

**Montana-Dakota Utilities Co.  
Electric Utility - South Dakota  
Lambda and Capacity Costs  
2025**

Month		Lambda		Total \$/MWh
		On-Peak \$/MWh	Off-Peak \$/MWh	
January	2025		\$32.14	\$32.14
February	2025		29.44	29.44
March	2025		26.58	26.58
April	2025		24.11	24.11
May	2025		24.69	24.69
June	2025	\$26.82	26.09	26.26
July	2025	30.16	30.11	30.12
August	2025	29.65	29.42	29.47
September	2025	25.27	25.12	25.16
October	2025		23.81	23.81
November	2025		28.88	28.88
December	2025		30.50	30.50
Average		\$27.98	\$27.57	\$27.60

**Montana-Dakota Utilities Co.  
Electric Utility - South Dakota  
Calculation of Capacity Payments  
2031**

**Rate 96**

Capital cost of combustion turbine	\$1,119	1/
Levelized Fixed Charge	9.346%	2/
Monthly Capacity Payments:	<u>\$8.717</u>	\$/kW-Month 3/

- 1/ Cost of combustion turbine based on the actual cost of a simple cycle unit in 2024 dollars of \$910 escalated at a rate of 3.0% per year to 2031.
- 2/ See Attachment A pages 2-6.
- 3/ Rate 96 Capacity Payment formula =  $\$910 \times 1.030^{(2031-2024)} \times .09346 / 12$ .

**Montana-Dakota Utilities Co.  
Electric Utility - South Dakota  
2025 Avoided Cost Rate Update  
Levelized Fixed Charge Rate - CT**

**Summary of Results**

Sum of Present Values 1/	1.244241
Capital Recovery Factor 2/	0.075114
Levelized Fixed Charge 3/	<u>9.346%</u>

1/ Sum of annual net present values.

2/  $((+ROR*(1+ROR)^{\text{book life}})/((1+ROR)^{\text{book life}}-1))$ .

3/ Product of annual present value x capital recovery factor.

**Montana-Dakota Utilities Co.  
Electric Utility - South Dakota  
2025 Avoided Cost Rate Update  
Levelized Fixed Charge Rate - CT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
	Net	Return	Book	O&M	Ad Valorem	Total	Present	Present	Accum.		Tax	Deferred	
Year	Investment		Depr.		Tax	Charge	Value	Value	Present	Value	Depr.	Income	
							Factor			LFGR	Accel.	Tax	
1	1	1.000	0.08280	0.02500	0.01000	0.00454	0.12234	0.93447	0.11432	0.11432	0.12234	0.05000	0.00525
2	2	0.970	0.08030	0.02500	0.01000	0.00454	0.11984	0.87324	0.10465	0.21897	0.12113	0.09500	0.01470
3	3	0.930	0.07701	0.02500	0.01000	0.00454	0.11655	0.81602	0.09511	0.31407	0.11971	0.08550	0.01271
4	4	0.892	0.07389	0.02500	0.01000	0.00454	0.11343	0.76255	0.08649	0.40057	0.11829	0.07700	0.01092
5	5	0.856	0.07091	0.02500	0.01000	0.00454	0.11045	0.71259	0.07871	0.47928	0.11693	0.06930	0.00930
6	6	0.822	0.06807	0.02500	0.01000	0.00454	0.10761	0.66589	0.07166	0.55093	0.11563	0.06230	0.00783
7	7	0.789	0.06535	0.02500	0.01000	0.00454	0.10489	0.62226	0.06527	0.61620	0.11439	0.05900	0.00714
8	8	0.757	0.06269	0.02500	0.01000	0.00454	0.10223	0.58149	0.05945	0.67565	0.11320	0.05900	0.00714
9	9	0.725	0.06003	0.02500	0.01000	0.00454	0.09957	0.54339	0.05411	0.72976	0.11206	0.05910	0.00716
10	10	0.693	0.05737	0.02500	0.01000	0.00454	0.09691	0.50778	0.04921	0.77896	0.11097	0.05900	0.00714
11	11	0.661	0.05471	0.02500	0.01000	0.00454	0.09425	0.47451	0.04472	0.82368	0.10991	0.05910	0.00716
12	12	0.629	0.05204	0.02500	0.01000	0.00454	0.09158	0.44341	0.04061	0.86429	0.10889	0.05900	0.00714
13	13	0.596	0.04938	0.02500	0.01000	0.00454	0.08892	0.41436	0.03685	0.90114	0.10790	0.05910	0.00716
14	14	0.564	0.04672	0.02500	0.01000	0.00454	0.08626	0.38721	0.03340	0.93454	0.10694	0.05900	0.00714
15	15	0.532	0.04406	0.02500	0.01000	0.00454	0.08360	0.36184	0.03025	0.96479	0.10601	0.05910	0.00716
16	16	0.500	0.04140	0.02500	0.01000	0.00454	0.08094	0.33813	0.02737	0.99216	0.10511	0.02950	0.00094
17	17	0.474	0.03925	0.02500	0.01000	0.00454	0.07879	0.31597	0.02489	1.01705	0.10426	0.00000	(0.00525)
18	18	0.454	0.03761	0.02500	0.01000	0.00454	0.07715	0.29527	0.02278	1.03983	0.10346	0.00000	(0.00525)
19	19	0.435	0.03598	0.02500	0.01000	0.00454	0.07552	0.27592	0.02084	1.06067	0.10272	0.00000	(0.00525)
20	20	0.415	0.03434	0.02500	0.01000	0.00454	0.07388	0.25784	0.01905	1.07972	0.10201	0.00000	(0.00525)
21	21	0.395	0.03271	0.02500	0.01000	0.00454	0.07225	0.24094	0.01741	1.09712	0.10135	0.00000	(0.00525)
22	22	0.375	0.03107	0.02500	0.01000	0.00454	0.07061	0.22516	0.01590	1.11302	0.10072	0.00000	(0.00525)
23	23	0.355	0.02944	0.02500	0.01000	0.00454	0.06898	0.21040	0.01451	1.12754	0.10013	0.00000	(0.00525)
24	24	0.336	0.02780	0.02500	0.01000	0.00454	0.06734	0.19662	0.01324	1.14078	0.09957	0.00000	(0.00525)
25	25	0.316	0.02616	0.02500	0.01000	0.00454	0.06570	0.18373	0.01207	1.15285	0.09903	0.00000	(0.00525)
26	26	0.296	0.02453	0.02500	0.01000	0.00454	0.06407	0.17169	0.01100	1.16385	0.09853	0.00000	(0.00525)
27	27	0.276	0.02289	0.02500	0.01000	0.00454	0.06243	0.16044	0.01002	1.17387	0.09804	0.00000	(0.00525)

**Montana-Dakota Utilities Co.  
Electric Utility - South Dakota  
2025 Avoided Cost Rate Update  
Levelized Fixed Charge Rate - CT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
	Net	Return	Book	Ad Valorem	Total	Present	Present	Accum.		Tax	Deferred		
Year	Investment		Depr.	O&M	Tax	Charge	Value	Present	Present	LF	Depr.	Income	
							Factor	Value	Value	CR	Accel.	Tax	
28	28	0.257	0.02126	0.02500	0.01000	0.00454	0.06080	0.14993	0.00912	1.18298	0.09758	0.00000	(0.00525)
29	29	0.237	0.01962	0.02500	0.01000	0.00454	0.05916	0.14011	0.00829	1.19127	0.09714	0.00000	(0.00525)
30	30	0.217	0.01799	0.02500	0.01000	0.00454	0.05753	0.13093	0.00753	1.19880	0.09672	0.00000	(0.00525)
31	31	0.197	0.01635	0.02500	0.01000	0.00454	0.05589	0.12235	0.00684	1.20564	0.09632	0.00000	(0.00525)
32	32	0.178	0.01472	0.02500	0.01000	0.00454	0.05426	0.11433	0.00620	1.21184	0.09594	0.00000	(0.00525)
33	33	0.158	0.01308	0.02500	0.01000	0.00454	0.05262	0.10684	0.00562	1.21747	0.09558	0.00000	(0.00525)
34	34	0.138	0.01145	0.02500	0.01000	0.00454	0.05099	0.09984	0.00509	1.22256	0.09523	0.00000	(0.00525)
35	35	0.118	0.00981	0.02500	0.01000	0.00454	0.04935	0.09330	0.00460	1.22716	0.09490	0.00000	(0.00525)
36	36	0.099	0.00818	0.02500	0.01000	0.00454	0.04772	0.08718	0.00416	1.23132	0.09459	0.00000	(0.00525)
37	37	0.079	0.00654	0.02500	0.01000	0.00454	0.04608	0.08147	0.00375	1.23507	0.09428	0.00000	(0.00525)
38	38	0.059	0.00491	0.02500	0.01000	0.00454	0.04445	0.07613	0.00338	1.23846	0.09400	0.00000	(0.00525)
39	39	0.039	0.00327	0.02500	0.01000	0.00454	0.04281	0.07114	0.00305	1.24150	0.09372	0.00000	(0.00525)
40	40	0.020	0.00164	0.02500	0.01000	0.00454	0.04118	0.06648	0.00274	1.24424	0.09346	0.00000	(0.00525)

**Montana-Dakota Utilities Co.  
Electric Utility - South Dakota  
2025 Avoided Cost Rate Update  
Levelized Fixed Charge Rate - CT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Net	Return	Book	Ad Valorem	Total	Present	Present	Present	Accum.	LFCR	Tax	Deferred
Year	Investment		Depr.	O&M	Tax	Charge	Value	Value	Present	Value	Accel.	Income
							Factor					Tax
(1)	Prior year's Net investment - Book Depreciation - Deferred Income Tax.											
(2)	Return (adjusted for taxes) x Net Investment.											
(3)	Depreciation rate based on the life of the investment.											
(4)	Distribution O&M expense as percent of distribution plant.											
(5)	Ad valorem tax rate on distribution plant.											
(6)	Sum of return, depreciation, O&M and ad valorem taxes.											
(7)	Present value factor reflecting overall rate of return.											
(8)	Present value factor x total charge.											
(9)	Accumulated present value.											
(10)	Levelized fixed charge rate = accumulated present value x $((+ROR*(1+ROR)^{book\ life})/((1+ROR)^{book\ life}-1))$											
(11)	Tax depreciation rates for a CT uses a 15 year tax life.											
(12)	(Tax life - book life) x tax rate.											

Assumptions

ROR	7.012%
ROR with taxes	8.280%
Federal Tax Rate	21.000%
State Tax Rate	
Combined Federal/State Tax Rate	21.0000%
1 - Tax Rate	79.0000%
Service Life of Asset (in years)	40
Tax Life (in years - 5, 7, 10, 15, 20 , or 39)	15
Property Tax Rate	0.454%