

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
Advance Prudence – Badger Wind
Application**

Case No. PU-25-75

**Montana-Dakota Utilities Co.
150 MW Badger Wind
Public Convenience & Necessity**

Case No. PU-25-76

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Geralyn R. Schmaltz deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **25th day of September 2025**, she deposited in the United States Mail, at Bismarck, North Dakota, **1** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and containing a photocopy of:

- **Order on Settlement**

And Original Of:

- **Certificate of Public Convenience and Necessity Certificate Number 6011**

The envelope was addressed as follows:

Travis Jacobson
Vice President of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North 4th Street
Bismarck, ND 58501
Cert. No. 9589 0710 5270 1777 9868 15

Geralyn R. Schmaltz further deposes and says that on the **25th day of September 2025**, she deposited in the United States Mail, at Bismarck, North Dakota, **1** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and containing a photocopy of the same.

The envelope was addressed as follows:

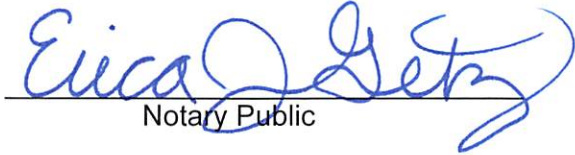
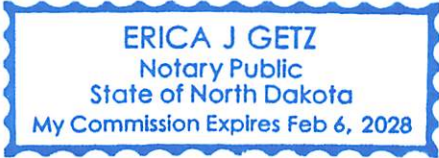
Zeviel Simpser
Attorney for Montana-Dakota Utilities Co.
Dorsey & Whitney LLP
50 South Sixth Street Suite 1500
Minneapolis, MN 55402-2157
Cert. No. 9589 0710 5270 1777 9868 22

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this 25th day of September 2025.



A handwritten signature in blue ink, appearing to read "Geraldine Schmaey", written over a horizontal line.



A handwritten signature in blue ink, appearing to read "Erica J Getz", written over a horizontal line.

Notary Public

SEAL

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
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Application**

Case No. PU-25-75

**Montana-Dakota Utilities Co.
150 MW Badger Wind
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Case No. PU-25-76

ORDER ON SETTLEMENT

September 24, 2025

Appearances

Commissioners Randy Christmann, Sheri Haugen-Hoffart, and Jill Kringstad.

Zev Simpser, Dorsey & Whitney LLP, 50 South Sixth Street, Suite 1500,
Minneapolis, MN 55402-1498, as Counsel for Montana-Dakota Utilities Co.

Mitchell D. Armstrong, Smith Porsborg Schweigert Armstrong Moldenhauer &
Smith, 122 East Broadway Avenue, Bismarck, ND 58503, as Counsel for the Public
Service Commission Advocacy Staff.

Brian Johnson, Special Assistant Attorney General, 600 East Boulevard Avenue,
Dept 408, Bismarck, ND 58505-0480, as Counsel for the Public Service Commission.

Hope L. Hogan, Office of Administrative Hearings, 2911 North 14th Street, Suite
303, Bismarck, ND 58503, as Procedural Hearing Officer.

Preliminary Statement

On February 17, 2025, Montana-Dakota Utilities Co. (MDU) filed an application for an Advanced Determination of Prudence (Case No. PU-25-75) and a Certificate of Public Convenience and Necessity (Case No. PU-25-76, and together with Case No. PU-25-75 the "Cases") for a 49% ownership interest, which represents 122.5 megawatts of the Badger Wind Project currently being constructed near Wishek in Logan and McIntosh Counties, North Dakota.

On June 4, 2025, the Commission consolidated the cases for hearing and issued a Notice of Consolidated Hearing (Notice), scheduling a public hearing to begin on

September 9, 2025, at 8:30 a.m. central time in the Commission Hearing Room on the 12th Floor of the State Capitol, 600 East Boulevard Ave, Bismarck, ND 58505.

The Notice identified the following issues to be considered:

In Case No. PU-25-75:

1. Whether MDU should be granted an advanced determination that its proposed resource addition is prudent?

In Case No. PU-25-76:

1. Whether public convenience and necessity will be served by construction and operation of the facilities?
2. Is MDU technically, financially, and managerially fit and able to provide the service?

On July 21, 2025, Public Service Commission Advocacy Staff (Advocacy Staff) filed testimony regarding the Cases.

On September 4, 2025, MDU and Advocacy Staff filed a Joint Settlement Agreement with the Commission.

On September 9, 2025, the hearing was held as scheduled.

Discussion

The Joint Settlement Agreement states that MDU's 49% ownership of the Badger Wind Project is a reasonable and prudent resource addition at a total capital expenditure cost up to \$295.5 million subject to three conditions:

1. If the costs of MDU's 49% share of the Badger Wind Project exceed \$295.5 million, MDU has the burden of proof to demonstrate that those additional capital expenditures are reasonable prior to recovery of those additional expenditures.
2. With respect to curtailments, MDU will report the annual capacity factor of its 49% ownership share in the Badger Wind Project. For a period of ten years beginning after the third (3rd) full calendar year of commercial operation of MDU's portion of the Badger Wind Project if the three-year rolling average of MDU's ownership share in the Badger Wind Project is less than 450,702 MWH in a given year (Production Threshold) the revenue requirement for MDU's portion of the Badger Wind Project will be reduced by \$285,000 (Production Sharing Amount) through the annual true-up mechanism under MDU's Renewable Resource Rider Rate 55; and any third-party compensated

curtailments (through insurance, warranties, etc.) will be added back into the production calculations for purposes of calculating if the Production Threshold has been exceeded.

3. MDU will levelize production tax credits received for its 49% share of the Badger Wind Project over the expected life of the project.

The Parties also agreed a Certificate of Public Convenience and Necessity for MDU's 49% share of the Badger Wind Project should be issued because the Badger Wind Project is needed to provide reliable and economic electric generation for MDU's customers and MDU is fit, willing and able to provide electric service.

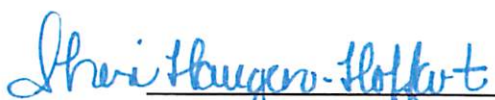
Having considered this matter, the Commission finds the Joint Settlement Agreement is reasonable and acceptable and should be approved. Therefore, the Commission issues the following:

Order

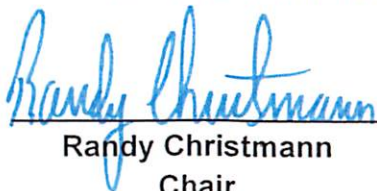
The Commission Orders:

1. The Joint Settlement Agreement filed September 4, 2025, is APPROVED. A copy of the Joint Settlement Agreement is attached to this Order and made part of this Order.
2. Certificate of Public Convenience and Necessity Number 6011 is issued to MDU for its 49% ownership interest in the Badger Wind Project.

PUBLIC SERVICE COMMISSION



Sheri Haugen-Hoffart
Commissioner



Randy Christmann
Chair



Jill Kringstad
Commissioner

**PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

**Certificate of Public Convenience and Necessity
Certificate Number 6011**

This is to certify that public convenience and necessity require, and permission is granted for Montana-Dakota Utilities Co. to own and operate a 49% ownership interest in the Badger Wind Project in Logan and McIntosh Counties, North Dakota.

This certificate is issued in accordance with the Order of this Commission dated September 24, 2025, in Case No. PU-25-76, and is subject to the conditions and limitations noted in the Order.

This certificate is conditioned upon Montana-Dakota Utilities Co. securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.

Bismarck, North Dakota, September 24, 2025.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner

information supporting the need and prudence of Badger Wind, the selection process of Badger Wind, and the estimated cost of Badger Wind with its Application.

On June 4, 2025, the Commission issued its Notice of Consolidated Hearing in the Cases. Pursuant to the Notice of Consolidated Hearing, the Cases were consolidated for hearing on September 9, 2025, and the following issues were identified to be considered: (1) Whether Montana-Dakota should be granted an advanced determination that its proposed resource addition is prudent; (2) Whether public convenience and necessity will be served by construction and operation of the facilities; and (3) is Montana-Dakota technically, financially, and managerially fit and able to provide the service.

Advocacy Staff conducted discovery and on July 21, 2025, submitted the testimony of Mr. Jame A. Heidell with the PA Consulting Group regarding the Company's application in the Cases. Mr. Heidell recommended that the Commission grant the ADP for Badger Wind with conditions.

II. TERMS OF SETTLEMENT

The Settling Parties agree to the provisions defined below and supported by the records in the Cases.

A. Grant of Badger Wind Advance Determination of Prudence.

1. Testimony and exhibits, the 2024 Integrated Resource Plan submitted by Montana-Dakota, and analysis conducted by Advocacy Staff, demonstrate that Montana-Dakota has a need for additional generation resources and a wind resource is a reasonable option. Montana-Dakota has demonstrated a reasonable case for its ownership share of Badger Wind. Badger Wind is

a prudent resource at a total capital expenditure of \$295.5 million (Badger Wind Authorized Amount). Badger Wind is reasonable and prudent up to the Badger Wind Authorized Amount. No determination of prudence has been made with respect to costs exceeding \$295.5 million. In the event that the total cost of Badger Wind exceeds the Badger Wind Authorized Amount, the Settling Parties agree that Montana-Dakota may seek approval from the Commission to include in rates the capital additions derived from the actual capital expenditures above the Badger Wind Authorized Amount upon a showing to the Commission that such capital expenditures are reasonable and prudent. The burden of proof to demonstrate the reasonableness of capital expenditures above the Badger Wind Authorized Amount shall be on Montana-Dakota. Recovery of the total capital cost, as allocated to North Dakota, may occur through Montana-Dakota's Renewable Resource Recovery Rider Rate 55 or a general rate case.

2. The Settling Parties agree to the following terms related to curtailments:
 - Montana-Dakota will report the annual capacity factor of its ownership share in Badger Wind;
 - For a period of ten (10) years beginning after the third (3rd) full calendar year of commercial operation of MDU's portion of Badger Wind, if the three-year rolling average of Montana-Dakota's ownership share in Badger Wind is less than 450,702 MWH in a given year (Production Threshold) the revenue requirement for

MDU's portion of Badger Wind will be reduced by \$285,000 (Production Sharing Amount); and

- If the three-year rolling average of the production of MDU's portion of Badger Wind is below the Production Threshold in a given year, the Production Sharing Amount will be applied through the Renewable Resource Recovery Rider Rate 55 as part of the annual true-up process in the year in which the three-year average production of MDU's portion of Badger Wind occurs; and
- Any MWhs of lost production for MDU's portion of Badger Wind which are compensated by third-parties through warranty or insurance proceeds will be added back into the annual production MWhs for the purpose of calculating the three-year rolling average of production of MDU's portion of Badger Wind for purposes of the Production Threshold comparison in the year that the MWhs associated with third-party compensation through warranty or insurance proceeds occurred, or otherwise credited back should any third-party proceeds not be received in such year.

3. The Commission should affirm the Company's proposal to normalize PTC credits consistent with past precedent on existing wind projects Cedar Hills, Diamond Willow, and Thunder Spirit.

B. Grant of Badger Wind Certificate of Public Convenience and Necessity.

1. Testimony and exhibits submitted by Montana-Dakota, and analysis conducted by Advocacy Staff, demonstrate that Montana-Dakota has the

experience and resources necessary to own and operate its ownership share in Badger Wind and that Badger Wind is needed to provide reliable and economic electric generation for Montana-Dakota's customers. Public Convenience and Necessity will be served by Montana-Dakota's ownership share of Badger Wind, and Montana-Dakota is fit, willing and able to provide electric service. A Certificate of Public Convenience and Necessity to Montana-Dakota for Badger Wind should be issued.

III. OTHER TERMS AND CONDITIONS

A. Basis of Settlement.

This Agreement is a negotiated agreement subject to approval by the Commission. This Agreement does not establish any principle or precedent for this or any future proceeding except as expressly agreed herein. The Parties reserve for themselves all rights at law and equity not specifically addressed by this Agreement.

B. Support for Settlement.

The Parties agree to affirmatively support and advocate for the Commission's adoption of this Agreement without modification.

C. Effect of Negotiations.

All offers of settlement and discussions related to this Agreement are privileged and may not be used in any matter in connection with proceedings in the Cases or otherwise, except as provided by law or by mutual agreement of the Parties. In the event the Commission does not adopt this Agreement, it shall not constitute part of the record

in this proceeding and no part thereof may be used by any Party for any purpose in the Cases or in any other.

D. Applicability and Scope.

This Agreement shall be binding on the Parties, and their successors, assigns, agents, and representatives. Consistent with the Commission's settlement guidelines, this Agreement does not set policy or overturn precedent. This Agreement shall not constitute an agreement, admission, or determination by any of the Parties as the merits of any specific allegations or contention made by the Parties in the Cases. This Agreement supersedes all previous agreements in the Cases. This Agreement is not intended to impact the final outcome of any other pending case before the Commission.

E. Effective Date.

This Agreement shall be effective on the date of the Commission Order approving this Agreement.

F. Modification.

If the Commission modifies or conditions approval of this Agreement, it shall be deemed terminated if either Party files a letter with the Commission within five business days of the parties' receipt of such Order stating that a condition or modification to this Agreement is unacceptable to such Party.

G. Counterparts.

This Agreement may be executed in counterparts by Montana-Dakota and Advocacy Staff, each of which when so executed will be an original, but all of which together will constitute one and the same instrument.

CONCLUSION

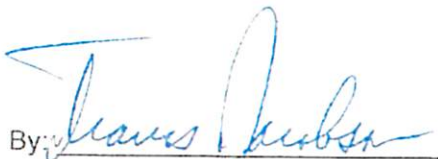
The Parties have agreed to the foregoing terms to resolve outstanding issues in the Cases and provide for the efficient prosecution of unresolved issues. These terms are a result of negotiations between the Parties, are in the public interest, and will result in just and reasonable rates. For these reasons, the Parties urge the Commission to approve this Agreement.

[SIGNATURE PAGES FOLLOW]

Authorized representatives of the Parties having caused this Settlement Agreement to be duly executed as of the date first set forth above.

Montana-Dakota Utilities Co.

North Dakota Public Service Commission
Advocacy Staff

By: 

By: 

Its: VP, Reg Affairs

Its: Utility Financial Analyst

[SIGNATURE PAGE TO SETTLEMENT AGREEMENT
CASE NOS. PU-25-075, PU-25-076]