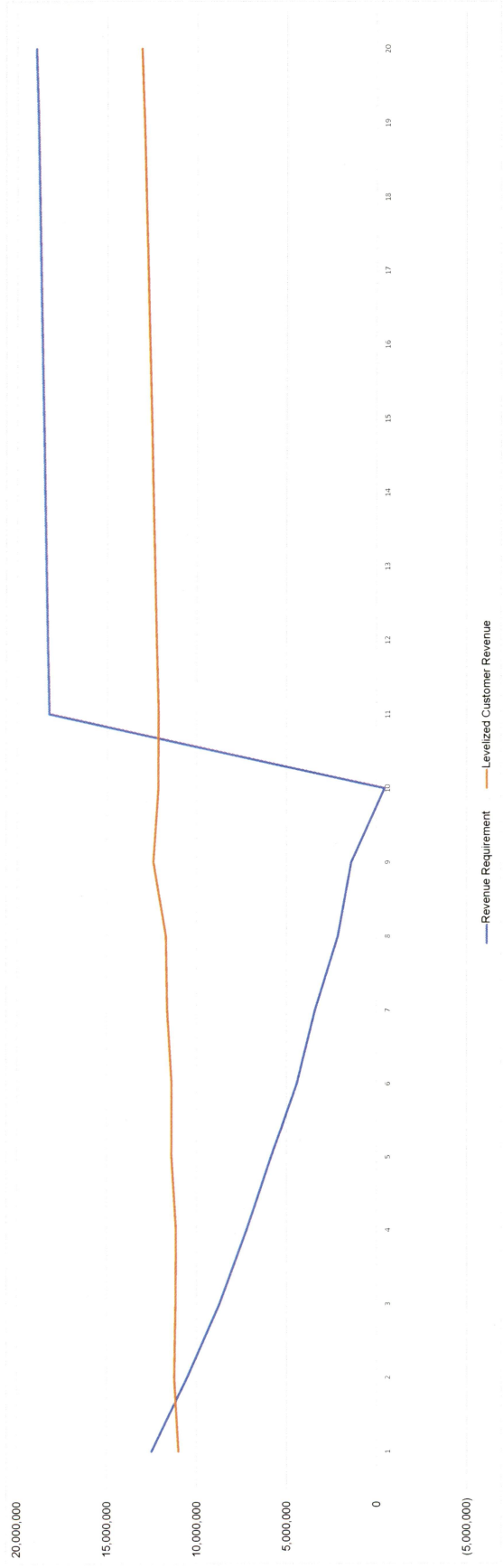
| | Current (\$) | Example (\$) |
|-----------------------|--------------|--------------|
| BSC (per day) | 0.501000 | 0.501000 |
| Fuel 1/ | 0.030010 | 0.030010 |
| Energy Charge | | |
| Oct-May First 750 Kwh | 0.063210 | 0.063210 |
| Oct-May Over 750 Kwh | 0.033210 | 0.033210 |
| Transmission Rider 2/ | -0.000510 | -0.000510 |
| Generation Rider 3/ | 0.003850 | 0.003850 |
| Renewable Rider 3/ | 0.008900 | 0.008900 |
| Badger Wind | 0.000000 | 0.005740 |

- 1/ February 2025 FCA.
- 2/ Service rendered on and after Dec. 1, 2024.
- 3/ Service rendered on and after Feb. 1, 2025.

| Kwh | Current Bill | Example Bill | Change | % Change | Annual Change |
|-------|--------------|--------------|--------|----------|---------------|
| 500 | \$67.96 | \$70.83 | \$2.87 | 4.22% | \$34.44 |
| 600 | \$78.51 | \$81.95 | \$3.44 | 4.38% | 41.28 |
| 700 | \$89.05 | \$93.07 | \$4.02 | 4.51% | 48.24 |
| 800 | \$98.10 | \$102.69 | \$4.59 | 4.68% | 55.08 |
| 894 | \$105.19 | \$110.32 | \$5.13 | 4.88% | 61.56 |
| 900 | \$105.64 | \$110.81 | \$5.17 | 4.89% | 62.04 |
| 1,000 | \$113.19 | \$118.93 | \$5.74 | 5.07% | 68.88 |

**Montana-Dakota Utilities Co.
 Electric Utility - North Dakota
 Badger Wind Levelization
 20 Years**

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue Requirement | 12,535,283 | 10,560,021 | 8,751,048 | 7,241,614 | 5,676,564 | 4,450,529 | 3,434,137 | 2,162,503 | 1,414,870 | (433,989) | 18,227,348 | 18,317,308 | 18,391,030 | 18,465,538 | 18,540,811 | 18,616,830 | 18,693,515 | 18,770,796 | 18,846,670 | 18,963,739 |
| Levelized Customer Revenue | 11,046,680 | 11,286,041 | 11,217,308 | 11,195,133 | 11,429,883 | 11,436,522 | 11,673,549 | 11,751,005 | 12,455,174 | 12,768,382 | 12,761,124 | 12,269,196 | 12,362,331 | 12,457,679 | 12,555,309 | 12,655,318 | 12,757,743 | 12,862,641 | 12,970,146 | 13,117,007 |



Montana-Dakota Utilities Co.
Purchase Power Cost Analysis
Projected Year End 2026

| Purchased Power Costs Integrated System (IS) | Total | Allocation to | |
|--|-------------------|-------------------|-------------------|
| | | North Dakota | Secondary |
| MISO Energy Purchased Power - Badger Wind Offset | \$14,891,201 | \$10,524,730 | \$8,940,493 |
| Purchased Power Volumes - kWh | 2,965,921,000 | 2,096,239,000 | 1,777,995,000 |
| MISO Purchased Power Cost/kWh | \$0.005021 | \$0.005021 | \$0.005028 |

Estimated Monthly Purchase Power Costs:

| Month | Volumes (MWh) | Fuel Price | Fuel Cost - IS |
|-------------------|----------------|----------------|---------------------|
| Jan-26 | 59,190 | \$27.85 | \$1,648,442 |
| Feb-26 | 41,650 | 28.00 | 1,166,200 |
| Mar-26 | 45,930 | 25.26 | 1,160,192 |
| Apr-26 | 39,700 | 22.11 | 877,767 |
| May-26 | 44,880 | 24.25 | 1,088,340 |
| Jun-26 | 40,760 | 26.71 | 1,088,700 |
| Jul-26 | 41,270 | 31.30 | 1,291,751 |
| Aug-26 | 35,290 | 30.95 | 1,092,226 |
| Sep-26 | 40,350 | 25.80 | 1,041,030 |
| Oct-26 | 57,360 | 24.69 | 1,416,218 |
| Nov-26 | 50,060 | 27.39 | 1,371,143 |
| Dec-26 | 61,560 | 26.79 | 1,649,192 |
| Total 2026 | 558,000 | \$26.69 | \$14,891,201 |

Residential Customer Cost Savings:

| Usage | Monthly | Annually |
|---------|---------|----------|
| 800 kWh | \$4.02 | \$48.24 |