



A Subsidiary of MDU Resources Group, Inc.

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September 4, 2025

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case No. PU-25-75
Application for an Advance Determination of Prudence for the Badger Wind Project

Case No. PU-25-76
Application for a Certificate of Public Convenience & Necessity for the Badger Wind Project

Montana-Dakota Utilities Co. (Montana-Dakota) herewith electronically submits the Joint Settlement Agreement entered into by the North Dakota Public Service Commission Advocacy Staff and Montana-Dakota Utilities Co. (The Settling Parties). The Settling Parties have entered into this Agreement to address the Company's request in the above referenced cases and to implement jointly supported outcomes.

Please refer all inquiries regarding this filing to:

Travis R. Jacobson
Vice President of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence and pleadings to:

Zeviel Simpser
Attorney
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402-2157

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MDU Exhibit 10 - Joint Settlement Agreement

Montana-Dakota Utilities Co.

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Zeviel Simpser, Dorsey & Whitney, LLP

Sincerely,

A handwritten signature in blue ink that reads "Travis R. Jacobson". The signature is written in a cursive style with a large initial 'T'.

Travis R. Jacobson
Vice President of Regulatory Affairs

Attachments

cc: Zeviel Simpser

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

Montana-Dakota Utilities Co.)
Advance Determination of Prudence –) Case No. PU-25-075
Badger Wind Application)

Montana-Dakota Utilities Co.)
Certificate of Public Convenience and) Case No. PU-25-076
Necessity – Badger Wind Application)

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into on this 3rd day of September 2025, by and between the North Dakota Public Service Commission Advocacy Staff (Advocacy Staff) and Montana-Dakota Utilities Co. (Montana-Dakota or the Company) (collectively, the Settling Parties). The Parties have entered into this Agreement to address the Company’s request in the above-referenced cases and to implement jointly supported outcomes. The Settling Parties agree this Settlement Agreement, if approved by the North Dakota Public Service Commission (Commission) resolves all issues in the above-referenced cases in a manner consistent with the public interest.

I. PROCEDURAL BACKGROUND

On February 14, 2025, Montana-Dakota filed an Application for an Advance Determination of Prudence (Case No. PU-25-075) and a Certificate of Public Convenience and Necessity (Case No. PU-25-076, and together with Case No. PU-25-075 the “Cases”) for the 49% ownership interest of the Badger Wind Project (Badger Wind or Project), which represents 122.5 megawatt (MW) of the Project’s 250 MW generation capacity. Montana-Dakota provided the direct testimony of Mr. Darcy J. Neigum, Mr. Brian J. Giggee, Mr. Joseph E. Geiger, and Mr. Bradley J. Davison, along with related

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: Thomas Johnson

By: [Signature]

Its: VP, Reg Affairs

Its: Utility Financial Analyst

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