MONTANA-DAKOTA
UTILITIES CO.
A Subsidiary of MDU Resources Group, Inc.

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October 29, 2026

Ms. Leah Mohr
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501-5070

Re: Docket No. EL26-_____
2026 Avoided Costs Rate Update

Dear Ms. Mohr:

In accordance with South Dakota Codified Laws, Chapter 49-34A, Montana-Dakota Utilities Co. (Montana-Dakota or Company) electronically submits for Commission approval revisions to the Company's Occasional Power Purchase Non-Time Differentiated Rate 95 and Power Purchase Rate 96 tariff sheets. This filing is made in compliance with the Commission's Order No. F-3365 and in accordance with the Special Terms and Conditions of these tariffs, which state that the rate schedules will be reviewed annually and revised when necessary.

Montana-Dakota requests approval of the following revised tariff sheets:

- 3rd Revised Sheet No. 35
- 3rd Revised Sheet No. 36

Included herein is a second set of the affected tariffs on which Montana-Dakota has indicated the requested revisions by lining through the existing language that the Company proposes to delete and clearly highlighting the proposed new language.

The methodology used to develop the proposed energy payments is consistent with the approved avoided cost rates. The proposed energy payments for Rates 95 and 96 were generated using Montana-Dakota's production costing model, PLEXOS® for Power Systems (PLEXOS), reflecting a test year of calendar year 2027. The proposed Rate 95 energy payment decreases from 3.416 cents per Kwh to 3.266 cents per Kwh. The proposed Rate 96 on-peak energy payment increases from 3.485 cents per Kwh to 3.494 cents per Kwh and the off-peak energy payment decreases from 3.413 cents per Kwh to 3.253 cents per Kwh. The proposed change in energy payments is attributable to the changes in the forecasted Midcontinent Independent System Operator, Inc.'s (MISO) market prices from those included in the currently approved energy payments.

Based on MISO's resource adequacy requirements, including direct loss of load resource accreditation, Montana-Dakota has adequate capacity through 2032, excluding spring generation maintenance periods. Montana-Dakota's 2024 Integrated Resource Plan (IRP) discusses a power purchase agreement (PPA) for capacity and energy that the Company has with a neighboring utility through May 2026 and an agreement with CPower for a commercial demand response program that runs through May 2027. Following the filing of the 2024 IRP, Montana-Dakota entered into a Badger Wind PPA and an asset purchase agreement, which will provide adequate capacity through 2032. The winter season capacity additions required through 2032 will be met with the Badger Wind addition and capacity purchases that may be needed through the MISO capacity auction or from a neighboring utility. As such, the capacity payment rate included in the Rate 96 tariff is the higher of the summer and winter MISO capacity auction prices for Zone 1, the pricing zone for Montana-Dakota through 2032. The 2026/2027 MISO summer clearing price for Zone 1 is $12.90 per kW-month. Starting in 2033, the capacity payment reflects the projected levelized cost of a new peaking facility.

The workpapers supporting the proposed energy and capacity payments are provided in Attachment A.

Montana-Dakota has reviewed the metering charges applicable under Rates 95 and 96 and has determined that no change in the daily metering charges is necessary in this annual update. The Company continues to have only one customer taking service under Rate 95. Given the limited participation and the small increases in metering charges from those authorized four years ago, the Company opted not to propose any changes to the daily metering charges under Rates 95 and 96 in this year's filing. However, Attachment B is being provided to show the metering charges that would have been requested had Montana-Dakota decided to propose a change in this filing.

The inputs and assumptions used in the model to determine the avoided energy costs, the five-year gas supply forecast, and the MISO energy price forecast can be found in Attachment C.

In accordance with the Administrative Rules of South Dakota (ARSD) 20:10:13:39(6), Montana-Dakota currently has one customer taking service under Rate 95. The maximum generation received by the Company during any given month over the previous 12-month period was 1,626 kWh, with generation received by the Company in all 12 months. Attachment D shows the amount of excess generation purchased by the Company from October 2025 through September 2026. Assuming the same customer load and generation as in the past 12 months, the customer would experience a decrease of $16 in energy payments. No customers are currently taking service under Rate 96 in South Dakota.

Included as Attachment E is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26. Also included as Attachment F are the "Data Requirements," in accordance with the Commission's Order No. F-3563, which disclose certain information for miscellaneous filings.

In compliance with ARSD 20:10:13:17, Montana-Dakota will notify the customer taking service under Rate 95 of the changes proposed to Rate 95 following the filing of this update with the Commission. Attachment G is a copy of the letter that will be provided to the customer.

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Attachment H in a conspicuous place in each business office in its affected electric service territory in South Dakota for at least 30 days before the change becomes effective.

Montana-Dakota respectfully requests that the rate schedules set forth herein be approved with an effective date for service rendered on and after January 1, 2027.

Please refer all inquiries regarding this filing to:

Mr. Tyler J Culbertson
Director 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:

Mr. Brett Koenecke
May, Adam, Gerdes & Thompson
503 South Pierre Street
P.O. Box 160
Pierre, South Dakota 57501-0160

This filing has been electronically submitted to the Commission in accordance with ARSD 20:10:01:02:05. Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Sincerely,

/s/ Tyler J Culbertson

Tyler J Culbertson
Director of Regulatory Affairs

Attachments