August 13, 2025

The Honorable Ann O'Reilly
Administrative Law Judge
Court of Administrative Hearings
P.O. Box 64620
St. Paul, MN 55164-0620

VIA ELECTRONIC FILING

Re: Joint Proposed Findings of Fact, Conclusions of Law, and Recommendation

In the Matter of the Application of Dakota Electric Association for Authority to Increase Rates for Electric Service in Minnesota
CAH Docket No. 65-2500-40635
MPUC Docket No. E-111/GR-24-400

Dear Judge O'Reilly:

Enclosed, please find the Joint Proposed Findings of Fact, Conclusions of Law, and Recommendation filed on behalf of Dakota Electric, the Department of Commerce, Division of Energy Resources, and the Office of the Attorney General – Residential Utilities Division in accordance with the June 10, 2025 Second Prehearing Order.

A courtesy copy of the enclosed Joint Proposed Findings of Fact, Conclusions of Law, and Recommendation has been sent via email in Microsoft Word format to the Administrative Law Judge and court reporter and by U.S. Mail to the Administrative Law Judge.

/s/ Kristin M. Stastny
Kristin M. Stastny
Taft Stettinius & Hollister LLP
(612) 977-8656 (Voice)
kstastny@taftlaw.com
Attorney for Dakota Electric Association

/s/ Katherine Arnold
Katherine Arnold
Assistant Attorney General
(651) 300-7971 (Voice)
katherine.arnold@ag.state.mn.us
Attorney for Department of Commerce, Division of Energy Resources

/s/ Wendy Raymond
Wendy Raymond
Assistant Attorney General
(651) 300-7762 (Voice)
wendy.raymond@ag.state.mn.us
Attorney for Office of the Attorney General – Residential Utilities Division

CAH Docket No. 65-2500-40635
MPUC Docket No. E-111/GR-24-400

STATE OF MINNESOTA
BEFORE THE MINNESOTA COURT OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

In The Matter of the Application of Dakota Electric Association for Authority to Increase Rates for Electric Service in Minnesota	**PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDATION TO APPROVE SETTLEMENT**

This matter is pending before Administrative Law Judge Ann C. O'Reilly (the "Administrative Law Judge" or "ALJ") of the Minnesota Court of Administrative Hearings (the "CAH") pursuant to a Notice of and Order for Hearing issued by the Minnesota Public Utilities Commission (the "Commission") on February 18, 2025.

Kristin M. Stastny, Taft Stettinius & Hollister, LLP and Adam Heinen, Vice President of Regulatory Services for Dakota Electric Association appeared on behalf of the Applicant, Dakota Electric Association ("Dakota Electric," the "Cooperative," or "Applicant").

Katherine Arnold and Amrit Hundal, Assistant Attorneys General, appeared on behalf of the Minnesota Department of Commerce, Division of Energy Resources (the "Department" or "DOC").

Katherine Hinderlie and Wendy Raymond, Assistant Attorneys General, appeared on behalf of the Office of the Attorney General – Residential Utilities Division (the "OAG").

Jorge Alonso and Godwin Ubani appeared on behalf of the Public Utilities Commission ("Commission") Staff.

The parties in this proceeding are Dakota Electric, the Department, and the OAG (collectively, the "Parties").

Procedural Summary

In the Notice and Order for Hearing, the Commission, among other things: (1) identified the issues for hearing; (2) directed the Administrative Law Judge to conduct a contested case hearing; and (3) requested that the ALJ issue a final report by November 3, 2025.

Public hearings were held in Apple Valley and Rosemount, Minnesota, on May 7, 2025. One virtual public hearing was held on May 6, 2025, using WebEx technology. Members of the public were able to join the virtual public hearing via an internet or telephone connection. Written comments from members of the public were received through July 1, 2025.[1]

The evidentiary hearing was scheduled for June 26, 2025. On May 21, 2025, the Parties met for settlement discussions. On June 6, 2025, the Parties filed a Settlement Agreement, along with supporting Attachments, resolving all issues presented in the proceeding (hereinafter the "Settlement"), which is attached hereto as **Appendix A**.[2] On June 10, 2025, Administrative Law Judge O'Reilly issued a Second Prehearing Order vacating the remaining deadlines for testimony, cancelling the evidentiary hearing, and directing the Parties to provide stipulated proposed findings of fact, conclusions of law, and a recommendation detailing the issues in the case and the proposed settlement of those issues.[3]

When all parties to a utility rate case reach a settlement, the Administrative Law Judge must present the settlement to the Commission for its consideration.[4] Accordingly, the Administrative Law Judge cancelled the evidentiary hearing and excused the Parties from any further filings and returns this proceeding to the Commission together with her recommendation to approve the Settlement.

STATEMENT OF THE ISSUES[5]

1. Whether the test year revenue increase sought by Dakota Electric is reasonable or will result in unreasonable or excessive earnings.

2. Whether the rate design proposed by Dakota Electric is reasonable.

3. Whether Dakota Electric's proposed capital structure and return on equity ("ROE") are reasonable.

4. Whether the proposed capital structure or an alternate capital structure should be adopted.

5. The reasons for the significant cost changes of the following costs since Dakota Electric's last rate case (2019):

- Distribution-Maintenance expense increase of 23.6%;
- Administrative & General expense increase of 36.3%;

[1] *See* FIRST PREHEARING ORDER (Feb. 27, 2025) (eDocket No. 20252-215848-01); Approval of Public Hearing Customer Notice (Mar. 14, 2025) (eDocket No. 20253-216388-01).
[2] Settlement Agreement (June 6, 2025) (eDocket No. 20256-219692-01).
[3] SECOND PREHEARING ORDER (June 10, 2025) (eDocket No. 20256-219805-01).
[4] Minn. Stat. § 216B.16, subd. 1a(b).
[5] NOTICE OF AND ORDER FOR HEARING at 2-3 (February 18, 2025) (eDocket No. 20253-216095-01).

- Depreciation & Amortization expense increase of 31.8%;
- Other Interest Expense increase of 85.9%; and
- Other Deductions increase of 113.8%.

Based upon the evidence in the hearing record, the Administrative Law Judge makes the following:

FINDINGS OF FACT

I. The Parties

1. Dakota Electric Association was founded in 1937 as a non-profit, member-owned distribution electric utility. It serves approximately 115,000 members in an area covering much of Dakota County, just south of Minneapolis and St. Paul. Dakota Electric also provides electric service in portions of Scott, Rice, and Goodhue counties.[6]

2. Dakota Electric is a distribution utility. It does not generate electricity or own any high voltage transmission lines. Instead it purchases wholesale power and related transmission services from Great River Energy ("GRE"), located in Maple Grove, Minnesota.[7]

3. A twelve-person elected board of directors made up of members governs the Cooperative. Dakota Electric is also regulated by the Minnesota Public Utilities Commission (Commission) and is the only rate-regulated electric cooperative in Minnesota.[8]

4. The Department is a state agency charged by the legislature with enforcing Minnesota Statutes chapters 216A, 216B, and 237, and represents the interests of all ratepayers in related proceedings.[9]

5. The OAG is charged by the legislature to intervene in Commission proceedings to further "the interests of residential and small business utility consumers" in matters touching upon a public utility's rates or adequacy of service to residential or small business utility consumers.[10]

II. Procedural Background

6. Dakota Electric initiated this proceeding on December 30, 2024, requesting authority to increase rates for electric service. Dakota Electric requested a $23.8 million or 11 percent annual increase based on a rate of return on rate base of 5.30 percent.[11]

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[6] Ex. DEA-3 at 1 (Heinen Direct) (Dec. 30, 2024) (eDocket No. 202412-213383-03).
[7] *Id.*
[8] *Id.*
[9] Minn. Stat. § 216A.07, subds. 2-4; Minn. R. 7829.0800, subp. 3.
[10] Minn. Stat. § 8.33, subd. 2.
[11] NOTICE OF AND ORDER FOR HEARING at 1 (Feb. 18, 2025) (eDocket No. 20253-216095-01).

Dakota Electric's initial filing (the "Application") included testimony, supporting schedules, and workpapers.[12]

7. The Commission issued a Notice of Comment Period on Completeness and Procedures on December 31, 2024.[13] The Department and the OAG filed comments on January 9, 2025.[14] The Cooperative filed Reply Comments on January 14, 2025.[15]

8. The Commission issued a Notice of and Order for Hearing on February 18, 2025, referring the case to the CAH for contested case proceedings.[16]

9. On February 18, 2025, the Commission issued two additional orders: one that accepted the Cooperative's rate case filing as substantially complete, suspended the Cooperative's proposed rates, and extended the timeline under which the Commission would make a decision,[17] and a second that established interim rates.[18]

10. A prehearing status and scheduling conference was held on February 24, 2025.[19] The Administrative Law Judge issued a Stipulated Protective Order on February 25, 2025,[20] and a First Prehearing Order on February 27, 2025. The First Prehearing Order set forth the timeline and process for the proceeding.[21]

11. On April 30, 2025, the Department and OAG each filed Direct Testimony.[22] The OAG filed errata to Direct Testimony on May 19, 2025.[23]

12. Public hearings were held in Apple Valley and Rosemount, Minnesota, on May 7, 2025. One virtual public hearing was held on May 6, 2025, using WebEx technology. Members of the public were able to join the virtual public hearing via an internet or telephone connection.[24]

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[12] *See* Exs. DEA-1 – DEA-8 (Initial Filing Volumes 1 and 2) (Dec. 30, 2024 and Feb. 11, 2025) eDocket Nos. 202412-213383-01 – 202412-213383-03 and 20252-215274-01 – 20252-215274-05).
[13] NOTICE OF COMMENT PERIOD ON COMPLETENESS AND PROCEDURES (Dec. 31, 2024) (eDocket No. 202412-213424-01).
[14] Department Comments (Jan. 9, 2025) (eDocket No. 20251-213757-01); OAG Comments (Jan. 9, 2025) (eDocket No. 20251-213756-01).
[15] Reply Comments of Dakota Electric Association (Jan. 14, 2025) (eDocket No. 20251-213906-01).
[16] NOTICE OF AND ORDER FOR HEARING (February 18, 2025) (eDocket No. 20253-216095-01).
[17] ORDER ACCEPTING FILING, SUSPENDING RATES, AND EXTENDING TIMELINE (Feb. 18, 2025) (eDocket No. 20252-215467-01).
[18] ORDER SETTING INTERIM RATES (Feb. 18, 2025) (eDocket No. 20252-215468-01).
[19] ORDER FOR PREHEARING CONFERENCE (Feb. 18, 2025) (eDocket No. 20252-215481-01).
[20] STIPULATED PROTECTIVE ORDER (Feb. 25, 2025) (eDocket No. 20252-215769-01).
[21] FIRST PREHEARING ORDER (Feb. 27, 2025) (eDocket No. 20252-215848-01).
[22] Exs. DOC-1 – DOC-9, Department Direct Testimony (Apr. 30, 2025) (eDocket Nos. 20254-218341-05, 20254-218341-06, 20254-218341-07, 20254-218341-08, 20254-218341-09, 20254-218341-10, 20254-218341-12, 20254-218341-04, 20254-218341-03, 20254-218341-11, 20254-218341-02); Exs. OAG-1 – OAG-3, OAG Direct Testimony (Apr. 30, 2025) (eDocket Nos. 20254-218396-02, 20254-218396-03, 20254-218396-04, 20254-218396-05, 20254-218396-06, 20254-218396-07).
[23] Ex. OAG-4, (Stevenson Errata) (May 19, 2025) (eDocket No. 20255-219088-02).
[24] *See* FIRST PREHEARING ORDER (Feb. 27, 2025) (eDocket No. 20252-215848-01); Approval of Public Hearing Customer Notice (Mar. 14, 2025) (eDocket No. 20253-216388-01).

13. On May 21, 2025, the Parties met to discuss potential settlement of this matter. Based on those settlement discussions, the Parties reached a comprehensive, unopposed settlement in principle.

14. The Parties continued discussions, exchanged information, and memorialized the terms of their agreement in the Settlement Agreement filed on June 6, 2025.[25]

15. On June 10, 2025, the ALJ issued a Second Prehearing Order, vacating the remaining deadlines for Rebuttal and Surrebuttal Testimony and cancelling the Evidentiary Hearing. The Second Prehearing Order directed the Parties to file a Master Exhibit List on or before June 23, 2025 and to file stipulated proposed findings of fact, conclusions of law, and a recommendation detailing the issues in the case and the proposed settlement of those issues on or before August 13, 2025.[26]

16. On June 20, 2025, the Parties filed the Joint Stipulated Exhibit List, reflecting the testimony, schedules, workpapers, and other supporting materials that were stipulated to by all parties for inclusion in the record in this proceeding.[27]

17. On August 13, 2025, the Parties filed joint Proposed Findings of Fact, Conclusions of Law, and Recommendation to Approve the Settlement.

III. Overview of the Cooperative's Application to Increase Rates

18. In its Initial Filing, Dakota Electric requested an overall revenue increase of $23,811,597, or 11 percent, based on a 2023 test year, adjusted for known and measurable changes and using an overall rate of return of 5.30 percent.[28]

19. The Cooperative determined its proposed revenue increase by calculating its overall revenue requirement for the adjusted test year (equal to operating expense plus margin requirement) and comparing that to its revenues under current rates for the adjusted test year.[29]

20. To determine the appropriate level of margin, Dakota Electric used a calculation methodology for rate of return endorsed by the Commission in 1976 and used by Dakota Electric in its prior rate cases, including its most recent rate case, Docket No. E111/GR-19-478.[30] Given the unique nature of a cooperative, such as Dakota Electric, the rate of return is related to the retirement, or rotation, of patronage capital, rather than determining the rate of return required by an investor, as is done for investor-owned

[25] Settlement Agreement (June 6, 2025) (eDocket No. 20256-219692-01).
[26] Second Prehearing ORDER (June 10, 2025) (eDocket No. 20256-219805-01).
[27] Joint Stipulated Master Exhibit List (June 20, 2025) (eDocket No. 20256-220052-01).
[28] Ex. DEA-3 at 8-9, 18 (Heinen Direct) (Dec. 30, 2024) (eDocket No. 202412-213383-03); Exs. DEA-4 and DEA-5 (Exhibit 2, Determination of Revenue Requirements).
[29] *See* Ex. DEA-3 at 8-9 (Heinen Direct) (Dec. 30, 2024) (eDocket No. 202412-213383-03); Exs. DEA-4 and DEA-5 (Exhibit 1, Statement of Operations – Present Rates and Exhibit 2, Determination of Revenue Requirements) (Feb. 11, 2025) (eDocket Nos. 20252-215274-02 and 20252-215274-04).
[30] Ex. DEA-3 at 19-24 (Heinen Direct) (Dec. 30, 2024) (eDocket No. 202412-213383-03).

utilities.[31] For a cooperative, that means calculating a rate of return that provides sufficient margins to: (1) pay interest expense on long-term debt; (2) rotate patronage capital as stated in the policy of the cooperative; (3) maintain or achieve the desired equity position; while (4) meeting the financial covenants of the cooperative's lenders.[32]

21. In Direct Testimony, Dakota Electric proposed a rate of return on rate base of 5.30 percent based on the Commission-approved methodology for calculating return on rate base for a cooperative.[33]

22. The Cooperative also provided a Class Cost of Service Study ("CCOSS") aimed at identifying the cost responsibility of each rate class, using a fully allocated average embedded approach. Dakota Electric developed the CCOSS based on a minimum system study to classify specified distribution accounts, incorporating a demand adjustment.[34]

23. Dakota Electric provided several additional cost analyses, which were used to inform its rate design recommendations, including[35]:

- Load Management Cost Analysis,[36]
- Monthly Fixed Charge Analysis,[37]
- Coincidental Demand Charges,[38]
- Special Fees and Charges,[39]
- Line Extension Analysis,[40]
- Base Calculations for Resource and Tax Adjustment,[41]
- Air Conditioning Analysis,[42]
- Standby Rate Analysis,[43]
- Electric Vehicle Rate Analysis,[44] and
- Residential Time-of-Use Analysis (Schedule 56).[45]

[31] *Id.* at 19.
[32] *Id.*
[33] *Id.* at 20-22.
[34] *Id.* at 26-27; Exs. DEA-4 and DEA-5 (Exhibit 3, Cost of Service Analysis) (Feb. 11, 2025) (eDocket Nos. 20252-215274-02 and 20252-215274-02); Exs. DEA-6 and DEA-7 (Workpaper 21, Minimum Size Method with Demand Adjustment) (Feb. 11, 2025) (eDocket Nos. 20252-215274-03 and 20252-215274-05).
[35] Ex. DEA-3 at 41-48 (Heinen Direct) (Dec. 30, 2024) (eDocket No. 202412-213383-03).
[36] Exs. DEA-4 and DEA-5 (Exhibit 4, Load Management Cost Analysis) (Feb. 11, 2025) (eDocket Nos. 20252-215274-02 and 20252-215274-02).
[37] *Id.* at Exhibit 7, Monthly Fixed Charge Analysis.
[38] *Id.* at Exhibit 8, Coincidental Demand Charges.
[39] *Id.* at Exhibit 10, Special Fees and Charges.
[40] *Id.* at Exhibit 11, Line Extension Analysis.
[41] *Id.* at Exhibit 12, Base Calculations for Resource and Tax Adjustment.
[42] *Id.* at Exhibit 13, Air Conditioning Analysis.
[43] *Id.* at Exhibit 14, Standby Rate Analysis.
[44] *Id.* at Exhibit 15, Electric Vehicle Rate Analysis.
[45] *Id.* at Exhibit 16, Residential TOU Analysis – Schedule 56.

24. Based on the CCOSS and other cost analyses and after consideration of the inherent limitations of a CCOSS, as well as consideration of non-cost factors, Dakota Electric recommended the following revenue apportionment by service schedule:[46]

Rate Class	Revenue Present Rates ($)	Revenue Proposed Rates ($)	Increase/ (Decrease) Amount ($)	Increase/ (Decrease) Percent (%)
Residential & Farm Service (31)	126,681,309	143,214,865	16,533,556	13.05
Residential & Farm Demand Control (32)	45,111	52,057	6,946	15.40
Electric Vehicle (33)	315,139	337,392	22,253	7.06
Irrigation Service (36) Firm	47,127	49,917	2,790	5.92
Irrigation Service (36) Interruptible	930,863	985,474	54,611	5.87
Small General Service (41)	6,167,331	7,002,386	835,055	13.54
Security Lighting Service (44)	85,004	98,058	13,054	15.36
Street Lighting Service (44-2)	444,233	513,956	69,723	15.70
Street Lighting System (44-1)	71,540	83,018	11,478	16.04
Custom Residential Street Lighting (44-3)	1,531,694	1,770,887	239,193	15.62
LED Security Lighting Service (44-4)	49,465	56,881	7,416	14.99
LED Street Lighting Member-Owned (44-5)	1,453	1,684	231	15.90
LED Street Lighting (44-6)	258,816	298,186	39,370	15.21
Low Wattage Unmetered Service (45)	8,442	14,070	5,628	66.67
General Service (46)	53,817,780	57,588,174	3,770,394	7.01
Municipal Civil Defense Sirens (47)	3,960	7,920	3,960	100.00
Geothermal Heat Pump (49)	21,226	24,691	3,465	16.32
Controlled Energy Storage (51)	747,172	857,551	110,379	14.77
Controlled Interruptible Service (52)	2,752,860	3,097,543	344,683	12.52
Residential & Farm Time of Day (53)	46,584	50,561	3,977	8.54
General Service Time of Day (54)	151,922	164,380	12,458	8.20
Standby Service (60)	74,160	79,680	5,520	7.44
Full Interruptible Service (70)	21,395,714	22,921,191	1,525,477	7.13
Partial Interruptible Service (71)	2,210,153	2,360,551	150,398	6.80
Cycled Air Conditioning Service (80)	(1,533,193)	(1,533,193)	-	-

[46] Ex. DEA-3 at 51 (Heinen Direct) (Dec. 30, 2024) (eDocket No. 202412-213383-03).

25. In order to recover these revenues, Dakota Electric proposed specific monthly customer charges, energy charges, and other charges for each service schedule, as applicable to that schedule, including monthly customer charges as follows:[47]

Customer Class	Current Fixed Monthly Customer Charge	Proposed Fixed Monthly Customer Charge
Residential & Farm Service (31)	$10.00	$13.45
Residential & Farm Demand Control (32)	$13.00	$15.50
Residential & Farm Time of Day (53, 56)	$13.00	$16.50
Small General Service (41)	$15.00	$17.50
Irrigation (36)	$33.00	$34.00
General Service (46)	$37.00	$48.00
General Service Time of Day (54)	$39.00	$48.00
Interruptible (70 & 71)	$130.00	$145.00
Low Wattage Unmetered Service (45)	$10.50	$17.50
Municipal Civil Defense Sirens (47)	$5.00	$10.00

IV. The Settlement

26. As detailed in the Settlement, the Parties were able to resolve all issues in the case.[48] The Settlement summarizes the Parties' positions on each of their applicable issues and explains each issue's resolution. The Settlement needs little explanation, as reviewing the Parties' positions and comparing party positions to the terms of the Settlement indicates the compromises that the Parties made to achieve an overall Settlement.

27. The Administrative Law Judge has reviewed the Settlement and recommends that the Commission find it to be in the public interest and supported by substantial evidence in the record. The rates that will result from implementing the Settlement will be just and reasonable.

28. The Administrative Law Judge finds the Settlement to be comprehensive and each disputed issue is reasonably resolved based on substantial record evidence. The Administrative Law Judge recommends that the Commission approve the Settlement and highlights the following factors for the Commission's consideration.

[47] *Id.* at 51-81 and Exs. DEA-4 and DEA-5 (Exhibit 6, Comparison of Present and Proposed Rates) (Feb. 11, 2025) (eDocket Nos. 20252-215274-02 and 20252-215274-02).
[48] Settlement Agreement (June 6, 2025) (eDocket No. 20256-219692-01).

29. First, the Settlement provides for a gross revenue deficiency of $20.881 million or 9.62 percent increase, compared to the $23.812 million or 11 percent increase requested in the Cooperative's Application.[49]

30. Second, regarding revenue apportionment, the Settlement provides for a revenue apportionment with class-specific increases that results in a more moderate increase for the Residential and Small General Service classes than initially proposed by Dakota Electric,[50] addressing concerns from public commenters about the size of the proposed Residential increase.

31. Third, the Settlement is informed by, but does not endorse, any single CCOSS.[51] In a number of recent general rate case proceedings, the Commission has preferred to consider multiple CCOSSs rather than to base cost classification and allocation upon a single CCOSS.

32. Fourth, the Settlement's proposed return on equity, overall cost of capital, and overall return on rate base are 3.69 percent, 3.60 percent, and 5.14 percent. These rates adopt the Department's recommended adjustments to Dakota Electric's initial proposal, and are based on the actual 2023 historical capital structure, which are reasonable and supported by the record.[52]

33. Fifth, other disputed financial issues are resolved in a transparent, just, and reasonable manner. These include the test year compensation expense, employee gifts and awards, benefits expense, and utility service and fee revenues. The Settlement adopts multiple financial adjustments based on testimony filed by the Department and the OAG.[53] As part of settlement discussions, Dakota Electric provided additional support for its test year compensation expense and Minnesota Rural Electric Association ("MREA") dues, and that additional information was included in attachments to the Settlement Agreement.[54]

34. Sixth, as part of the Settlement, Dakota Electric agreed to work with interested parties to develop modifications to its current policy requiring Residential members to pay a deposit in addition to the reconnection fee before reconnecting a member who has been disconnected for nonpayment.[55]

35. Seventh, as part of the Settlement, Dakota Electric agreed to notify the Commission through a letter filing in this docket if it adds 50 MW or more of data center load before its next general rate case filing.[56]

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[49] *Id.* at 2.
[50] *Id.* at 2, 15-16.
[51] *Id.* at 14.
[52] *Id.* at 3.
[53] *Id.* at 3-14.
[54] *Id.*, Attachments 3 and 4.
[55] *Id.* at 20-21.
[56] *Id.* at 20.

36. Eighth, Dakota Electric also agreed, as part of the Settlement, to file its plan to educate members on the new Electric Vehicle ("EV") peak hours as a compliance filing in this docket.[57]

37. Ninth, as part of the Settlement, the Cooperative agreed that going forward, it would either confirm charitable contributions are made to entities that are registered in accordance with Minn. Stat. Ch. 309 or that the charity is exempt from registration with the Minnesota Attorney General's Office before seeking rate recovery of such contributions.[58]

38. Tenth, Dakota Electric also agreed that in future rate cases it will exclude alcoholic-beverage expense from test year recovery.[59]

39. Finally, the Settlement resolves the miscellaneous tariff modifications proposed by Dakota Electric, which were generally not disputed.[60]

V. Specific Issues

40. The Notice of and Order for Hearing requested that the Parties develop a full record addressing the proposed revenue increase, rate of return, rate design, capital structure, and reasons for significant changes in various categories of costs since the Cooperative's last rate case in 2019.[61] The Settlement is supported by the Parties' evaluation of the issues referred by the Commission through its Notice of and Order for Hearing and by substantial evidence in the record. The Settlement includes citations to relevant record evidence supporting the proposed resolution of the issues referred by the Commission.

A. The Settlement reduces the test year rate increase from $23.8 million per year (as requested in the Cooperative's Application) to $20.881 million per year.[62]

B. The Settlement modifies the rate design proposed by the Cooperative by reducing the Residential and Small General Service class revenue increases and adopting a more moderate increase to the Residential and Farm Service fixed monthly customer charges.[63]

C. The Settlement adopts Dakota Electric's 2023 historical capital structure to calculate the Cooperative's required return on equity, overall cost of capital, and overall return on rate base.[64] The actual 2023 equity ratio is 58.61 percent, and the

[57] *Id.* at 22.
[58] *Id.* at 12.
[59] *Id.* at 19.
[60] Settlement Agreement at 18-19 (June 6, 2025) (eDocket No. 20256-219692-01).
[61] NOTICE OF AND ORDER FOR HEARING at 2-3 (Feb. 18, 2025) (eDocket No. 20253-216095-01).
[62] Settlement Agreement at 2 (June 6, 2025) (eDocket No. 20256-219692-01).
[63] *Id.* at 15-17.
[64] *Id.* at 3.

actual debt ratio is 41.39 percent, resulting in test year return on equity, overall cost of capital, and overall return on rate base of 3.69 percent, 3.60 percent, and 5.14 percent.[65]

D. The Parties' pre-filed testimony developed a complete record supporting changes in Dakota Electric's revenues and costs since the Cooperative's last rate case. Through testimony, Dakota Electric discussed the impacts of the Covid-19 pandemic and associated supply chain and inflationary pressure on the cost of operations.[66] As part of settlement discussions, Dakota Electric provided additional support for its test year compensation expense, which is included as an attachment to the Settlement. Further, the Settlement reflects specific financial reductions to Dakota Electric's proposed revenue increase in a number of areas.[67]

VI. General Provisions of the Settlement

41. The Settlement provides for the confidentiality of settlement offers and discussions. Should the Commission reject the Settlement, the agreement provides that it shall not be part of the record and that no party may use it for any purpose in any proceeding.[68]

42. The Settlement obligates the Parties to support and defend it in its entirety without modification.[69]

43. Should the Commission remand the case to the CAH, the Parties are free to argue their positions as set forth in their pre-filed testimony.[70]

44. Based on these Findings of Fact, the Administrative Law Judge makes the following:

CONCLUSIONS OF LAW

1. The Minnesota Public Utilities Commission and the Administrative Law Judge have jurisdiction to consider this matter pursuant to Minn. Stat. §§ 14.50, 14.57, and 216B.01-.82. Minn. Stat. §§ 216B.01 and 216B.026 provide for regulation of cooperative electric associations if the members elect to become subject to rate regulation by the Commission.

2. The public and the Parties received timely and proper notice of the public hearings and Dakota Electric complied with all procedural requirements under applicable statutes and rules.

3. Every rate set by the Commission shall be just and reasonable. Rates shall not be unreasonably preferential, prejudicial, or discriminatory, but shall be sufficient,

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[65] *Id.* at 3.
[66] Ex. DEA-3 at 6-7 (Heinen Direct) (Dec. 30, 2024) (eDocket No. 202412-213383-03).
[67] Settlement Agreement at 3-13 (June 6, 2025) (eDocket No. 20256-219692-01).
[68] *Id.* at 22.
[69] *Id.* at 23.
[70] *Id.*

equitable, and consistent in application to a class of consumers. The Commission shall set rates that, to the maximum reasonable extent, encourage energy conservation and renewable energy use and further the goals of Minn. Stat. §§ 216B.164, 216B.241, 216C.05.

4. The burden of proof is on the public utility to show that a rate change is just and reasonable.[71]

5. Minnesota law expressly encourages the settlement of "any or all of the issues" in rate cases.[72] The Commission reviews a settlement in a rate case proceeding to determine if it is in the public interest and supported by substantial evidence.[73]

6. The record supports the resolution of disputed issues as set out in the Settlement. The Settlement's disposition of disputed issues resolves them in a manner consistent with the public interest and on the basis of substantial evidence. The Administrative Law Judge relies heavily upon the Parties' ability to represent their respective interests and their decision to settle this case, as set forth above.

7. Rates set in accordance with the Settlement would be just and reasonable.

8. The proposed changes in tariff provisions as provided in the Settlement are reasonable and should be approved.

9. Any Findings of Fact more properly designated as Conclusions of Law are hereby adopted as such.

Based upon these Conclusions of Law, the Administrative Law Judge makes the following:

RECOMMENDATION

The Administrative Law Judge recommends that the Commission approve the Settlement and incorporate it into its Order.

Dated: _____

_____
Ann C. O'Reilly
Administrative Law Judge

[71] Minn. Stat. § 216B.16, subd. 4.
[72] Minn. Stat. § 216B.16, subd. 1a(a).
[73] Minn. Stat. § 216B.16, subd. 1a(b).

NOTICE

Notice is hereby given that exceptions to this Report, if any, by any party adversely affected must be filed under the timeframes established in the Commission's rules of practice and procedure, Minn. R. 7829.2700, .3100, unless otherwise directed by the Commission. Exceptions should be specific and stated and numbered separately. Oral argument before a majority of the Commission will be permitted pursuant to Minn. R. 7829.2700, subp. 3. The Commission will make the final determination of the matter after the expiration of the period for filing exceptions, or after oral argument, if an oral argument is held.

The Commission may, at its own discretion, accept, modify, or reject the Administrative Law Judge's recommendations. The recommendations of the Administrative Law Judge have no legal effect unless expressly adopted by the Commission as its final order.

Appendix A
Settlement Agreement and Attachments

STATE OF MINNESOTA
BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

In The Matter of the Application of Dakota Electric Association for Authority to Increase Rates for Electric Service in Minnesota	MPUC Docket No. E-111/GR-24-400 OAH Docket No. 65-2500-40635

SETTLEMENT AGREEMENT

Pursuant to Minn. Stat. § 216B.16, subd. 1a(b), this comprehensive, unanimous Settlement Agreement ("Settlement") is entered into between Dakota Electric Association ("Dakota Electric" or the "Cooperative"), the Minnesota Department of Commerce – Division of Energy Resources ("Department"), and the Minnesota Office of the Attorney General, Residential Utilities Division ("OAG") (collectively, "Parties") and resolves all issues in the above-referenced matter.

I. BACKGROUND

On December 30, 2024, Dakota Electric filed an application, together with supporting testimony, schedules, and workpapers requesting authority to increase rates for electric service. Dakota Electric requested a $23.8 million or 11 percent annual increase based on a rate of return on rate base of 5.30 percent.[1]

On February 18, 2025, the Minnesota Public Utilities Commission (the "Commission") issued a series of orders including an Order Accepting Filing, Suspending Rates, and Extending Timeline; an Order Setting Interim Rates; and a Notice of and Order for Hearing, which referred the case to the Office of Administrative Hearings ("OAH") for contested case proceedings (the "Proceeding").

The Administrative Law Judge ("ALJ") assigned to this Proceeding is the Honorable Ann C. O'Reilly. A Prehearing Conference was held on February 24, 2025. The ALJ issued her First Prehearing Order on February 27, 2025, setting forth the timeline and process for this Proceeding. As reflected in that Order, the parties to this proceeding are Dakota Electric, the Department, and the OAG. No other party requested to intervene in this Proceeding.

[1] Numbers are rounded throughout this Settlement document for simplicity of presentation. The cited testimony provides the detailed initial proposals of the Parties, and the Attachments to this Settlement present the final settled numbers. To the extent there are any differences between rounded numbers presented in the Settlement and final settled numbers presented in the Attachments, the final settled numbers in the Attachments govern.

On May 21, 2025, all parties met for settlement discussions. Through those settlement discussions and subsequent communications, the Parties resolved all issues in this Proceeding and set forth the terms of their agreement in this Settlement.

II. OVERALL DESCRIPTION OF SETTLEMENT

The Parties, through this Settlement, intend to resolve all issues in this Proceeding, subject to approval of this Settlement by the Commission. To that end, the Parties have agreed that the amount of Dakota Electric's proposed increase to electric retail revenues will be reduced by a mutually agreeable amount. In addition, the Parties have agreed to a resolution of the revenue apportionment, rate design, and other issues raised by Parties through testimony in this Proceeding. The Parties believe this Settlement produces just and reasonable rates and is in the public interest.

A. Standard of Review

Minnesota law expressly encourages the settlement of "any or all of the issues" in rate cases.[2] The Commission reviews a settlement in a rate case proceeding to determine if it is in the public interest and supported by substantial evidence.[3]

B. Application of the Standard of Review

The Settlement is supported by the Parties' evaluation of the issues referred by the Commission through its Notice of and Order for Hearing and by substantial evidence in the record, as set forth below, and is in the public interest. The Settlement provides for a revenue deficiency of $20.881 million or 9.62 percent, compared to the $23.812 million or 11 percent increase requested in the Cooperative's Application. The financial adjustments agreed to by the Parties for purpose of this Settlement are supported by the testimony, the schedules, and workpapers entered in the record, as outlined below.

Regarding revenue apportionment, the Settlement provides for a revenue apportionment with class-specific increases that results in a more moderate increase for the Residential and Small General Service classes than initially proposed by Dakota Electric. Again, each of these resolutions is supported by the testimony, schedules, and workpapers in the record.

III. SETTLEMENT TERMS

The Parties agree to the following terms for the purposes of this Settlement, resolving all contested issues between the Parties in this Proceeding. The Parties further agree that these terms are intended to work in concert with each other as an integrated whole for the purposes of achieving an outcome in this proceeding that is both in the public interest and that will result in just and reasonable rates.

[2] Minn. Stat. § 216B.16, subd. 1a (2024).
[3] Minn. Stat. § 216B.16, subd. 1a(b) (2024).

A. Cost of Capital

In Direct Testimony, Dakota Electric proposed a rate of return on rate base of 5.30 percent based on the Commission-approved methodology for calculating return on rate base for a cooperative.

The Department conducted a detailed review of Dakota Electric's calculations and recommended certain adjustments to the inputs to the Cooperative's calculations, resulting in a reduction to the rate of return on rate base to 5.14 percent.

For purposes of this Settlement, the Parties agree to use Dakota Electric's 2023 historical capital structure to calculate Dakota Electric's required return on equity, overall cost of capital, and overall return on rate base. The actual 2023 equity ratio is 58.61 percent, and the actual debt ratio is 41.39 percent. The resulting values for Dakota Electric's test year return on equity, overall cost of capital, and overall return on rate base are 3.69 percent, 3.60 percent, and 5.14 percent.

Relevant record evidence:

- Ex. DEA-3 at 18-24 (Heinen Direct)
- Ex. DEA-4, Exhibit 2 (Determination of Revenue Requirements)
- Ex. DOC-3, entire (Kundert Direct and Attachments)

B. Revenue Requirement

All revenue requirement adjustments from the Cooperative's application and agreed to by the Parties are reflected in the financial schedules included as Attachment 1. Those adjustments are discussed below, along with citations to the record evidence supporting the Parties' resolution of these matters.

For the purposes of this Settlement, the Parties agree to a revenue deficiency of $20.881 million as shown in Attachment 1 to this Settlement, based on the resolution of individual contested financial issues as set forth below.

1. *Employee Compensation - Expensed Salaries and Other Pay*

In its Application, Dakota Electric proposed recovery of $12,683,502.75 in test year expensed salary expense and $545,709.21 in test year other pay expense. Dakota Electric determined test year other pay expense based on 2023 actual other pay, consistent with the 2023 historical test year. The Cooperative determined test year expensed salaries based on 2023 actual salaries adjusted to account for new salaried positions to be added and identified payroll increases to bring certain positions in line with market competitive levels based on compensation analysis and an annual cost of living increase to salaries.

In Direct Testimony, the Department recommended a reduction of $1,591,382 to salaries and other pay in the test year based on a calculation of the per full-time equivalent (FTE) employee expensed salaries and other pay in 2022 with a 5% inflator

applied over two years, multiplied by the number of proposed FTE and removal of $125,000 of salary expense for an Operations and Safety Specialist position Dakota Electric no longer planned to fill as noted in response to Department Information Request No. 121. The proposed adjustments result in test year salary expense of $11,319,171 compared to the $12,683,503 proposed by Dakota Electric, and other pay of $318,659 compared to the $545,709 proposed.

In Direct Testimony, the OAG recommended that all employee award and gift expenses, with the exception of those related to safety and department-wide trainings, be removed from the test year as the Cooperative did not provide support that these costs were necessary for the provision of utility service. The OAG recommended reducing other pay expense in the test year by removing the entire amount of holiday gift payments totaling $88,656 and removing $28,250 for years-of-service awards.

As part of settlement discussions, Dakota Electric provided additional support for its test year compensation expense, which is included as Attachment 3 to this Settlement Agreement.

For purposes of this Settlement, the Parties agree to reduce Dakota Electric's revenue requirement by $700,000 for expensed payroll, reflecting a portion of the Department's recommended adjustment, for a total test year expensed payroll expense of $11,983,503.

The Parties further agree to reduce Dakota Electric's expensed other pay by a total of $243,453, which reflects a reduction to test year other pay in total based on the recommendations of the Department, and a removal of a portion of test-year holiday gift expense and years of service awards, based on the recommendations of the OAG.

Relevant record evidence:

- Ex. DEA-3 15-16 (Heinen Direct)
- Ex. DEA-4, Exhibit 1 at 2-5 (Statement of Operations – Present Rates)
- Ex. DEA-6, Workpaper 3 (Accounting System Description and 2023 Form 7 Income Statement), Workpaper 4 (2024 Budget (2022 & 2023 Actual)), Workpaper 15F (Top Ten Compensation), Workpaper 16 (Test Year Adjustments Bridge Schedule)
- Ex. DOC-1 at 18-33 and MBK-D-9 through MBK-D-21 (Kehrwald Direct and Attachments)
- Ex. OAG-1 at 11-15, SL-D-12 through SL-D-14 (Lee Direct and Schedules)

2. *Employee Awards and Gifts*

Volume 2, Workpaper 15 of Dakota Electric's application included schedules separately itemizing all travel, entertainment, and related employee expenses as required by Minn. Stat. § 216B.16, subd. 17. Workpaper 15G included travel and entertainment expense for Dakota Electric's ten highest paid officers and employees and Workpaper 15H included recreation and entertainment expense.

In Direct Testimony, the OAG recommended reducing recreation and entertainment costs identified in Workpaper 15H to eliminate all expenses not related to safety and department-wide trainings in the amount of $23,539. Additionally, the OAG recommended removing $49,472 in employee appreciation gifts, celebrations for holidays, and new employee welcome lunches identified in Workpaper 15G.

For purposes of this Settlement, the Parties agree to reduce test year expense by $23,539 for recreation and entertainment and $49,472 for employee appreciation gifts, celebrations, and new employee welcome lunches, based on the recommendations of the OAG.

Relevant record evidence:

- Ex. DEA-6 at Workpaper 15G and 15H (Top Ten Expenses and Recreation and Entertainment)
- Ex. OAG-1 at 11-15 and SL-D-10 through SL-D-11 (Lee Direct and Schedules)

3. *Payroll Taxes*

In response to discovery issued by the Department, Dakota Electric explained that it discovered that the 2023 test year included capitalized portions of FICA taxes of $257,249. In Direct Testimony, the Department recommended that the 2023 test year FICA taxes be reduced by $257,249 to reflect removal of this capitalized amount, reducing test year payroll taxes from $1,697,832 to $1,440,583.

For the purposes of this Settlement, the Parties agree to reduce Dakota Electric's test year payroll taxes by $257,249 to reflect the correction identified in response to Department Information Request No. 131.

Relevant record evidence:

- Ex. DEA-4, Exhibit 1, page 6 (Statement of Operations - Present Rates)
- Ex. DEA-6 at Workpaper 4 page 2 of 5 (2024 Budget (2022 & 2023 Actual))
- Ex. DOC-1 at 33-35, MBK-D-10 and MBK-D-22 (Kehrwald Direct Attachments)

4. *Benefits (Life Insurance, Workers' Compensation, Pension, and Post Employment 106)*

In its Application, Dakota Electric proposed recovery of employee benefits including life insurance, workers' compensation, pension, and post-employment 106 benefits based on 2023 actual benefit expenses incurred adjusted to account for planned staffing changes, changes to capitalized and expensed benefits, and the impacts of payroll cost of labor increases.

In Direct Testimony, the Department concluded that test year values for life insurance, workers' compensation, post-employment 106 benefits, and pension expense appeared to be overestimated based on historical averages. The Department recommended reducing 2023 test year life insurance, workers' compensation, pension, and post-employment 106 based on the four-year average of actual expense (2021-2024) on a

per FTE basis with a 5% inflator multiplied by the number of FTE proposed in the test year. The Department proposed reducing the 2023 test year life insurance by $48,788 from the proposed $129,577 to $80,788; Workers' Compensation amount by $75,295, from the proposed $146,726 to $71,431; Post-Employment 106 Benefit amount by $120,054, from the proposed $148,634 to $28,580; and Pension Expense amount by $115,095, from the proposed $1,564,618 to $1,449,523.

For the purposes of this Settlement, the Parties agree to reduce test year life insurance expense by $48,788; to reduce test year workers' compensation expense by $45,000; to reduce test year Post-Employment 106 by $85,000; and to reduce test year pension expense by $115,095 based on the recommendations of the Department.

Relevant record evidence:

- Ex. DEA-4, Exhibit 1 page 2, 6-7 (Statement of Operations - Present Rates), Exhibit 3 (Cost of Service Analysis)
- Ex. DEA-6, Workpaper 2 (Audited 2023 Financials and 2023 Annual Report), Workpaper 3 (Accounting System Description and 2023 Form 7 Income Statement), Workpaper 4 (2024 Budget (2022 & 2023 Actual)), Workpaper 16 (Test Year Adjustments Bridge Schedule)
- Ex. DOC-1 at 34-44 and MBK-D-10, MBK-D-13, MBK-D-23, and MBK-D-24 (Kehrwald Direct and Attachments)

5. *Utility Service Revenue*

In its Application Dakota Electric included 2023 test year utility service revenue of $329,651 based on actual 2023 utility service revenues, which reflects the Cooperative's test year in this case.

In Direct Testimony, the Department noted that Dakota Electric's revenues for the 2023 test year were lower than the 2022 and 2024 actual amounts. Given the historical fluctuation in revenues, the Department recommended using a three-year average of 2022-2024 actual revenues to establish 2023 test year revenues, which is equal to $418,199. The difference between the $418,199 average actual revenue for 2022 to 2024 and the proposed test year amount of $329,651 results in a recommended increase to revenue of $88,548.

For the purposes of this Settlement, the Parties agree to increase test year utility service revenue by $70,000.

Relevant record evidence:

- Ex. DEA-4, Exhibit 1 (Statement of Operations – Present Rates), Exhibit 2 (Determination of Revenue Requirements), Exhibit 3 (Cost of Service Analysis), Exhibit 5 (Statement of Operations - Proposed Rates)
- Ex. DEA-6, Workpaper 4 (2024 Budget (2022 & 2023 Actual))
- Ex. DOC-6 at 3-7 and HDJ-D-1 through HDJ-D-2 (Jones Direct and Attachments)

6. *Charges and Fees Revenue*

In its Application Dakota Electric included 2023 test year charges and fees revenue of $890,555 based on actual 2023 charges and fees revenues, which reflects the Cooperative's test year in this case.

In Direct Testimony, the Department noted that Dakota Electric's charges and fees revenues for the 2023 test year were lower than the 2022 and 2024 actual amounts. Additionally, the Department noted that proposed changes to customer charges and fees would increase revenues by an estimated $80,254 if those charges and fees were in effect in 2023. As a result, the Department recommends an increase to test year charges and fees revenues of $80,254, from $890,555 to $970,809.

For the purposes of this Settlement, the Parties agree to increase test year charges and fees revenue by $70,000.

Relevant record evidence:

- Ex. DEA-4, Exhibit 1 (Statement of Operations – Present Rates), Exhibit 2 (Determination of Revenue Requirements), Exhibit 3 (Cost of Service Analysis), Exhibit 5 (Statement of Operations - Proposed Rates), and Exhibit 10 (Special Fees and Charges)
- Ex. DOC-6 at 3-5, 7-10 and HDJ-D-2 through HDJ-D-4 (Jones Direct and Attachments)

7. *Legacy Meters*

In its Application, Dakota Electric included depreciation and amortization expense totaling $14,089,060 in the test year.

In Direct Testimony, the Department recommended that legacy meters should not be included in the Cooperative's test year depreciation and amortization expense because the amortization expense for the legacy meters in the 2023 test year would allow for continued depreciation recovery on a fully depreciated asset. The Department recommended the legacy meters amortization of $465,604 be removed from Dakota Electric's test year depreciation and amortization expense as this has already been recovered.

In Dakota Electric's last rate case, Docket No. E-111/GR-19-478, the Cooperative and the OAG agreed that there was $465,604 of annual depreciation in the test year associated with legacy meters.[4] As of December 31, 2018, the end of the test year, the net book value of this account was $2,622,285, and Dakota Electric would continue to incur depreciation expense for meters in Acct 37000 until near the end of 2024, at which time this account would be fully depreciated.

[4] *In the Matter of the Application of Dakota Electric Association for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-111/GR-19-478, Findings of Fact, Conclusions of Law, and Recommendations at 18-20 (Jan. 30, 2020) (eDockets No. 20204-162193-01).

For purposes of this Settlement, the Parties agree to reduce test year depreciation expense by $465,604 and increase accumulated depreciation by $465,604, resulting in an increase to the test year revenue deficiency of $23,932, for a net reduction to the revenue deficiency of $441,672 to reflect the removal of legacy meters from the test year. This adjustment reflects the legacy meters being fully depreciated as of the end of 2024.

Relevant record evidence:

- Ex. DEA-6 at Workpaper 8 (Depreciation Summary)
- Ex. DOC-7 at 3-6 and MWB-D-1 through MWB-D-3 (Bologna Direct and Attachments)

8. *Bad Debt Expense*

In its Application, Dakota Electric included 2023 test year bad debt expense of $743,567 based on actual 2023 bad debt expense.

In Direct Testimony, the Department concluded that actual 2023 bad debt expense was significantly higher than recent actual bad debt expense. The Department therefore recommended reducing the 2023 bad debt expense based on the three-year average from 2022-2024, smoothing out the yearly variation, resulting in test year bad debt expense of $553,916, a reduction of $189,651 from the Cooperative's proposed test year bad debt expense.

For the purposes of this Settlement, the Parties agree to reduce test year bad debt expense by $135,000 based on consideration of the variability in recent actual bad debt expense including the Cooperative's actual 2023 bad debt expense.

Relevant record evidence:

- Ex. DEA-6, Workpaper 4, page 4 (2024 Budget (2022 & 2023 Actual))
- Ex. DOC-7 at 6-8 and MBW-D-4 through MBW-D-6 (Bologna Direct and Attachments)

9. *Sales Forecast*

In its Direct Testimony, Dakota Electric presented its sales forecast for the 2023 test year, which was developed using regression models and rate class level budgeted forecasts.

In Direct Testimony, the Department indicated that it supported the proposed test-year sales volumes for the Small General Service (Rate 41), General Service (Rate 46), Full and Partial Interruptible Service (Rates 70 and 71), and other rate classes as presented in the Cooperative's filing. For the Residential customer class (Rate 31), the Department recommended a minor upward adjustment to the weather-normalized sales volumes based on different econometric modeling approach/average use per customer. The Department's model followed the same regression framework used by Dakota Electric, including the application of stepwise linear regression and use of weather

normalization based on 20-year average weather data. However, instead of using use-per-customer as the dependent variable, the Department's model regresses total monthly energy sales on the same set of independent variables. The Department's alternative forecast resulted in an upward adjustment of test-year sales of 1,755,722 kWh, leading to a total of 895,719,589 kWh. The resulting impact on revenue for Rate 31 is a $221,558 increase, which results in an increase in total test-year revenue by the same amount. In addition, the Department's adjustment increases test-year cost of purchased power by $158,790, for a net reduction to the revenue deficiency of $62,768.

For purposes of this Settlement, the Parties agree to reduce the test year revenue deficiency by $62,768, consistent with the Department's recommended adjustments to the test year sales forecast.

Relevant record evidence:

- Ex. DEA-3 at 16 (Heinen Direct)
- Ex. DEA-6, Workpaper 10 (Estimate of System Losses and System Own Use), Workpaper 11 (Individual Customer Actual 2023 Usage and Demand by Rate Class), Workpaper 12 (Monthly Billed Sales 2018-2023, Workpaper 13 (Sales History and Forecasted Test Year Normalization)
- Ex. DOC-5, entire (Zhang Direct and Attachments)

10. *MREA and NRECA Dues*

In its Application, Dakota Electric included $376,734 in organizational dues and memberships in the 2023 test year, for memberships and dues including for technical trade organizations that provide information and improve utility employee knowledge and productivity, provide education and information to utility employees, and for organizations that promote development of business, industry, and civic interest in the communities Dakota Electric serves. Memberships included the Minnesota Rural Electric Association (MREA) and National Rural Electric Cooperative Association (NRECA).

MREA is the statewide organization representing electric cooperatives in the state of Minnesota. MREA works onsite with cooperative employees to provide key safety training, observations, and inspections. MREA provides education and training resources to member cooperative directors, managers, and employees. MREA also provides learning opportunities to help electric cooperative board members successfully meet their fiduciary responsibility to oversee their member-owned cooperative.

The National Rural Electric Cooperative Association is the national trade association representing more than 900 local electric cooperatives. Like MREA, NRECA provides education, operational, and training resources. In response to Discovery, Dakota Electric explained with respect to NRECA, their lobbying efforts had a positive impact on provisions in the Bipartisan Infrastructure Act and Inflation Reduction Act that will bring significant direct ratepayer benefit over the next 10 years for rural cooperatives including Dakota Electric.

In Direct Testimony, the OAG expressed concern that customer rates are being used to pay for organizational dues that are attributable to lobbying-related activities and that the dues connection to the provision or improvement of utility services was not substantiated. The OAG explained that both MREA and NRECA advocate at the state and federal level on energy policy. The OAG recommended that in the absence of the Cooperative supporting that it has removed a reasonable amount of lobbying expenses from its dues request and supporting what portion of membership in these organizations is attributable to the provision or improvement of utility service, the entire cost of these organizational dues for MREA and NRECA be removed from the test year.

Dakota Electric provided further support, included in Attachment 4, demonstrating the value of a portion of MREA dues to Dakota Electric's members through training and education. MREA provides its members with extensive training and education for every role at electric cooperatives including leadership, management, financial, supervisory, customer service, technical best practices, monthly onsite safety meetings, apprenticeship certification, hands-on technical skills, hotline work, and metering, among others. Education is one of the seven cooperative principles, and membership in MREA supports Dakota Electric through education and training to provide its member-owners with reliable, safe, and affordable electricity.

For purposes of this Settlement, the Parties agree to reduce test year expense by $57,249 related to a portion of MREA dues and $93,747, the full amount of NRECA dues included in the 2023 test year.

Relevant record evidence:

- Ex. DEA-6, Workpaper 20, page 1 of 2 (Organization Dues)
- Ex. OAG-1 at 2-8 and SL-D-1 through SL-D-6 (Lee Direct and Schedules)

11. *Chambers of Commerce*

In its Application, Dakota Electric included $13,375 related to chambers of commerce dues in the proposed test year. Dakota Electric also included $12,000 in dues for Greater MSP Partnership, a regional economic development organization working to accelerate regional competitiveness and inclusive economic growth through job creation, capital investment, and execution of strategic initiatives. In response to discovery, Dakota Electric explained that the benefits of membership in these chambers of commerce include providing a direct connection to Dakota Electric's members and an avenue to share information with business consumers on topics such as programs, rebates energy efficiency, renewable energy, and new technology; helping to disseminate information regarding issues affecting businesses; supporting workforce development and professional development efforts through training, education, recruitment, and mentorship; providing a connection to city staff and local elected officials; and supporting local economic development efforts.

In Direct Testimony, the OAG recommended limiting recovery of chambers of commerce dues and dues to Greater MSP Partnership to 50 percent of the $25,375

proposed. The OAG reasoned that chambers of commerce membership dues should be categorized as economic development expenses because the primary purpose of chambers of commerce is to increase the economies and business opportunities in the respective areas that its business members operate, and advocate for business interests. The OAG concludes that only allowing recovery of 50 percent of chambers of commerce dues is consistent with prior Commission decisions to limit recovery of economic development and chambers of commerce dues expense because such economic development activities benefit both shareholders and ratepayers.

For purposes of this Settlement, the Parties agree to reduce test year expense by $6,344, reflecting a portion of the OAG's recommended adjustment.

Relevant record evidence:

- Ex. DEA-6 at Workpaper 20 (Organizational Dues)
- Ex. OAG-1 at 9-11, SL-D-8 and SL-D-9 (Lee Direct and Schedules)

12. *Charitable Contributions*

In its Application, Dakota Electric included recovery of 50 percent of actual 2023 test year charitable contributions. In support of its charitable contributions expense, Dakota Electric provided a workpaper itemizing each donation, including the organization, date of the donation, and amount. Dakota Electric stated that, consistent with Minn. Stat. § 216B.16, subd. 9, and the Commission's Policy Statement on Charitable Contributions, Dakota Electric uses its Board approved donation policy and Charitable Giving Guidelines to ensure charitable contributions benefit its members and the communities Dakota Electric serves.

In Direct Testimony, the OAG recommended requiring Dakota Electric to remove $32,687 for donations to individuals and organizations unless the Cooperative could show that it took reasonable steps to ensure that these organizations are exempt from the requirement to register with the Attorney General's Office under Chapter 309 of Minnesota Statutes, the Charitable Solicitation Act. Minn. Stat. § 216B.16, subdivision 9 allows utilities to recover up to 50 percent of qualified contributions that "the Commission deems prudent and that qualify under section 300.66, subdivision 3." The Charitable Solicitation Act requires non-exempt charities to register with the Attorney General's office, file a registration statement, pay annual fees, and provide financial information. Under Minn. Stat. § 309.515, there are certain exemptions from registration and reporting including organizations that receive less than $25,000 in contributions annually with activities performed by unpaid individuals, certain religious institutions, and certain types of educational institutions. The OAG reasoned that donations made to organizations that the Cooperative had not determined are registered with the OAG or are exempt from registration should be removed from the test year to protect ratepayers from funding organizations that are not in compliance with Minnesota's charities' laws. The OAG also reasoned that donations made directly to individuals should be removed in full from the test year because individuals are not one of the types of entities listed in Minnesota Statutes section 300.66, subdivision 3

and these donations do not appear to comply with Dakota's Board approved donation policy and Charitable Giving Guidelines.

For purposes of this Settlement, the Parties agree to reduce test year charitable contribution expense by $32,687, the amount recommended by the OAG. The Parties further agree that going forward, Dakota Electric will either confirm charitable contributions are registered in accordance with Minn. Stat. Ch. 309 or that the charity is exempt from registration with the Minnesota Attorney General's Office before seeking rate recovery of such contributions.

Relevant record evidence:

- Ex. DEA-6 at Workpaper 19 (Donations/Charitable Contributions)
- Ex. OAG-1 at 15-23, SL-D-15 through SL-D-19 (Lee Direct and Schedules)

13. *Community Events*

In its Application, Dakota Electric provided schedules separately itemizing all travel, entertainment, and related employee expenses as required by Minn. Stat. § 216B.16, subd. 17. Workpaper 15D included itemized community events expenses of $7,729. Dakota Electric participates in community events to engage with its members and the communities it serves, allowing the Cooperative to share information with members and answer member questions.

In Direct Testimony, the OAG recommended that community events expenses be treated as charitable contributions for the purposes of ratemaking because the community events benefit many of the same organizations that also receive charitable donations. The OAG recommended removing $6,286 in community event expense from the test year because the funds went to organizations that are not registered or identified by the Cooperative as being exempt from registration with the Attorney General's Office under Chapter 309 of Minnesota Statutes, the Charitable Solicitation Act. The OAG recommended that only 50 percent of community event expense to organizations registered with the Attorney General's Office be included for recovery, consistent with the treatment of charitable contributions in Minn. Stat. § 216B.16, subd. 9. As a result, the OAG recommended removing $7,008 of community events expense from the test year.

For purposes of this Settlement, the Parties agree to reduce test year community event expense by $7,008, the amount recommended by the OAG.

Relevant record evidence:

- Ex.DEA-6 at Workpaper 15D (Community Events Expenses)
  Ex. OAG-1 at 24-27, SL-D-20 through SL-D-22 (Lee Direct and Schedules)

14. *Cash Working Capital*

Cash working capital is the amount of investment in addition to net plant and materials and supplies that is necessary to provide safe and quality electric service. Dakota

Electric conducted a lead/lag study to determine its test year cash working capital. A lead/lag study is an analysis that measures the length of time from providing electric service until payment is received from the customer and the length of time from the receipt of goods or services from the utility's vendors until the utility pays its vendors. Dakota Electric's applied lead/lag study factors to its test-year cash operating expenses to determine its cash working capital balance of $5,159,371 to include in rate base for the 2023 test year.

In Direct Testimony, the Department recommended adjustments to cash working capital to account for recommended adjustments to test year operating expenses. The Department noted that cash working capital should be adjusted to reflect the Commission-approved 2023 test year expense levels.

For purposes of settlement, the Parties agree that to incorporate the above adjustments into Dakota Electric's revenue requirement, it is necessary to update the cash working capital calculation. As reflected in Attachment 1, this results in a reduction to the overall revenue deficiency of $11,477.

Relevant record evidence:

- Ex. DEA-4, Exhibit 2 at 2 (Determination of Revenue Requirements), Exhibit 9 (Summary of Lead-Lag Study)
- Ex. DEA-6 at Workpaper 6 (Lead Lag Study Detail)
- Ex. DOC-1 at 44-45 and MBK-D-4 (Kehrwald Direct and Attachments)

C. Advanced Grid Infrastructure (AGi) Rider Roll in

In its Application, Dakota Electric proposed to roll the AGi Rider into base rates with the implementation of final rates in this case. During the period that interim rates are in effect, Dakota Electric proposed to continue recovery through the AGi Rider surcharge.

The Department also recommended that Dakota Electric close out the AGi Rider when final rates go into effect as the AGi Rider balance is proposed to roll into base rates with final rates.

For purposes of settlement, the Parties agree that Dakota Electric will close out its AGi Rider when final rates go into effect.

Relevant record evidence:

- Ex. DEA-9 at 3-4 (Dakota Electric Completeness Reply Comments)
- Ex. DOC-1 at 46 (Kehrwald Direct and Attachments)

D. Base Cost of Energy

With its Application, Dakota Electric calculated new base factors for its resource and tax adjustment (RTA) and provided the calculation of the RTA base components for cost of power, Conservation Improvement Program (CIP)/Demand Side Management (DSM) expenditures, and property taxes.

For purposes of settlement, the Parties agree that Dakota Electric will file a revised base cost of energy, supporting schedules, and resource and tax adjustment tariffs to be in effect with the implementation of final rates in this case.

Relevant record evidence:

- Ex. DEA-4, Exhibit 12 (Base Calculations for Resource and Tax Adjustment)

E. Class Cost of Service Study

In its application, Dakota Electric provided a Class Cost of Service Study ("CCOSS") using the Minimum Size Method.

In Direct Testimony, the Department recommended that the Commission consider a range of CCOSS results based on (1) a Minimum-Size Method CCOSS using the corrections from Dakota Electric's response to OAG Information Request No. 7000 and the Department's recommended update to adjustments for classes not included in the CCOSS to reflect the corrected total of $4,501,749 and (2) a Basic Customer Method CCOSS.

The OAG recommended using a Peak & Average CCOSS and Basic Customer CCOSS as the basis for setting rates and proposed a number of other modifications to the classification and allocation of costs that were incorporated into these CCOSSs.

For purposes of this Settlement, the Parties agree that the Commission does not need to make any specific finding regarding the CCOSS recommendations made by Dakota Electric, the Department, or the OAG given the Parties' agreements on revenue apportionment and fixed monthly charges.

The Parties further agree that in the future, Dakota Electric will include all customer classes in its CCOSS or provide a detailed explanation for why inclusion of certain classes was not feasible or reasonable. If any classes are excluded from Dakota Electric's future CCOSS, the Cooperative will ensure the overall proposed revenue deficiency ties out for all classes.

Relevant record evidence:

- Ex. DEA-3 at 9-11, 26-48 (Heinen Direct)
- Ex. DEA-4, Exhibit 3 (Cost of Service Analysis), Exhibit 4 (Load Management Cost Analysis), Exhibit 8 (Coincidental Demand Charges), Exhibit 13 (Air Conditioning Analysis), Exhibit 14 (Standby Rate Analysis), Exhibit 15 (Electric Vehicle Rate Analysis)
- Ex. DEA-6, Workpaper 7 (Cost Allocation Policy), Workpaper 21 (Minimum Size Method w/ Demand Adjustment), Workpaper 22 (Guide to the Cost-of-Service-Study), Workpaper 23 (Street Lighting Analysis)
- Ex. DOC-8, entire (Zajicek Direct Testimony and Attachments)
- Ex. OAG-2 at 3-62 and CS-D-1 through CS-D-22 (Stevenson Direct Testimony and Schedules)

F. Revenue Apportionment

In Direct Testimony, Dakota Electric proposed revenue apportionment based on consideration of the cost of providing service to each customer class and non-cost factors. Dakota Electric also proposed increases to rates for Electric Vehicle (33), Low Wattage Unmetered Service (45), Municipal Civil Defense Sirens (47), Geothermal Heat Pump (49), Controlled Energy Storage (51), Controlled Interruptible Service (52), Standby Service (60), Cycled Air Conditioning Service (80), and Wellspring (90) based on an evaluation of the cost of providing these services. The cost to provide service to these rate classes is separately calculated based on specific factors unique to these classes. These factors are used to determine rate increases for each of the specific rates. The rate increases for these classes are based on the separate calculation because Dakota Electric is able to assign the cost to provide this service directly to members on these rates. Dakota Electric adjusted the total revenue requirement by subtracting the tariff revenues it will earn from the above nine customer classes to obtain an "adjusted" revenue requirement for the remaining customer classes within its CCOSS.

In Direct Testimony, the Department considered revenue apportionment alternatives based on the Department's Basic Customer CCOSS, the Minimum System CCOSS, and an equal percentage increase for each customer class. Based on this analysis, the Department recommended that the Commission approve a revenue apportionment among customer classes that reflects an equal percentage increase, adjusted so the proposed revenues are equal to the total revenue requirement. With respect to rate classes not included in Dakota Electric's CCOSS, the Department recommended approval of Dakota Electric's proposed charges for Electric Vehicle (33), Low Wattage Unmetered Service (45), Municipal Civil Defense Sirens (47), Geothermal Heat Pump (49), Controlled Energy Storage (51), Controlled Interruptible Service (52), Standby Service (60), concluding that the Cooperative's proposed rates reflects the wholesale and administrative costs associated with providing these services.

The OAG proposed an alternative revenue apportionment based on consideration of cost and non-cost factors, including consideration of the OAG's version of the Basic Customer CCOSS and Peak & Average CCOSS. The OAG acknowledged that while there are cost and non-cost reasons for both the residential and the small general service classes to have lower rate increases than what the OAG recommended, that could cause rate shock to other classes.

With respect to Dakota Electric's load management classes (Schedules 33, 49, 51, 52, 57, 58, and Pilot Residential and Small General Service Behind the Meter Energy Storage Service), the OAG recommended that Dakota Electric increase the allocation factor from 0.5 to 0.9 consistent with the costs in the OAG's Basic Customer CCOSS and Peak & Average CCOSS. This modification would result in allocating approximately $467,085 of additional revenue to these classes, resulting in a reduction to the revenue requirement allocated to the other classes included in Dakota Electric's CCOSS.

For purposes of this Settlement, the Parties agree that Dakota Electric's proposed apportionments to the Electric Vehicle (33), Low Wattage Unmetered Service (45), Municipal Civil Defense Sirens (47), Geothermal Heat Pump (49), Controlled Energy Storage (51), Controlled Interruptible Service (52), Standby Service (60), Cycled Air Conditioning Service (80), and Wellspring (90) should be adopted as reflected in Attachment 2 to this Agreement. The Parties further agree that Dakota Electric's Residential and Small General Service class revenue increases should be reduced, and the revenue apportionment methodology recommended by the OAG should be adopted as reflected in Attachment 2.

Relevant record evidence:

- Ex. DEA-3 at 41-81 (Heinen Direct)
- Ex. DEA-4, Exhibit 4 (Load Management Cost Analysis), Exhibit 6 (Comparison of Present and Proposed Rates), Exhibit 8 (Coincidental Demand Charges), Exhibit 13 (Air Conditioning Analysis), Exhibit 14 (Standby Rate Analysis), Exhibit 15 (Electric Vehicle Rate Analysis), Exhibit 16 (Residential TOU Rate Analysis)
- Ex. DEA-6, Workpaper 23 (Street Lighting Analysis)
- Ex. DOC-9 at 9-26 (Bahn Direct and Attachments)
- Ex. OAG-2 at 62-79 and CS-D-23 through CS-D-25, CS-D-33 through CS-D-37 (Stevenson Direct Testimony and Schedules)

G. Fixed Monthly Customer Charges

In Direct Testimony, based on the results of the cost of service study and analysis of fixed charges, Dakota Electric proposed to increase currently authorized monthly customer charges for the Residential & Farm Service (31) class, the Residential & Farm Demand Control (32) class, the Residential & Farm TOD (53, 56) class, the Small General Service (41) class, the Irrigation (33) class, the General Service and General Service TOD (46, 54) classes, the Interruptible (70, 71) classes, Low Wattage Unmetered Service (45) class, and the Municipal Siren (47) class. The proposed increases were computed to move monthly fixed customer charges closer to the cost of service.

In Direct Testimony, the Department agreed with Dakota Electric's proposal for increases to the customer charges for Small General Service (41), General Service (46, 54), Low Wattage Unmetered Service (45), and Municipal Sirens (47). The Department concluded Dakota Electric's proposed increase for the Residential and Farm Service (31) from $10.00 to $13.45 per month is too large and recommended a more modest increase to $12.00 per month to move the customer charge closer to cost. The Department did not recommend an increase for either the Residential and Farm Demand Control (32) or Residential and Farm Time of Day (53, 56) rates because these customers have similar customer-related costs as the Residential and Farm Service (31) and the current customer charge is already set $1.00 more per month than the Department's recommendation for that class. The Department also recommended no changes be made to the Irrigation class (36) or the Interruptible (70, 71) classes.

In Direct Testimony, the OAG concluded that under OAG's version of the Basic Customer CCOSS and the Peak & Average CCOSS, a residential customer charge of approximately $12.30 would recover the customer-related costs to serve a residential customer. The OAG recommended approving a customer charge of $12.00 for Schedule 31 residential customers, a customer charge of $15.00 for Schedule 32 residential customers and a customer charge of $15.00 for Schedule 53 residential customers. With respect to the Small General Service class, the OAG concluded that under their Basic Customer and Peak & Average CCOSS, a monthly customer charge of approximately $26.00 would recover the customer-related costs imposed by a small general service customer. The OAG therefore supported Dakota Electric's proposal to increase the Small General Service customer charge to $17.50. The OAG recommended that if the Commission approves a lower revenue requirement, then Dakota Electric should lower the customer charge before it lowers its distribution charge for both the residential and small general service classes.

For purposes of this Settlement, the Parties agree that fixed monthly customer charges should be approved consistent with the Department's recommendation as follows:

Customer Class	Current Fixed Monthly Customer Charge	Proposed Fixed Monthly Customer Charge
Residential & Farm Service (31)	$10.00	$12.00
Residential & Farm Demand Control (32)	$13.00	$13.00
Residential & Farm Time of Day (53, 56)	$13.00	$13.00
Small General Service (41)	$15.00	$17.50
Irrigation (36)	$33.00	$33.00
General Service (46)	$37.00	$48.00
General Service Time of Day (54)	$39.00	$48.00
Interruptible (70 & 71)	$130.00	$130.00
Low Wattage Unmetered Service (45)	$10.50	$17.50
Municipal Civil Defense Sirens (47)	$5.00	$10.00

Relevant record evidence:

- Ex. DEA-3 at 42-43, 48-81 (Heinen Direct)
- Ex. DEA-4, Exhibit 6 (Comparison of Present and Proposed Rates), Exhibit 7 (Monthly Fixed Charge Analysis)
- Ex. DEA-6, Workpaper 26 (Fixed Charge Analysis)
- Ex. DOC-9 at 26-39 (Bahn Direct and Attachments)
- Ex. OAG-2 at 79-93, CS-D-18, and CS-D-22 (Stevenson Direct and Schedules)

H. Tariff Revisions

1. *Special Fees and Charges*

In Direct Testimony, Dakota Electric proposed changes to certain special fees and charges per occurrence based on the cost of performing these services, including labor, benefits, vehicles, and other expenses.

In Direct Testimony, the Department recommended approval of Dakota Electric's proposed modifications to special fees and charges, concluding that the proposed charges are supported by the cost information provided.

For purposes of this Settlement, the Parties agree that Dakota Electric's proposed modifications to special fees and charges should be approved as proposed.

Relevant record evidence:

- Ex. DEA-3 at 43, 81-82 (Heinen Direct)
- Ex. DEA-4, Exhibit 10 (Special Fees and Charges), Exhibit 17 (Present Rate Schedules), Exhibit 18 (Blackline Mark-up of Present Rate Schedules), and Exhibit 19 (Proposed Rate Schedules)
- Ex. DOC-9 at 45-46 (Bahn Direct)

2. *Idle Service Tariff*

In its application, Dakota Electric proposed the creation of an Idle Service Fee tariff. An idle service is a service, or service extension, which was constructed at the request of a member, or potential member, which has either never been energized after construction or energized but is no longer providing service to the member. Dakota Electric does not recover any revenues from members with idle services because these members do not have a meter and are not registering any electrical usage, which results in these services being subsidized by other members. Dakota Electric proposed to give members with idle services the option to either (1) pay a monthly charge of $24.25 per month based on the minimum system costs for a residential member as calculated in the CCOSS to cover the cost of equipment and retain their idle service, which can then be electrified at the member's request in the future or (2) remove all existing equipment to eliminate the risks associated with the public coming in contact with energized equipment, in which case the member would need to have a new service extension if they wished to receive service at the premise in the future.

In Direct Testimony, the Department recommended that the Commission not approve Dakota Electric's proposed Idle Service Tariff. The Department concluded that providing a person an option to either pay a monthly service fee or have equipment removed that has already been paid for by the owner of the property is not a reasonable option. The Department further recommended that if the Commission does approve the Idle Service fee, the monthly service fee should not be any higher than the residential & farm service (31) fixed monthly customer charge.

For purposes of this Settlement, the Parties agree that Dakota Electric's Idle Service Tariff be approved with the fixed monthly charge equal to $12.00.

Relevant record evidence:

- Ex. DEA-3 at 83-84 (Heinen Direct)
- Ex. DEA-4, Exhibit 17 (Present Rate Schedules), Exhibit 18 (Blackline Mark-up of Present Rate Schedules), and Exhibit 19 (Proposed Rate Schedules)
- Ex. DOC-9 at 42-45 and AB-1 (Bahn Direct)

3. *Other Miscellaneous Tariff Modifications*

In its Application, Dakota Electric proposed a number of miscellaneous tariff revisions and changes, many of which were uncontested.

For purposes of this Settlement, the Parties agree that Dakota Electric's proposed tariff modifications should be approved, consistent with the other terms of this Settlement.

Relevant record evidence:

- Ex. DEA-3 at 81-85, (Heinen Direct)
- Ex. DEA-4, Exhibit 17 (Present Rate Schedules), Exhibit 18 (Blackline Mark-up of Present Rate Schedules), and Exhibit 19 (Proposed Rate Schedules)
- Ex. DEA-6, Workpaper 27 (Summary and Explanation of Proposed Tariff modifications)
- Ex. DOC-9 at 40-46 (Bahn Direct)

I. Future Rate Case and Other Filing Requirements

1. Travel and Entertainment Expense

In its Application, Dakota Electric provided schedules separately itemizing all travel, entertainment, and related employee expenses as required by Minn. Stat. § 216B.16, subd. 17.

In Direct Testimony, the OAG concluded that expenses for alcoholic beverages are not reasonable or necessary for the provision of utility service and should not be recovered from ratepayers. The OAG recommended that Dakota Electric demonstrate that it has removed all of its alcoholic-beverage expenses from the test year in future cases.

For purposes of settlement, the Parties agree that in future rate cases, Dakota Electric will exclude all alcoholic-beverage expense from the test year.

Relevant record evidence:

- Ex. DEA-6 at Workpaper 15 (Travel, Entertainment, and Related Employee Expenses)

- Ex. OAG-1 at 27-29, SL-D-14, Schedule SL-D-23, and SL-D-24 (Lee Direct and Schedules)

2. Data Center Reporting

In Direct Testimony, the OAG stated that any tariff or rate schedule Dakota Electric will use to serve hyperscale customers must ensure that these new large-load customers contribute to the cost of Dakota's shared distribution system. While the Commission does not need to make a determination about a potential large load tariff in this rate case, the OAG recommended that if Dakota Electric adds more than 50 MW of load from a data center it should have to come back to the Commission for a rate case. The OAG expressed concern about the time lag between potential load additions and Dakota Electric's next a rate case and subsequent impacts on rates and revenue apportionment.

For purposes of settlement, the Parties agree that Dakota Electric will notify the Commission through a letter filing in this docket if it adds 50 MW or more of data center load before its next general rate case filing.

Relevant record evidence:

- Ex. OAG-2 at 74-78 and CS-D-26 (Stevenson Direct and Schedules)

3. Residential Reconnection Policy

In Direct Testimony, Dakota Electric proposed to increase its reconnection fee from $10 to $12 based on an analysis of the cost to complete reconnections.

In Direct Testimony, the OAG evaluated the payments a Dakota Electric residential customer may need to pay to reconnect service, stating that to restore service, Dakota Electric generally requires members to pay a deposit, their delinquent amount, and Dakota Electric's approved reconnection fee. The OAG concluded this policy could cause the energy burden faced by some residential customers to spike. While the OAG concluded that the Cooperative's proposed reconnection fee of $12 was reasonable, the OAG concluded that the only fee Dakota Electric should charge immediately is the reconnection fee, in addition to working with the customer on a payment plan. The OAG recommended that the Commission require Dakota to change its reconnection policy such that it does not require each customer to pay their delinquent amount in addition to an average two-month bill. Instead the only fee that Dakota should charge at the time of a customer reconnection is Dakota's reconnection fee in addition to working with the customer on creating a payment plan.

For purposes of settlement, the Parties agree that Dakota Electric's proposed modification to its reconnection fee should be approved. The Parties further agree Dakota Electric will work with interested parties to develop modifications to its current policy requiring Residential members to pay a deposit in addition to the reconnection fee before reconnecting a member who has been disconnected for nonpayment. The Parties further agree that Dakota Electric will implement changes as soon as practicable

including, if necessary, making a filing for approval with the Commission by February 26, 2026 to allow for Commission review and approval by May 1, 2026.

Relevant record evidence:

- Ex. DEA-3 at 81-82 (Heinen Direct)
- Ex. DEA-4, Exhibit 10 (Special Fees and Charges)
- Ex. DOC-9 at 45-46 (Bahn Direct and Attachments)
- Ex. OAG-2 at 97-101 and CS-D-24, CS-D-29 through CS-D-31 (Stevenson Direct and Schedules)

4. Line Extension Policy Modifications

In Direct Testimony, Dakota Electric proposed updates to its line extension charges to increase the flat fee for connections from $1,000 to $1,350 and to increase the per foot charge from $11.00 per foot to $15.00 per foot of line extension. Dakota Electric explained that this proposed increase would provide additional revenue to cover more of the fixed costs associated with transformers and connection costs not otherwise recovered in base rates. While the line extension costs are proposed to increase, the amount of increase is still below Dakota Electric's extension costs not being recovered in base rates. Dakota Electric anticipates making continued incremental increases to individual residential line extension provisions in future rate case proceedings in an effort to reduce inter-member subsidies.

In Direct Testimony, the Department reviewed Dakota Electric's proposed line extension cost analysis and proposed modifications and recommended approval. The Department concluded that Dakota Electric's proposal to increase the flat fee and per foot rate line extension charge reflects the basis for line extensions.

The OAG agreed with Dakota Electric that its proposed modifications will recover more funds than its current line extension policy does and would lower the subsidy paid by existing customers and shift the cost to the new customers. The OAG concluded that Dakota Electric's proposal is an acceptable first step, but recommended that before its next rate case, Dakota Electric should develop a line extension policy that charges customers for the specific costs the new customer imposes on the system.

For purposes of settlement, the Parties agree to approve Dakota Electric's proposed modifications to its line extension policy, and that Dakota Electric shall propose additional modifications to its line-extension policy in its next rate case to move line extension charges closer to cost.

Relevant record evidence:

- Ex. DEA-3 at 43-44, 82-83 (Heinen Direct)
- Ex. DEA-4, Exhibit-11 (Line Extension Analysis)
- Ex. DOC-9 at 40-41 (Bahn Direct and Attachments)
- Ex. OAG-2 at 93-96 and CS-D-28 (Stevenson Direct and Schedules)

5. Communication Plan for New EV Peak Hours

In Direct Testimony, Dakota Electric proposed a modification to the off-peak charging period for Electric Vehicle – Residential (Schedule 33) rates, based on observed later evening wholesale power peaks and morning peaks, as follows:

Period	Present	Proposed
Off-Peak	9:00pm-8:00am	10:00pm-7:00am
On-Peak	4:00pm-9:00pm	7:00am-9:00am and 4:00pm-10:00pm
Other	8:00am-4:00pm	9:00am-4:00pm

In Direct Testimony, the Department recommended approval of Dakota Electric's proposed updates to its Electric Vehicle tariff, including associated increase in rates to reflect increases in rates of Dakota Electric's wholesale provider, Great River Energy (GRE), and modifications proposed to the charging periods.

In Direct Testimony, the OAG observed that adding a second peak to its current EV rate could be confusing for EV customers that have become accustomed to their current rates. Given the importance of ensuring customers are aware and understand this change, so they are not surprised by an expensive electric bill, the OAG recommended that Dakota Electric include a plan to educate customers on the new peak hours in Dakota's rebuttal testimony.

For purposes of this Settlement, the Parties agree that Dakota Electric will file its plan to educate customers on the new EV peak hours as a compliance filing in this docket.

Relevant record evidence:

- Ex. DEA-3 at 56-58 (Heinen Direct)
- Ex. DEA-4, Exhibit-15 (Electric Vehicle Rate Analysis)
- Ex. OAG-2 at 101-108 (Stevenson Direct and Schedules)

II. CONFIDENTIALITY

It is understood and agreed that all offers of settlement and discussions related to this Settlement are confidential and privileged and may not be used in connection with any proceeding other than this rate case, except as otherwise provided by law. In the event the Commission does not approve this Settlement, this Settlement shall not constitute part of the record in this proceeding and no part of it may be used by any Party for any purpose in this case or in any other proceeding.

III. COMPLETE AGREEMENT

This Settlement, along with any exhibits, appendices, schedules, and amendments hereto, encompasses the entire agreement of the Parties, and supersedes all previous understandings and agreements between the Parties, whether oral or written.

IV. ACCEPTANCE OF SETTLEMENT

The Parties agree that this Settlement has been entered into as a resolution of the particular issues between them in order to minimize litigation, regulatory costs, and controversy. The Parties further agree that, unless expressly stated herein or in pre-filed testimony or other exhibits a part of the record, this Settlement may not represent the position, in total or on any individual issue, that the Parties would have taken had the issues been fully litigated, nor does the Settlement represent the position of a Party on any issue for which it did not take a position in written testimony. Whether or not adopted by the Commission, this Settlement shall not be cited or otherwise used to imply what the Parties' positions were, shall have no precedential effect in this or any other proceeding, and shall in no way prejudice the Parties' rights to take different positions in the future.

This Settlement is expressly conditioned on its acceptance by the Commission in its entirety. If the Commission does not accept the Settlement, but issues an Order modifying the Settlement, each Settling Party shall have ten (10) days in which to reject the proposed modification. If no Settling Party rejects the proposed modification, the Commission's Order will become final. If the Commission rejects the Settlement, or if a Settling Party rejects a Commission proposed modification of the Settlement, the matter will be referred back to OAH for contested case proceedings. Should this matter be referred back to the OAH, the Parties agree that all Parties are free to argue their positions as set forth in their prefiled testimony.

V. SUPPORT AND DEFENSE OF SETTLEMENT IN ITS ENTIRETY

The Parties agree to support and defend this Settlement in its entirety and without modification, in whatever additional form necessary, including but not limited to submitting oral testimony, written briefs, and comments in support of the Settlement, as may be required by the Administrative Law Judge and/or the Commission.

VI. COUNTERPARTS

This Settlement may be executed in counterparts, all of which, when taken together with its Attachments, shall constitute the entire Settlement.

AGREED TO BY:

Adam J. Heinen
Vice President of Regulatory Services
On behalf of Dakota Electric Association

6-6-25
Date

Pete Wyckoff, Ph.D.
Deputy Commissioner for Energy
On behalf of Minnesota Department of
Commerce, Division of Energy Resources

Date

Wendy Raymond
Assistant Attorney General
On behalf of Office of the Attorney General,
Residential Utilities Division

Date

AGREED TO BY:

_____ _____
Adam J. Heinen Date
Vice President of Regulatory Services
On behalf of Dakota Electric Association

Peter Wyckoff
Digitally signed by Peter Wyckoff
Date: 2025.06.06 13:30:27 -05'00'

_____ _____
Pete Wyckoff, Ph.D. Date
Deputy Commissioner for Energy
On behalf of Minnesota Department of
Commerce, Division of Energy Resources

_____ _____
Wendy Raymond Date
Assistant Attorney General
On behalf of Office of the Attorney General,
Residential Utilities Division

AGREED TO BY:

_____	_____
Adam J. Heinen Vice President of Regulatory Services On behalf of Dakota Electric Association	Date
_____	_____
Pete Wyckoff, Ph.D. Deputy Commissioner for Energy On behalf of Minnesota Department of Commerce, Division of Energy Resources	Date
/s/ Wendy Raymond	June 6, 2025
Wendy Raymond Assistant Attorney General On behalf of Office of the Attorney General, Residential Utilities Division	Date

DAKOTA ELECTRIC ASSOCIATION
Summary of Revenue Requirements
Test Year Ending December 31, 2023
Docket No. E111/GR-24-400

Line No.	Description	DEA Filing 1/ (a)	Settlement (b)		
1	Total Average Rate Base	237,568,019	237,810,326	2/	
2	Rate of Return	5.30%	5.14%	3/	
3	Required Operating Income	12,582,227	12,219,333	4/	
4	Less: Non-Operating Income	292,978	292,978		
5	Net Operating Income Required	12,289,249	11,926,355	5/	
6	Operating Income	(11,522,348)	(8,954,345)	6/	
7	Income Deficiency	23,811,597	20,880,700	7/	2,930,897

1/ Ex. DEA-4, at 1, column (d) (Exhibit 2).
2/ Settlement Agreement Attachment 1, Page 2
3/ Settlement Agreement Attachment 1, Page 6
4/ Lines (1) * (2).
5/ Lines (3) - (4)
6/ Settlement Agreement Attachment 1, Page 5
7/ Lines (5) - (6).

% Rate increase	
DEA	**Settlement Agreement**
11.0%	9.62%

DAKOTA ELECTRIC ASSOCIATION
Settlement Rate Base Summary
Test Year Ending December 31, 2023
Docket No. E111/GR-24-400

Line No.	Description	DEA Filing 1/ (a)	Settlement Adjustments 2/ (b)	Settlement 3/ (c)
1	Utility Plant in Service	365,703,704	-	365,703,704
2	Construction Work in Progress	9,020,809	-	9,020,809
3	Less: Accumulated Depreciation	157,008,855	(465,604)	156,543,251
4	Net Plant	217,715,658	465,604	218,181,262
5	Materials and Supplies	15,421,230	-	15,421,230
6	Working Capital	5,159,371	(223,297)	4,936,074
7	Subtotal	238,296,259	242,307	238,538,566
8	Less: Consumer Deposits	728,240	-	728,240
9	Total Rate Base	237,568,019	242,307	237,810,326

1/ Ex. DEA-4, Exhibit 2 at 2
2/ Settlement Agreement, Attachment 1, Page 3
3/ Sum of Columns (a) + (b).

DAKOTA ELECTRIC ASSOCIATION
Settlement Rate Base Adjustments
Test Year Ending December 31, 2023
Docket No. E111/GR-24-400

Line No.	Description	Cash Working Capital Adjustment 1/ (a)	Depreciation Adjustment 2/ (b)	Total Settlement Adjustment 3/ (c)
1	Utility Plant in Service			-
2	Construction Work in Progress			-
3	Less: Accumulated Depreciation		(465,604)	(465,604)
4	Net Plant	-	465,604	465,604
5	Materials and Supplies			-
6	Working Capital	(223,297)	-	(223,297)
7	Subtotal	(223,297)	465,604	242,307
8	Less: Consumer Deposits			-
9	Total Rate Base	(223,297)	465,604	242,307

1/ Settlement Agreement, Attachment 1, Page 4, Line 11
2/ Settlement Agreement, Attachment 1, Page 2

DAKOTA ELECTRIC ASSOCIATION
Cash Working Capital Adjustment
Test Year Ending December 31, 2023
Docket No. E111/GR-24-400

Line No.	Description	DEA Test Year Expenses Lead/Lag 1/ (a)	Settlement Adjustments 2/ (b)	Settlement Test Year Expenses Lead/Lag 3/ (c)	DEA Expense per Day at 365 Days/Year 3/ (d)	Settlement Expense per Day at 365 Days/Year 1/ (e)	Net Lag/Lead 1/ (f)	Settlement Working Capital Required 4/ (g)	DEA Working Capital Required 1/ (h)	Settlement CWC Adjust. 5/ (i)
	Calculation:			(a + b)		(c/365)		(e*f)		(g-h)
1	Purchase Power	151,236,073	158,790	151,394,863	414,345	414,780	0.400	165,912	165,738	**174**
2	Payroll	17,140,890	(1,213,499)	15,927,391	46,961	43,637	40.200	1,754,207	1,887,832	**(133,625)**
3	Employee Benefits	5,303,375	(293,883)	5,009,492	14,530	13,725	59.100	811,148	858,723	**(47,576)**
4	Other O & M	12,385,004	(135,000)	12,250,004	33,932	33,562	38.377	1,288,009	1,302,220	**(14,211)**
5	Prepaid Insurance	551,796		551,796	1,512	1,512	260.500	393,876	393,876	-
6	Employer FICA/Medicare	1,498,894	(257,249)	1,241,645	4,107	3,402	39.800	135,400	163,459	**(28,059)**
7	Federal & State Unemployment Tax	32,276		32,276	88	88	-7.200	(634)	(634)	**0**
8	Property Taxes	3,246,327	-	3,246,327	8,894	8,894	81.900	728,419	728,419	**(0)**
9	Total Expenses	191,394,635	(1,740,841)	189,653,794				5,276,336	5,499,633	**(223,297)**
10	Sales Tax	13,499,391		13,499,391	36,985	36,985	(9.2)	(340,262)	(340,262)	-
11	Working Capital Required							4,936,074	5,159,371 7/	**(223,297)**

1/ Ex. DEA-6, Workpaper 6 at 1 (Workpaper 6: Lead-Lag Study Detail); net lead/lag updated to three decimal places based on DEA's Excel version of workpapers provided in Response to Department Information Request No. 2.
2/ Settlement Agreement, Attachment 1, Page 7
3/ Sums of Columns (a) + (b).
4/ Column (c) / 365.
5/ Columns (e) * (f).
6/ Columns (g) - (h).
7/ Column (h), line 9 + 10.

DAKOTA ELECTRIC ASSOCIATION
Settlement Operating Income Summary
Test Year Ending December 31, 2023
Docket No. E111/GR-24-400

Line No.	Description	DEA Filing 1/	Settlement Adjustments 2/	Settlement 3/
		(a)	(b)	(c)
1	OPERATING REVENUES			
2	Rate Schedules	216,408,767	221,558	216,630,325
3	Other	282,006	140,000	422,006
4	Total Operating Revenue	216,690,773	361,558	217,052,331
5	OPERATING EXPENSES			
6	Cost of Purchased Power	167,693,725	158,790	167,852,515
7	Transmission - O & M	-	-	-
8	Distribution - Operation	7,806,173	-	7,806,173
9	Distribution - Maintenance	7,900,301	-	7,900,301
10	Consumer Accounts	6,263,936	(135,000)	6,128,936
11	Consumer Service & Information	3,863,619	-	3,863,619
12	Sales	-	-	-
13	Adminstrative & General	16,270,447	(1,764,631)	14,505,816
14	Depreciation & Amortization	14,089,060	(465,604)	13,623,456
15	Taxes - Property	3,300,780	-	3,300,780
16	Taxes - Other	-	-	-
17	Other Interest Expense	1,020,593	-	1,020,593
18	Other Deductions	4,487	-	4,487
19	Total Operating Expenses	228,213,121	(2,206,445)	226,006,676
20	NET OPERATING INCOME	(11,522,348)	2,568,003	(8,954,345)

1/ Ex. DEA-4, Exhibit 1 at 1, Column (e)
2/ Settlement Agreement, Attachment 1, Page 7
3/ Sum of Columns (a) + (b)

DAKOTA ELECTRIC ASSOCIATION
Settlement Rate of Return
Test Year Ending December 31, 2023
Docket No. E111/GR-24-400

Line No.	Line No.	Item Description	Percentage of Total Capital (a)	Cost Rate % (b)		Weighted Cost % (c)	
1	1	Equity Ratio	58.61%	3.69%		2.16%	2/
2	2	Long-Term Debt	41.39%	3.47%	1/	1.44%	2/
3	3	Overall Cost of Capital				3.60%	2/
4	4	Total Capital				339,529,671	1/
5	5	Rate Base				237,810,326	3/
6	6	Ratio Total Capital/Rate Base				1.4277330853	4/
7	7	Overall Return on Rate Base				**5.14%**	5/

1/ Ex. DEA-4, Exhibit 2 at 8, lines 9 and 4.
2/ Weighted cost of lines 1 and 2 are calculated column (a) x column (b). Line 3 = line 1 + line 2.
3/ Settlement Agreement, Attachment 1, Page 2, Line 9, Column (c)
4/ Line 4 / Line 5
5/ Line 3 * Line 6

DAKOTA ELECTRIC ASSOCIATION
Settlement Adjustment Detail
Test Year Ending December 31, 2023
Docket No. E111/GR-24-400

Line No.	Description	Employee Comp/ Gifts and Awards/ Dues/Charitable Contributions/ Community Events 1/	FICA Adjustment 2/	Employee Benefits 3/	Bad Debt Expense 4/	Depreciation 5/	Revenue - Utility Serv Rev 6/	Revenue - Fees & Charges 7/	Sales Forecast 8/	Settlement Total Adjustments 9/
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2	Rate Schedules								221,558	$221,558
3	Other						70,000	70,000		$140,000
4	Total Operating Revenue	$0	$0	$0	$0	$0	$70,000	$70,000	$221,558	$361,558
5	OPERATING EXPENSES									$0
6	Cost of Purchased Power								158,790	$158,790
7	Transmission - O & M									$0
8	Distribution - Operation									$0
9	Distribution - Maintenance									$0
10	Consumer Accounts				(135,000)					($135,000)
11	Consumer Service & Information									$0
12	Sales									$0
13	Adminstrative & General	(1,213,499)	($257,249)	(293,883)						($1,764,631)
14	Depreciation & Amortization					(465,604)				($465,604)
15	Taxes - Property									$0
16	Taxes - Other									$0
17	Other Interest Expense									$0
18	Other Deductions									$0
19	Total Operating Expenses	($1,213,499)	($257,249)	($293,883)	($135,000)	($465,604)	$0	$0	$158,790	($2,206,445)
20	NET OPERATING INCOME	$1,213,499	$257,249	$293,883	$135,000	$465,604	$70,000	$70,000	$62,768	$2,568,003

1/ Settlement Agrement, Sections III.B.1, 2, 10, 11, 12, and 13
2/ Settlement Agreement, Section III.B.3
3/ Settlement Agreement, Section III.B.4
4/ Settlement Agreement, Section III.B.8
5/ Settlement Agreement, Section III.B.7
6/ Settlement Agreement, Section III.B.5
7/ Settlement Agreement, Section III.B.6
8/ Settlement Agreement, Section III.B.9
9/ Columns (a) thru (d).

Dakota Electric Association Settlement Revenue Apportionment

	Present Revenues	Final Revenue Increase	Percentage Rate Increase	Revenue Apportionment
Residential & Farm Service (31)	$ 126,681,309.00	$137,227,050	8.32%	57.85%
Residential & Farm Demand Control (32)	$ 45,111.00	$49,544	9.83%	0.02%
Electric Vehicle (33)	$ 315,139.00	$336,801	6.87%	0.14%
Irrigation Service (36) Firm	$ 47,127.00	$50,477	7.11%	0.02%
Irrigation Service (36) Interruptible	$ 930,863.00	$1,000,302	7.46%	0.42%
Small General Service (41)	$ 6,167,331.00	$6,678,892	8.29%	2.82%
Security Lighting Service (44) - Closed to New	$ 85,004.00	$97,414	14.60%	0.04%
Street Lighting Service (44-2)	$ 444,233.00	$510,481	14.91%	0.22%
Street Lighting System (44-1)	$ 71,540.00	$82,473	15.28%	0.03%
Custom Residential Street Lighting (44-3)	$ 1,531,694.00	$1,758,829	14.83%	0.74%
LED Security Lighting Service (44 -4)	$ 49,465.00	$56,496	14.21%	0.02%
LED Street Lighting Member Owned(44-5)	$ 1,453.00	$1,672	15.07%	0.00%
LED Street Lighting (44-6)	$ 258,816.00	$296,194	14.44%	0.12%
Low Wattage Unmetered Service (45)	$ 8,442.00	$14,070	66.67%	0.01%
General Service (46)	$ 53,817,780.00	$60,006,311	11.50%	25.30%
Municipal Civil Defense Sirens (47)	$ 3,960.00	$7,920	100.00%	0.00%
Geothermal Heat Pump (49) Closed to New	$ 21,226.00	$24,691	16.32%	0.01%
Controlled Energy Storage (51)	$ 747,172.00	$857,551	14.77%	0.36%
Controlled Interruptible Service (52)	$ 2,752,860.00	$3,097,543	12.52%	1.31%
Residential & Farm Time of Day (53)	$ 46,584.00	$49,125	5.45%	0.02%
General Service Time of Day (54)	$ 151,922.00	$170,992	12.55%	0.07%
Standby Service (60)	$ 74,160.00	$79,680	7.44%	0.03%
Full Interruptible Service (70)	$ 21,395,714.00	$23,755,914	11.03%	10.01%
Partial Interruptible Service (71)	$ 2,210,153.00	$2,486,319	12.50%	1.05%
Cycled Air Conditioning Service (80)	$ (1,533,193.00)	($1,533,193)	0.00%	-0.65%
	$ 216,325,865.00	$ 237,163,548.97		99.981866%
Revenue Apportionment after Rate Design		$ 20,837,683.97		
Agreed Revenue Deficiency		$20,880,700		
Amount below agreed Revenue Deficiency		$43,016.03		

Comparison of
Present and Proposed Rate Schedules

Present Rates				Proposed Rates			
Residential & Farm Service (31)				**Residential & Farm Service (31)**			
Fixed Charge	@	$10.00	/month	Fixed Charge	@	$12.00	/month
Energy Charge				Energy Charge			
Summer	@	$0.13770	/kWh	Summer	@	$0.14600	/kWh
Other	@	$0.12380	/kWh	Other	@	$0.13200	/kWh
Residential & Farm Demand Control (32)				**Residential & Farm Demand Control (32)**			
Fixed Charge	@	$13.00	/month	Fixed Charge	@	$13.00	/month
Demand Charge				Demand Charge			
Summer	@	$15.50	/kW	Summer	@	$16.35	/kW
Other	@	$11.90	/kW	Other	@	$12.75	/kW
Energy Charge	@	$0.08090	/kWh	Energy Charge	@	$0.08900	/kWh
Electric Vehicle (33)				**Electric Vehicle (33)**			
Energy Charge				Energy Charge			
Off Peak	@	$0.07550	/kWh	Off Peak	@	$0.08030	/kWh
On Peak	@	$0.44200	/kWh	On Peak	@	$0.42000	/kWh
Other				Other			
Summer	@	$0.13770	/kWh	Summer	@	$0.14600	/kWh
Other	@	$0.12380	/kWh	Other	@	$0.13200	/kWh
Irrigation Service (36)				**Irrigation Service (36)**			
Firm Service				***Firm Service***			
Fixed Charge	@	$33.00	/month	Fixed Charge	@	$33.00	/month
Demand Charge				Demand Charge			/kW/mo.
Summer	@	$26.40	/kW/mo.	Summer	@	$28.40	/kW/mo.
Winter	@	$21.00	/kW/mo.	Winter	@	$23.00	
Other	@	$15.52	/kW/mo.	Other	@	$16.71	/kW/mo.
Energy Charge	@	$0.05210	/kWh	Energy Charge	@	$0.05590	/kWh
Interruptible Service				***Interruptible Service***			
Fixed Charge	@	$33.00	/month	Fixed Charge	@	$33.00	/month
Demand Charge	@	$4.30	/kW/mo.	Demand Charge	@	$5.00	/kW/mo.
Energy Charge	@	$0.05210	/kWh	Energy Charge	@	$0.05590	/kWh
Small General Service (41)				**Small General Service (41)**			
Fixed Charge	@	$15.00	/month	Fixed Charge	@	$17.50	/month
Energy Charge				Energy Charge			
Summer	@	$0.13740	/kWh	Summer	@	$0.14530	/kWh
Other	@	$0.12340	/kWh	Other	@	$0.13130	/kWh

Comparison of
Present and Proposed Rate Schedules
(Continued)

Present Rates				Proposed Rates			
Security Lighting Service (44) - Closed to New				**Security Lighting Service (44) - Closed to New**			
175 W MV	@	N/A	/month	175 W MV	@	N/A	/month
100 W HPS	@	$12.00	/month	100 W HPS	@	$13.64	/month
150 W HPS	@	$14.24	/month	150 W HPS	@	$16.19	/month
250 W HPS	@	$18.81	/month	250 W HPS	@	$21.38	/month
Street Lighting System (44-1)				**Street Lighting System (44-1)**			
175 W MV (Clsd to New)	@	$13.24	/month	175 W MV (Clsd to New)	@	$15.05	/month
250 W MV (Clsd to New)	@	$16.72	/month	250 W MV (Clsd to New)	@	$19.01	/month
400 W MV (Clsd to New)	@	$22.68	/month	400 W MV (Clsd to New)	@	$25.78	/month
100 W HPS (Clse to New)	@	$9.60	/month	100 W HPS (Clse to New)	@	$10.91	/month
150 W HPS	@	$11.76	/month	150 W HPS	@	$13.38	/month
200 W HPS	@	$14.16	/month	200 W HPS	@	$16.10	/month
250 W HPS	@	$16.33	/month	250 W HPS	@	$18.57	/month
400 W HPS	@	$21.21	/month	400 W HPS	@	$24.11	/month
Street Lighting Service (44-2)				**Street Lighting Service (44-2)**			
175 W MV (Clsd to New)	@	$17.42	/month	175 W MV (Clsd to New)	@	$19.80	/month
250 W MV (Clsd to New)	@	$20.90	/month	250 W MV (Clsd to New)	@	$23.76	/month
400 W MV (Clsd to New)	@	$26.86	/month	400 W MV (Clsd to New)	@	$30.54	/month
100 W HPS (Clsd to New)	@	$13.78	/month	100 W HPS (Clsd to New)	@	$15.66	/month
150 W HPS (Clsd to New)	@	$15.94	/month	150 W HPS (Clsd to New)	@	$18.13	/month
250 W HPS (Clsd to New)	@	$20.51	/month	250 W HPS (Clsd to New)	@	$23.32	/month
400 W HPS (Clsd to New)	@	$25.39	/month	400 W HPS (Clsd to New)	@	$28.86	/month
Custom Residential Street Lighting (44-3)				**Custom Residential Street Lighting (44-3)**			
175 W MV (Clsd to New)	@	$14.01	/month	175 W MV (Clsd to New)	@	$15.93	/month
50 W HPS (Clsd to New)	@	$8.44	/month	50 W HPS (Clsd to New)	@	$9.59	/month
100 W HPS	@	$10.37	/month	100 W HPS	@	$11.79	/month
150 W HPS (Clsd to New)	@	$12.62	/month	150 W HPS (Clsd to New)	@	$14.34	/month
250 W HPS (Clsd to New)	@	$17.18	/month	250 W HPS (Clsd to New)	@	$19.54	/month
LED Security Lighting Service (44 -4)				**LED Security Lighting Service (44 -4)**			
LED, >4,500 Lumens	@	7.74	/month	LED, >4,500 Lumens	@	$8.80	/month

Comparison of
Present and Proposed Rate Schedules
(Continued)

Present Rates				Proposed Rates			
LED Street Lighting Member Owned(44-5)				**LED Street Lighting Member Owned(44-5)**			
A (40-80 watts)	@	5.50	/month	A (40-80 watts)	@	$6.25	/month
B (81-150 watts)	@	$7.74	/month	B (81-150 watts)	@	$8.80	/month
C (151-250 watts)	@	$11.15	/month	C (151-250 watts)	@	$12.67	/month
D (251-350 watts)	@	$15.02	/month	D (251-350 watts)	@	$17.07	/month
E (351-450 watts)	@	$19.04	/month	E (351-450 watts)		$21.65	/month
LED Street Lighting (44-6)				**LED Street Lighting (44-6)**			
Standard							
>5,200 L, Coach (Post)	@	$9.29	/month	>5,200 L, Coach (Post)	@	$10.56	/month
>5,200 L, Acorn (Post)	@	$10.84	/month	>5,200 L, Acorn (Post)	@	$12.32	/month
>7,000 L, Cobra (Mast)	@	$8.59	/month	>7,000 L, Cobra (Mast)	@	$9.77	/month
>11,500 L, Shoebox	@	$10.68	/month	>11,500 L, Shoebox	@	$12.14	/month
Basic							
>5,200 L, Coach (Post)	@	$6.35	/month	>5,200 L, Coach (Post)	@	$7.22	/month
>5,200 L, Acorn (Post)	@	$6.11	/month	>5,200 L, Acorn (Post)	@	$6.95	/month
>7,000 L, Cobra (Mast)	@	$6.97	/month	>7,000 L, Cobra (Mast)	@	$7.92	/month
>11,500 L, Shoebox	@	$8.67	/month	>11,500 L, Shoebox	@	$9.86	/month
Low Wattage Unmetered Service (45)				**Low Wattage Unmetered Service (45)**			
Fixed Charge	@	$10.50	/month	Fixed Charge	@	$17.50	/month
General Service (46)				**General Service (46)**			
Fixed Charge	@	$37.00	/month	Fixed Charge	@	$48.00	/month
Demand Charge				Demand Charge			
Summer	@	$13.76	/kW	Summer	@	$16.00	/kW
Other	@	$10.66	/kW	Other	@	$12.90	/kW
Energy Charge				Energy Charge			
First 200 kWh/kW	@	$0.07800	/kWh	First 200 kWh/kW	@	$0.08160	/kWh
Next 200 kWh/kW	@	$0.06800	/kWh	Next 200 kWh/kW	@	$0.07160	/kWh
Over 400 kWh/kW	@	$0.05800	/kWh	Over 400 kWh/kW	@	$0.06160	/kWh
Primary Voltage Disc.	@	$0.15	/kW	Primary Voltage Disc.	@	$0.15	/kW
Primary Metering Disc.	@	2.00%		Primary Metering Disc.	@	2.00%	

Comparison of
Present and Proposed Rate Schedules
(Continued)

Present Rates				Proposed Rates			
Municipal Civil Defense Sirens (47)				**Municipal Civil Defense Sirens (47)**			
Fixed Charge	@	$5.00	/month	Fixed Charge	@	$10.00	/month
Geothermal Heat Pump (49) Closed to New				**Geothermal Heat Pump (49) Closed to New**			
Energy Charge	@	$0.10300	/kWh	Energy Charge	@	$0.12470	/kWh
Controlled Energy Storage (51)				**Controlled Energy Storage (51)**			
Net Energy Charge	@	$0.04870	/kWh	Net Energy Charge	@	$0.06060	/kWh
Controlled Interruptible Service (52)				**Controlled Interruptible Service (52)**			
Net Energy Charge	@	$0.06310	/kWh	Net Energy Charge	@	$0.06740	/kWh
Alternate Rate for Water Heaters		($6.00)	/month	Alternate Rate for Water Heaters		($6.00)	/month
Residential & Farm Time of Day (53)				**Residential & Farm Time of Day (53)**			
Fixed Charge	@	$13.00	/month	Fixed Charge	@	$13.00	/month
Energy Charge				Energy Charge			
Peak Period				Peak Period			
Summer	@	$0.21263	/kWh	Summer	@	$0.22370	/kWh
Other	@	$0.19863	/kWh	Other	@	$0.20970	/kWh
Off-Peak	@	$0.09450	/kWh	Off-Peak	@	$0.09940	/kWh
General Service Time of Day (54)				**General Service Time of Day (54)**			
Fixed Charge	@	$39.00	/month	Fixed Charge	@	$48.00	/month
Demand Charge				Demand Charge			
Peak Period				Peak Period			
Summer	@	$26.14	/kW/mo.	Summer	@	$26.43	/kW/mo.
Winter	@	$19.91	/kW/mo.	Winter	@	$21.27	/kW/mo.
Other	@	$13.67	/kW/mo.	Other	@	$16.11	/kW/mo.
Maximum	@	$5.25	/kW	Maximum	@	$6.60	/kW
Energy Charge	@	$0.05210	/kWh	Energy Charge	@	$0.05590	/kWh
Primary Voltage Disc.	@	$0.15	/kW	Primary Voltage Disc.	@	$0.15	/kW
Primary Metering Disc.	@	2.00%		Primary Metering Disc.	@	2.00%	

Comparison of
Present and Proposed Rate Schedules
(Continued)

Present Rates				Proposed Rates			
Residential & Farm Service Time of Day (56)				**Residential & Farm Service Time of Day (56)**			
Fixed Charge	@	$13.00	/month	Fixed Charge	@	$13.00	/month
Energy Charges				Energy Charges			
Peak Period				Peak Period			
Summer	@	$0.2890	/kWh	Summer	@	$0.3490	/kW/mo.
Winter	@	$0.2320	/kWh	Winter	@	$0.2370	/kW/mo.
Other	@	$0.1880	/kWh	Other	@	$0.2220	/kW/mo.
Intermediate Period	@	$0.1060	/kWh	Intermediate Period	@	$0.1280	/kWh
Off-Peak Period	@	$0.0820	/kWh	Off-Peak Period	@	$0.0790	/kWh
Standby Service (60)				**Standby Service (60)**			
Generation Reservation Fee				Generation Reservation Fee			
Summer	@	$3.21	/kW	Summer	@	$3.21	/kW
Winter	@	$2.47	/kW	Winter	@	$2.47	/kW
Other	@	$1.74	/kW	Other	@	$1.74	/kW
Distribution Reservation Fee				Distribution Reservation Fee			
Primary	@	$3.89	/kW	Primary	@	$4.35	/kW
Secondary	@	$4.02	/kW	Secondary	@	$4.49	/kW
Substation	@	$0.81	/kW	Substation	@	$0.91	/kW
Full Interruptible Service (70)				**Full Interruptible Service (70)**			
Fixed Charge	@	$130.00	/month	Fixed Charge	@	$130.00	/month
Communication Fee	@	$8.70	/month	Communication Fee	@	$0.00	/month
Coinc. Demand Charge				Coinc. Demand Charge			
Summer	@	$26.14	/kW	Summer	@	$26.43	/kW/mo.
Winter	@	$19.91	/kW	Winter	@	$21.27	/kW/mo.
Other	@	$13.67	/kW	Other	@	$16.11	/kW/mo.
Non-Coinc. Demand	@	$5.25	/kW	Non-Coinc. Demand	@	$6.60	/kW
Failure to Control		$5.00	/kW	Failure to Control	@	$5.00	/kW
Energy Charge	@	$0.05210	/kWh	Energy Charge	@	$0.05590	/kWh
Primary Voltage Disc.	@	$0.15	/kW	Primary Voltage Disc.	@	$0.15	/kW
Primary Metering Disc.	@	2.00%		Primary Metering Disc.	@	2.00%	
Partial Interruptible Service (71)				**Partial Interruptible Service (71)**			
Fixed Charge	@	$130.00	/month	Fixed Charge	@	$130.00	/month
Communication Fee	@	$8.70	/month	Communication Fee	@	$0.00	/month
Coinc. Demand Charge				Coinc. Demand Charge			
Summer	@	$26.14	/kW	Summer	@	$26.43	/kW/mo.
Winter	@	$19.91	/kW	Winter	@	$21.27	/kW/mo.
Other	@	$13.67	/kW	Other	@	$16.11	/kW/mo.
Non-Coinc. Demand	@	$5.25	/kW	Non-Coinc. Demand	@	$6.60	/kW
Excess Demand	@	$5.00	/kW	Excess Demand	@	$5.00	/kW
Energy Charge	@	$0.05210	/kWh	Energy Charge	@	$0.05590	/kWh
Primary Voltage Disc.	@	$0.15	/kW	Primary Voltage Disc.	@	$0.15	/kW
Primary Metering Disc.	@	2.00%		Primary Metering Disc.	@	2.00%	

Comparison of
Present and Proposed Rate Schedules
(Continued)

Present Rates				**Proposed Rates**			
Cycled Air Conditioning Service (80)				**Cycled Air Conditioning Service (80)**			
Option 1	@		/kWh	Option 1	@		/kWh
Option 2	@	($0.03200)	/kWh	Option 2	@	($0.03200)	/kWh
Option 3	@	($13.00)	/month	Option 3	@	($13.00)	/month
Option 4	@	($6.50)	/ton/mo.	Option 4	@	($6.50)	/ton/mo.

As summarized in Attachment A: *Total Salary Summary,* Dakota Electric's expensed salary changes from 2018 – 2022 were low with noticeable adjustments in 2023 and 2024.[1] These adjustments in 2023 and 2024 included: annual cost of living adjustment, CEO overlap, position re-evaluation adjustments, and new positions. The reasons for these adjustments were as follows:

- **Annual Cost of Living Adjustment** - Dakota Electric paid a 4% cost of living adjustment (COLA) in 2023 and 2024. The COLA in those years was reasonable when compared to both the Midwest CPI and the more appropriate West North Central Wage Growth[2] index (Attachment B: *Atlanta Fed Wage Growth Data with DEA Analysis*).
- **CEO Overlap** - Dakota Electric hired a new CEO in 2023 resulting in overlapping salary expense for the position during the transition of duties in 2023. Dakota Electric removed the overlap in the 2023 Test Year. Attachment C: *CEO Overlap* includes additional detail supporting the $107,425 and $65,802 adjustments.
- **Position Re-evaluation Adjustment (2023 Actuals)** - Prior to 2023, Dakota Electric had not consistently reviewed external market data regarding employee and executive pay. The COVID pandemic produced a competitive labor market that required Dakota Electric to re-evaluate various existing positions that were being paid below market for the requirements of the position. This resulted in adjustments of $214,951 in 2023 actuals.
- **Position Reevaluation Adjustment (2023 Test Year)** - In 2024, Dakota Electric continued the market compensation evaluation for all non-union positions, which determined there were positions below market competitive rates. This resulted in adjustments of $206,634 in the 2023 Test Year. For further reference, the 2023 Test Year amount of $206,634 is included in Exhibit 1, Page 3 of 22 (Future Test Year Market Adjustments)[3] and Attachment D: *Support for Market Adjustments*.
- **New Positions** - See Attachment E: *Exhibit 1 Page 5 of 22* for additional support. These positions were identified as necessary to advance the organization's strategic priorities and manage its identified risks and were approved by the Dakota Electric Board of Directors.

Compared to Dakota Electric's 2018 actual expensed salaries, Dakota Electric's 2023 test year total expensed salaries increased by approximately $3.9 million,[4] which is approximately

[1] Attachment A - Total Salary Summary.
[2] The West North Central Wage Growth census division includes seven states: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota. These states are located in the western portion of the Midwest region. The East North Central division, which makes up the eastern portion of the Midwest, includes Illinois, Indiana, Michigan, Ohio, and Wisconsin.
[3] Ex. DEA-4, Exhibit 1 (Statement of Operations - Present Rates).
[4] Total expensed salary 2023 test year ($12.7 million) minus 2018 actuals ($8.8 million).

44%. On an annual basis, this is approximately 6%, which is similar to prevailing wage growth during this time period.[5] The time between cases was also marked by two distinct salary growth periods, 2018 through 2022 and 2023 through 2024. The first period saw lower expensed salaries because there was higher salary turnover, which resulted in muted total salary growth. The second period saw higher expensed salary growth because of increased staffing, re-evaluation of compensation levels, and CEO overlap.[6]

New Positions

When looking at the increases in expensed salary in 2023 and 2024, the primary driver of the apparent large increase in salary expense was new positions. As noted in Dakota Electric's Response to DOC IR 122, these new positions were approved by the DEA Board of Directors and were necessary to achieve strategic priorities and maintain service levels. As noted in *Total Salary Summary.xlsx* document provided on May 28, 2025, the total adjustments in 2023 were $853,934 and $1,931,299 in 2024. Of these total adjustments, new positions in 2023 were 28% of the increase and in 2024 new positions were 74% of the increase.

As shown in Attachment A: *Total Salary Summary,* total year-end salaried positions increased by 8 from 2022 to 2023. Total year-end salaried positions were planned to increase by an additional 6 positions from 2023 to 2024. Additionally, average annual salaried positions increased by 6 positions from 2023 to 2024. As noted in DEA's response to DOC IR 122, aside from the Operations and Safety Specialist position Dakota Electric no longer planned to fill, all identified salaried positions were filled.[7] Dakota Electric provided detailed information on turnover and position count in Attachment F: *Legacy Terms Hires—Turnover* and Attachment G: *FTE Counts 2018-2023--Position Count*.

Position Re-Evaluation and Cost of Living Adjustments

As noted in Dakota Electric's Response to DOC Information Request No. 122,[8] compensation and wage increases are influenced by a range of complex factors tied to the cost of labor and individual employee, employer, and market circumstances. These factors include labor market trends, company budget, cost of living data, employee performance, and internal equity. To make informed decisions, companies commonly rely on data from external

[5] Ex. DOC-1 and DOC-2 at MBK-D-10 (Direct Testimony Attachments of Mary Beth Kehrwald) (DEA Response to DOC IR 113) and Attachment B: *Atlanta Fed Wage Growth Data with DEA Analysis*.
[6] Attachment A: *Total Salary Summary.*
[7] Please note that the new positions adjustment figure for 2023 test year in Attachment A: *Total Salary Summary* includes the Operations and Safety Specialist for purposes of tying schedules only.
[8] Ex. DOC-1 and DOC-2 at MBK-D-15 (Direct Testimony Attachments of Mary Beth Kehrwald) (DEA Response to DOC IR 115).

consulting firms that survey thousands of organizations. This industry-standard practice helps guide salary planning and budget allocations for the upcoming year.

Prior to 2023, Dakota Electric had not consistently reviewed external market data regarding employee and executive pay. Beginning in 2023, Dakota Electric began the process of evaluating its salary compensation, because of concerns that our employees were under-compensated and that we were not competitive in the market. Higher turnover in 2021 and 2022 was a signal that compensation may be a concern. Over the period from 2018 to 2022, Dakota Electric's total expensed salaries increased an average of 3% per year, which was below the external market average which increased 3.14% in 2018, 3.43% in 2019, 3.43% in 2020, 3.56% in 2021, 5.3% in 2022, and 6.23% in 2023.[9] Dakota Electric's relatively flat compensation between 2018 and 2022 was abnormal, as market compensation studies and best practices in human resources management indicate that 2.5% to 4.5% increases were typical in this period and that anything less than 2% on an annual basis suggests a company is experiencing financial difficulties. Dakota Electric was not in a negative financial situation during this time, but there were unique forces at play. During 2020 through 2022, the Cooperative had 19 retirements and 8 voluntary separations among salaried employees.[10] As referenced in the Willis Towers Watson (WTW) study in DEA's response to DOC Information Request No. 152,[11] and in the non-executive market study, Dakota Electric salaries had fallen behind market, and this was during a time where the availability and cost of talent was rising rapidly. These circumstances created a situation where Dakota Electric needed to re-evaluate its compensation to attract and retain talent.

In 2023, Dakota Electric started the process of addressing the competitive labor market that was created by the COVID pandemic. This required Dakota Electric to re-evaluate various existing positions that were being paid below market for the requirements of the position. Through this initial review, Dakota Electric also determined that it needed to re-evaluate its staffing levels and review existing compensation levels for all employees so that the Cooperative could continue to perform critical utility work and infrastructure growth work and execute our strategic priorities. In order to attract and retain talent, Dakota Electric could not pay below market competitive wages. Dakota Electric is a small organization without layers of management and robust training programs, employees must usually be skilled and experienced when hired. In 2024, Dakota Electric completed market compensation evaluations of all non-

[9] Attachment B: *Atlanta Fed Wage Growth Data with DEA Analysis* and Attachment A: *Total Salary Summary.*
[10] See *Legacy Terms Hires—Turnover.xlsx*.
[11] Ex. DOC-1 and DOC-2 at MBK-D-16 (Direct Testimony Attachments of Mary Beth Kehrwald) (DEA Response to DOC IR 152).

union positions. These evaluations determined that a number of positions had salaries below market competitive rates.[12]

As part of its staffing and compensation reviews in 2023 and 2024, the Cooperative assessed its staffing needs and evaluated its compensation levels against industry and cross-industry benchmarks provided by reputable third-party consulting firms.[13] DEA engaged a large national firm, WTW for the executive review and WTW partnered with a sole practitioner for the broad based and union analysis.[14] Both firms leveraged several local and national cooperative, utility company, and cross-industry surveys.[15] The compensation survey data were scoped as closely as possible for Dakota Electric's size, location, and industry. The scope of industry surveys were:

1. Coops, regardless of location with many in rural areas.
2. Utility companies – across the US
3. Cross industry surveys were based on the Twin Cities whenever possible with some data being Midwest or National.

The Twin Cities' cost of labor is about 5% above the national average.[16] That said, where local or Midwest data was not available, national average data was used. This includes responding companies in similar cost of labor areas as well as in higher and lower cost of labor areas. This practice is consistent with typical market best practice compensation analyses. In addition, in 2024, Minnesota enacted a new requirement—effective January 1, 2025—mandating that all job postings include a salary range. This regulatory change further shaped Dakota Electric's compensation philosophy, processes, and practices as qualified candidates will not even consider applying for a position if the posted salary range does not meet their expectations or what is posted for other similar positions they are considering.

Based on the results of these compensation analyses in 2023 and 2024, Dakota Electric also concluded it was necessary to make certain adjustments beyond our regular annual cost of living adjustments (COLA). For non-union, non-executive employees, market-based salary ranges were updated from prior ranges and each job was assigned a pay grade and range,

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[12] Ex. DOC-1 and DOC-2 at MBK-D-16 (Direct Testimony Attachments of Mary Beth Kehrwald) (DEA Response to DOC IR 152).
[13] Ex. DOC-1 and DOC-2 at MBK-D-16 (Direct Testimony Attachments of Mary Beth Kehrwald) (DEA Response to DOC IR 152).
[14] *Id*.
[15] *Id*.
[16] *See* U.S. Bureau of Labor Statistics, Occupational Employment and Wages in Minneapolis-St. Paul-Bloomington — May 2024, https://www.bls.gov/regions/midwest/news-release/occupationalemploymentandwages_minneapolis.htm; Minneapolis/St. Paul Business Journal, Minnesota's average salary is No. 2 among Midwest states, http://www.bizjournals.com/twincities/news/2024/05/06/minnesota-average-salary.html (While Americans on average bring in $59,428 per year, Minnesotans make nearly 7% more at $63,640, according to Forbes' analysis of the Bureau of Labor Statistics).

consistent with processes used by other companies. In 2024, a small number of employees received a one-time market adjustment to bring them into their competitive pay range. Most employees had no pay change associated with the new salary ranges.

These adjustments to bring certain positions in line with market competitive levels, along with our COLA resulted in $574,201 of the increase in total salaries from 2022 to 2023 and $661,302 of the total increase from 2023 to the 2023 test year levels proposed. These adjustments were reasonable and appropriate because they were needed to keep salaries, at a minimum, on pace with inflation and to reflect changes that were needed to ensure that certain employees were properly compensated for the requirements of their position. These two changes are necessary for the Cooperative to attract and retain qualified talent.

The combined impact of newly added positions, adjustments to bring positions in line with market competitive salaries, and cost of living increases resulted in a 7.40% average salary increase from 2022 to 2024. While an annual average 7.40% payroll increase over a two year period is unusual, it is important to note that annual increases of 2.1%[17] on average over a period of 4 years, especially during significant inflationary pressure, is also unusual. The salary increases between 2022 and 2023 and also between 2023 and 2024 were necessary to attract and retain qualified employees and allow Dakota Electric to maintain service levels.

[17] Attachment A: *Total Salary Summary.*

Dakota Electric Association
Total Salary Reconciliation
2022 actuals to 2023 actuals & 2023 Test Year

Settlement Agreement - Attachment 3
Attachment A, Total Salary Summary

	Actuals							3		Actuals
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**CAGR**	**2023 Test**	**CAGR**	**2024**
Total Salaries	**$ 8,793,264**	**$ 8,790,835**	**$ 9,422,165**	**$ 9,838,914**	**$ 9,898,269**	**$ 10,752,204**	**4.1%**	**12,683,503**	**6.3%**	**12,602,288**
Change $		*$ (2,429)*	*$ 631,330*	*$ 416,749*	*$ 59,356*	*$ 853,934*		*$ 1,931,299*		*$ 1,850,084*
Change %		*0.0%*	*7.2%*	*4.4%*	*0.6%*	*8.6%*		*18.0%*		*17.2%*
December Ending Salary Positions	84	85	88	88	83	91		97		98
Avg Salary Positions	83	84	86	88	86	86		92		95
Avg Salary	$ 105,943	$ 104,653	$ 109,560	$ 111,806	$ 115,096	$ 125,026	**3.4%**	$ 137,864	**4.5%**	$ 132,656
Change $		*$ (1,290)*	*$ 4,907*	*$ 2,246*	*$ 3,290*	*$ 9,929*		*$ 12,839*		*$ 7,630*
Change %		*-1.2%*	*4.7%*	*2.0%*	*2.9%*	*8.6%*		*10.3%*		*6.1%*
Salary Turnover	6	9	3	14	11	6				
Inflation										
Midwest CPI	1.92%	1.49%	0.95%	5.08%	8.00%	3.83%				
Growth using inflation from 2018	$ 8,793,264	$ 8,924,430	$ 9,009,212	$ 9,466,429	$ 10,223,744	$ 10,615,654		$ 10,615,654	**3.2%**	
Total 2023 Test Year Adjustments								1,931,299		
	$ 8,793,264							$ 12,546,953	**6.1%**	
West North Central Wage Growth	3.14%	3.43%	3.43%	3.56%	5.33%	6.23%				
Growth using inflation from 2018	$ 8,793,264	$ 9,094,433	$ 9,406,675	$ 9,741,396	$ 10,260,125	$ 10,898,818		$ 10,898,818	**3.6%**	
Total 2023 Test Year Adjustments								1,931,299		
	$ 8,793,264							$ 12,830,117	**6.5%**	
Total Salaries	**$ 8,793,264**	**$ 8,790,835**	**$ 9,422,165**	**$ 9,838,914**	**$ 9,898,269**	**$ 10,752,204**	**4.1%**	**12,683,503**		
1 Changes - Inc / (Dec)						Changes from 2022 Actuals		Adjust from 2023 Actuals		
Annual Cost of Living Adjustment						359,251		454,668		
CEO Overlap						107,425		$ (65,802)		
Position Reevaluation Adjustment						214,951		$ 206,634		
New Positions						239,858		$ 1,435,070		
Other						(67,550)		(99,271)		
Total Changes - Inc / (Dec)						$ 853,934		$ 1,931,299	2	
Adjusted Total Salaries	**$ 8,793,264**	**$ 8,790,835**	**$ 9,422,165**	**$ 9,838,914**	**$ 9,898,269**	**$ 9,898,269**		**$ 10,752,204**	**3.4%**	
Change $		*$ (2,429)*	*$ 631,330*	*$ 416,749*	*$ 59,356*	*$ -*		*$ 1,931,299*		
Change %		*0.0%*	*7.2%*	*4.4%*	*0.6%*	*0.0%*		*18.0%*		
Adjusted Avg Total Salary	$ 105,943	$ 104,653	$ 109,560	$ 111,806	$ 115,096	$ 115,096				
Change $		*$ (1,290)*	*$ 4,907*	*$ 2,246*	*$ 3,290*	*$ -*				
Change %		*-1.2%*	*4.7%*	*2.0%*	*2.9%*	*0.0%*				

1 DOC IR114 included Total Salaries by year. Total Salaries increased $853,934, or 8.6% between 2022 and 2023. Using 2022 salary per FTE to recalculate the 2023 Test Year results in an understatement of reasonable salary expenses due to the following:

Changes - Inc / (Dec)

Annual Cost of Living Adjustment - Dakota Electric paid a 4% cost of living adjustment (COLA) in 2023 and 2024. The COLA in those years was reasonable when compared to both the Midwest CPI and the more appropriate West North Central Wage Growth index (Atlanta Fed Wage Growth Data with DEA Analysis.xlsx)
The West North Central Wage Growth census division includes seven states: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota. These states are located in the western portion of the Midwest region. The East North Central division, which makes up the eastern portion of the Midwest, includes Illinois, Indiana, Michigan, Ohio, and Wisconsin.

CEO Overlap - Dakota Electric hired a new CEO in 2023 resulting in overlapping salary expense for the position during the transition of duties in 2023. Dakota Electric removed the overlap in the 2023 Test Year. The attached CEO Overlap.xlsx file includes additional detail supporting the $107,425 and $65,802.

Position Reevaluation Adjustment (2023 Actuals) - Prior to 2023, Dakota Electric had not consistently reviewed external market data regarding employee and executive pay for a number of years. The COVID pandemic produced a competitive labor market that required Dakota Electric to reevaluate various existing positions that were being paid below market for the requirements of the position. This resulted in adjustments of $214,951 in 2023 actuals .

Position Reevaluation Adjustment (2023 Test Year) - In 2024, Dakota Electric continued the market compensation evaluation to all non-union positions, which determined a number of positions that were significantly below market competitive rates. This resulted in adjustments of $206,634 in the 2023 Test Year. For further reference, the 2023 Test Year amount of $206,634 is included in Exhibit 1, Page 3 of 22 (Future Test Year Market Adjustments) and Support for Market Adjustments.xlsx. Additional labor market support is included in 2024 Western Mgt Utility and ALDC FINAL.xlsx.

New Positions - See attached modified Exhibit 1 Page 5 of 22 for additional support. These positions were identified as necessary to advance the organization's strategic priorities and manage its identified risks and were approved by the Dakota Electric Board of Directors.

Other - includes salary changes for employee attrition excluding new positions, vacation/sick leave accrual and allocation, capital vs expense, and unpaid leave

2 The detail for the $1,931,299, or 18% change between 2023 actuals and 2023 Test Year is the salary portion of the Total Payroll Adjustment of $2,358,949 which is included in page 2 of 22 on Exhibit 1
This is also included in the first table of work paper 16

3 The 2023 Test Year is $81,215, or 0.6% higher than 2024 actuals

	Annual Average West North Central Wage Growth	Annual Average West North Central CPI	Annual Average Midwest CPI
1998	5.41		
1999	5.42		
2000	5.13		
2001	5.11		
2002	4.48		
2003	3.80		
2004	3.72		
2005	3.83		
2006	3.81		2.42
2007	3.93		2.68
2008	3.94		3.67
2009	3.77		-0.62
2010	2.49		1.97
2011	2.23		3.23
2012	2.41		2.03
2013	2.86		1.41
2014	2.84		1.46
2015	3.40		-0.53
2016	4.25		0.85
2017	3.65		1.67
2018	3.14		1.92
2019	3.43	1.32	1.49
2020	3.43	1.03	0.95
2021	3.56	5.55	5.08
2022	5.33	7.70	8.00
2023	6.23	3.73	3.83
2024	5.05	2.93	2.69

Note: See Census Divisions Tab for Wage Growth Data

2019 to 2024 Average	4.50	3.71	3.67

Note: BLS Data taken from link on Page 25 of Kehrwald Direct (Accessed May 28, 2025)

Month	South	West	Midwest	Northeast	South Atlantic	Mountain	East North Central	New England	East South Central	Pacific	West North Central	Middle Atlantic	West South Central	
Apr-05	3.50%	3.30%	3.40%	3.80%										
May-05	2.90%	2.80%	2.50%	3.20%										
Jun-05	2.70%	2.40%	2.50%	2.50%										
Jul-05	3.20%	3.00%	2.80%	3.40%										
Aug-05	3.70%	3.40%	3.50%	3.80%										
Sep-05	5.00%	4.10%	4.80%	4.80%										
Oct-05	4.80%	3.90%	4.10%	4.40%										
Nov-05	3.80%	3.20%	3.00%	3.70%										
Dec-05	3.70%	3.00%	3.20%	3.50%										
Jan-06	4.30%	3.70%	3.60%	4.10%										
Feb-06	3.80%	3.60%	3.00%	3.90%										
Mar-06	3.70%	3.40%	3.10%	3.30%										
Apr-06	4.00%	3.40%	2.80%	3.80%										
May-06	4.40%	4.10%	3.30%	4.60%										
Jun-06	4.50%	4.20%	3.40%	5.10%										
Jul-06	4.50%	4.10%	3.30%	4.60%										
Aug-06	4.10%	4.00%	2.80%	4.50%										
Sep-06	2.00%	3.00%	0.60%	2.60%										
Oct-06	1.10%	2.20%	0.10%	1.70%										
Nov-06	1.90%	2.40%	1.30%	2.30%										
Dec-06	2.50%	3.10%	1.70%	3.00%										2.42%
Jan-07	1.80%	3.00%	1.20%	2.30%										
Feb-07	2.20%	3.10%	2.00%	2.40%										
Mar-07	2.60%	3.40%	2.30%	2.60%										
Apr-07	2.50%	3.30%	2.30%	2.20%										
May-07	2.70%	3.00%	2.90%	2.30%										
Jun-07	2.70%	3.00%	2.70%	2.30%										
Jul-07	2.30%	2.80%	2.30%	2.00%										
Aug-07	2.00%	2.40%	1.80%	1.60%										
Sep-07	3.00%	2.50%	3.10%	2.40%										
Oct-07	3.80%	3.30%	3.70%	3.10%										
Nov-07	4.70%	4.20%	4.10%	4.00%										
Dec-07	4.40%	4.10%	3.80%	3.80%										2.68%
Jan-08	4.90%	3.80%	4.30%	3.90%										
Feb-08	4.60%	3.50%	3.80%	4.00%										
Mar-08	4.40%	3.70%	3.70%	3.90%										
Apr-08	4.20%	3.50%	4.00%	3.90%										
May-08	4.60%	3.70%	4.00%	4.30%										
Jun-08	5.30%	4.90%	4.90%	5.00%										
Jul-08	5.80%	5.30%	5.60%	5.70%										
Aug-08	5.60%	4.90%	5.40%	5.50%										
Sep-08	5.40%	4.30%	4.80%	5.20%										
Oct-08	3.90%	3.30%	3.30%	4.00%										
Nov-08	1.00%	1.00%	0.50%	1.70%										
Dec-08	0.00%	0.00%	-0.30%	0.70%										3.67%
Jan-09	-0.10%	0.10%	-0.30%	0.50%										
Feb-09	0.10%	0.30%	-0.20%	0.70%										
Mar-09	-0.30%	-0.50%	-0.80%	0.20%										
Apr-09	-0.70%	-0.70%	-1.50%	-0.10%										
May-09	-1.30%	-1.10%	-1.90%	-0.80%										
Jun-09	-1.40%	-1.40%	-1.70%	-1.20%										
Jul-09	-2.10%	-2.00%	-2.50%	-1.90%										
Aug-09	-1.60%	-1.30%	-1.80%	-1.20%										
Sep-09	-1.80%	-0.80%	-1.70%	-0.70%										
Oct-09	-0.40%	-0.30%	-0.20%	0.20%										
Nov-09	2.00%	1.20%	2.20%	2.00%										
Dec-09	2.90%	2.20%	3.00%	2.80%										-0.62%
Jan-10	2.80%	1.90%	2.90%	3.00%										
Feb-10	2.30%	1.40%	2.50%	2.50%										
Mar-10	2.50%	1.60%	2.60%	2.60%										
Apr-10	2.40%	1.50%	2.70%	2.50%										
May-10	2.00%	1.30%	2.40%	2.60%										
Jun-10	0.90%	0.60%	1.20%	1.70%										
Jul-10	1.00%	0.80%	1.70%	1.60%										
Aug-10	1.10%	0.70%	1.50%	1.40%										
Sep-10	1.40%	0.50%	1.60%	1.20%										
Oct-10	1.30%	0.60%	1.50%	1.50%										
Nov-10	1.10%	0.90%	1.20%	1.50%										
Dec-10	1.40%	1.30%	1.80%	1.60%										1.97%
Jan-11	1.70%	1.40%	1.90%	1.60%										
Feb-11	2.20%	1.90%	2.20%	2.00%										
Mar-11	2.80%	2.60%	2.70%	2.50%										
Apr-11	3.40%	3.00%	3.30%	2.80%										
May-11	4.00%	3.20%	3.80%	3.20%										
Jun-11	3.80%	3.10%	3.90%	3.40%										
Jul-11	4.10%	2.90%	3.80%	3.60%										
Aug-11	4.30%	3.00%	3.80%	3.80%										
Sep-11	4.10%	3.50%	3.90%	4.00%										
Oct-11	3.70%	3.40%	3.30%	3.60%										
Nov-11	3.80%	3.20%	3.30%	3.20%										
Dec-11	3.30%	2.70%	2.80%	2.90%										3.23%
Jan-12	3.20%	2.60%	2.80%	2.90%										
Feb-12	3.30%	2.50%	2.70%	2.80%										
Mar-12	2.80%	2.40%	2.80%	2.50%										
Apr-12	2.50%	2.10%	2.30%	2.30%										
May-12	1.60%	2.00%	1.50%	1.70%										
Jun-12	1.70%	2.00%	1.40%	1.50%										
Jul-12	1.40%	1.80%	1.30%	1.10%										
Aug-12	1.60%	2.10%	1.80%	1.30%										
Sep-12	2.10%	2.20%	1.90%	1.70%										
Oct-12	2.10%	2.50%	2.20%	1.90%										
Nov-12	1.60%	1.90%	1.80%	1.80%										
Dec-12	1.70%	1.70%	1.80%	1.80%										2.03%
Jan-13	1.60%	1.70%	1.30%	1.80%										
Feb-13	1.80%	2.00%	2.20%	2.00%										
Mar-13	1.50%	1.50%	1.40%	1.50%										
Apr-13	0.90%	1.30%	1.20%	1.10%										
May-13	1.30%	1.30%	1.80%	1.20%										
Jun-13	1.90%	1.50%	2.20%	1.50%										
Jul-13	2.20%	1.90%	1.80%	1.80%										
Aug-13	1.70%	1.50%	1.20%	1.50%										
Sep-13	1.30%	1.30%	1.00%	1.10%										
Oct-13	1.30%	0.90%	0.80%	0.70%										
Nov-13	1.50%	1.30%	1.00%	1.00%										
Dec-13	1.80%	1.80%	1.00%	1.30%										1.41%
Jan-14	1.70%	1.70%	1.40%	1.50%										
Feb-14	1.20%	1.30%	0.90%	1.00%										
Mar-14	1.50%	1.50%	1.50%	1.50%										
Apr-14	2.30%	1.80%	1.90%	1.60%										
May-14	2.40%	2.30%	1.60%	2.00%										
Jun-14	2.30%	2.30%	1.70%	1.90%										
Jul-14	2.00%	2.30%	1.80%	1.80%										
Aug-14	1.70%	2.10%	1.60%	1.30%										
Sep-14	1.70%	2.00%	1.60%	1.20%										
Oct-14	1.60%	2.00%	1.60%	1.40%										

Nov-14	1.30%	1.70%	1.20%	0.90%										
Dec-14	0.60%	1.30%	0.70%	0.40%										1.46%
Jan-15	-0.40%	0.70%	-0.30%	-0.40%										
Feb-15	-0.30%	0.90%	-0.50%	-0.20%										
Mar-15	-0.30%	1.10%	-0.90%	-0.40%										
Apr-15	-0.60%	1.00%	-1.10%	-0.30%										
May-15	-0.40%	1.20%	-0.80%	-0.30%										
Jun-15	-0.10%	1.10%	-0.70%	0.00%										
Jul-15	-0.10%	1.30%	-0.50%	-0.20%										
Aug-15	-0.20%	1.30%	-0.30%	-0.10%										
Sep-15	-0.40%	1.00%	-0.80%	-0.10%										
Oct-15	-0.10%	1.10%	-0.30%	-0.10%										
Nov-15	0.30%	1.50%	-0.20%	0.30%										
Dec-15	0.50%	1.80%	0.00%	0.50%										-0.53%
Jan-16	1.20%	2.60%	0.80%	0.70%										
Feb-16	0.70%	2.10%	0.40%	0.70%										
Mar-16	0.70%	1.50%	0.50%	0.60%										
Apr-16	0.90%	1.80%	0.80%	1.00%										
May-16	0.90%	1.50%	0.80%	0.90%										
Jun-16	0.80%	1.60%	0.80%	0.70%										
Jul-16	0.70%	1.40%	0.40%	0.80%										
Aug-16	1.00%	1.50%	0.60%	1.00%										
Sep-16	1.40%	2.00%	1.10%	1.30%										
Oct-16	1.50%	2.30%	1.00%	1.60%										
Nov-16	1.60%	2.30%	1.20%	1.60%										
Dec-16	2.00%	2.50%	1.80%	1.90%										0.85%
Jan-17	2.60%	2.50%	2.20%	2.50%										
Feb-17	2.80%	3.00%	2.40%	2.60%										
Mar-17	2.20%	3.10%	1.90%	2.20%										
Apr-17	2.00%	2.90%	1.80%	1.90%										
May-17	1.70%	2.60%	1.40%	1.70%										
Jun-17	1.50%	2.50%	0.90%	1.50%										
Jul-17	1.60%	2.50%	1.30%	1.30%										
Aug-17	1.90%	2.70%	1.50%	1.60%										
Sep-17	2.40%	2.90%	1.50%	1.90%										
Oct-17	2.00%	2.90%	1.50%	1.50%										
Nov-17	2.10%	3.10%	1.90%	1.60%										
Dec-17	1.80%	3.10%	1.70%	1.70%										1.67%
Jan-18	1.80%	3.10%	1.60%	1.60%										
Feb-18	2.10%	3.10%	1.70%	1.70%										
Mar-18	2.30%	3.20%	1.80%	2.00%										
Apr-18	2.40%	3.20%	1.80%	2.10%										
May-18	2.70%	3.50%	2.30%	2.50%										
Jun-18	2.70%	3.60%	2.50%	2.60%										
Jul-18	2.90%	3.60%	2.40%	2.70%										
Aug-18	2.40%	3.60%	2.10%	2.70%										
Sep-18	1.70%	3.40%	1.90%	2.20%										
Oct-18	2.10%	3.50%	2.20%	2.30%										
Nov-18	1.90%	3.30%	1.40%	1.90%										
Dec-18	1.50%	3.10%	1.30%	1.70%	2.00%	3.00%	1.20%	2.20%	0.90%	3.10%	1.30%	1.60%	1.00%	1.92%
Jan-19	1.20%	2.70%	0.80%	1.50%	1.50%	2.30%	0.80%	2.00%	0.60%	2.90%	0.80%	1.30%	0.80%	
Feb-19	1.10%	2.40%	1.30%	1.30%	1.50%	1.80%	1.40%	1.60%	0.70%	2.60%	0.90%	1.20%	0.70%	
Mar-19	1.60%	2.40%	1.70%	1.70%	2.00%	2.10%	1.70%	2.10%	1.00%	2.60%	1.50%	1.50%	1.40%	
Apr-19	1.80%	2.90%	1.50%	1.70%	2.30%	2.20%	1.50%	2.10%	0.70%	3.10%	1.70%	1.50%	1.40%	
May-19	1.40%	2.90%	1.30%	1.50%	1.90%	2.50%	1.30%	1.90%	0.30%	3.10%	1.40%	1.30%	1.00%	
Jun-19	1.10%	2.70%	1.20%	1.60%	1.60%	2.50%	1.20%	1.90%	0.30%	2.80%	1.30%	1.40%	0.70%	
Jul-19	1.40%	2.70%	1.50%	1.70%	1.90%	2.60%	1.60%	1.80%	0.50%	2.70%	1.20%	1.70%	1.00%	
Aug-19	1.40%	2.60%	1.50%	1.50%	1.80%	2.90%	1.70%	2.00%	0.60%	2.50%	1.10%	1.40%	0.90%	
Sep-19	1.30%	2.60%	1.40%	1.40%	1.70%	2.90%	1.60%	1.80%	0.50%	2.50%	1.10%	1.30%	1.00%	
Oct-19	1.30%	2.80%	1.50%	1.50%	1.80%	3.20%	1.80%	1.60%	0.20%	2.60%	0.90%	1.40%	1.00%	
Nov-19	1.60%	2.80%	1.90%	1.90%	2.00%	3.20%	2.00%	2.20%	0.70%	2.70%	1.80%	1.90%	1.30%	
Dec-19	2.10%	2.80%	2.30%	1.90%	2.50%	3.30%	2.40%	2.10%	1.50%	2.60%	2.10%	1.90%	1.80%	1.32% 1.49%
Jan-20	2.30%	2.90%	2.50%	2.30%	2.60%	3.80%	2.60%	2.20%	1.60%	2.60%	2.20%	2.40%	1.90%	
Feb-20	1.90%	3.10%	2.10%	2.40%	2.20%	4.00%	2.00%	2.50%	1.00%	2.80%	2.30%	2.30%	1.60%	
Mar-20	1.10%	2.50%	1.00%	1.70%	1.30%	3.20%	1.00%	1.50%	0.40%	2.20%	1.00%	1.80%	0.90%	
Apr-20	-0.20%	1.30%	-0.40%	0.80%	0.20%	2.10%	-0.50%	0.70%	-0.60%	0.90%	-0.30%	0.90%	-0.80%	
May-20	-0.40%	0.80%	-0.40%	0.60%	0.00%	1.30%	-0.30%	-0.10%	-0.70%	0.60%	-0.50%	0.90%	-1.00%	
Jun-20	0.30%	1.20%	0.40%	0.80%	0.80%	2.00%	0.50%	0.40%	-0.10%	0.90%	0.20%	0.90%	-0.40%	
Jul-20	0.60%	1.70%	0.70%	1.10%	0.90%	2.40%	0.80%	0.50%	0.60%	1.40%	0.50%	1.30%	0.00%	
Aug-20	1.10%	1.90%	1.10%	1.10%	1.50%	2.10%	1.20%	0.70%	1.00%	1.80%	0.90%	1.30%	0.40%	
Sep-20	1.30%	1.60%	1.30%	1.20%	1.80%	1.80%	1.20%	0.60%	1.20%	1.50%	1.40%	1.50%	0.60%	
Oct-20	1.30%	1.20%	1.00%	1.10%	1.70%	1.30%	0.90%	0.20%	1.30%	1.20%	1.30%	1.40%	0.40%	
Nov-20	1.20%	1.40%	1.00%	1.10%	1.60%	1.30%	0.80%	0.40%	1.20%	1.40%	1.50%	1.30%	0.40%	
Dec-20	1.40%	1.50%	1.10%	1.40%	1.60%	1.00%	0.80%	0.80%	1.70%	1.60%	1.80%	1.60%	0.80%	1.03% 0.95%
Jan-21	1.60%	1.40%	1.20%	1.10%	1.80%	1.20%	0.90%	0.60%	2.20%	1.50%	2.00%	1.30%	1.00%	
Feb-21	2.00%	1.60%	1.70%	1.20%	2.10%	1.50%	1.60%	0.70%	2.90%	1.60%	1.90%	1.40%	1.50%	
Mar-21	2.90%	2.40%	3.00%	2.10%	2.90%	2.50%	2.80%	1.80%	4.00%	2.40%	3.20%	2.20%	2.40%	
Apr-21	4.40%	3.90%	4.90%	3.30%	4.20%	4.20%	4.90%	2.70%	5.70%	3.80%	5.00%	3.50%	4.30%	
May-21	5.60%	4.70%	5.60%	3.90%	5.20%	5.20%	5.50%	3.60%	7.00%	4.50%	5.90%	4.00%	5.50%	
Jun-21	5.80%	5.10%	5.80%	4.60%	5.60%	5.10%	5.50%	4.00%	7.30%	5.20%	6.20%	4.80%	5.80%	
Jul-21	5.80%	5.20%	5.90%	4.30%	5.60%	5.60%	5.60%	4.20%	6.70%	5.00%	6.60%	4.40%	5.70%	
Aug-21	5.60%	5.00%	5.70%	4.40%	5.40%	5.70%	5.30%	4.10%	6.40%	4.80%	6.70%	4.50%	5.70%	
Sep-21	5.80%	5.30%	5.70%	4.60%	5.60%	6.00%	5.40%	4.10%	6.60%	5.00%	6.50%	4.70%	5.70%	
Oct-21	6.60%	6.00%	6.60%	5.40%	6.50%	7.00%	6.30%	5.60%	7.20%	5.60%	7.30%	5.40%	6.60%	
Nov-21	7.20%	6.50%	7.30%	6.00%	7.00%	7.70%	7.20%	6.10%	7.80%	6.10%	7.60%	5.90%	7.40%	
Dec-21	7.40%	7.10%	7.50%	5.90%	7.50%	8.60%	7.50%	6.20%	7.10%	6.50%	7.70%	5.80%	7.40%	5.55% 5.08%
Jan-22	7.80%	7.70%	7.90%	6.30%	7.90%	9.00%	7.90%	6.60%	6.90%	7.30%	7.90%	6.10%	7.80%	
Feb-22	8.40%	8.10%	8.00%	6.60%	8.60%	9.70%	7.90%	6.90%	7.40%	7.40%	8.20%	6.40%	8.50%	
Mar-22	9.10%	8.70%	8.60%	7.30%	9.20%	10.40%	8.50%	7.40%	7.90%	8.10%	8.60%	7.20%	9.50%	
Apr-22	8.80%	8.30%	8.20%	7.20%	8.80%	9.80%	8.10%	7.00%	7.80%	7.80%	8.50%	7.20%	9.30%	
May-22	9.20%	8.30%	8.80%	7.50%	9.20%	9.40%	8.80%	7.90%	7.70%	8.00%	8.80%	7.30%	9.90%	
Jun-22	9.80%	8.80%	9.50%	7.60%	9.80%	9.90%	9.80%	7.90%	8.40%	8.30%	8.80%	7.50%	10.60%	
Jul-22	9.40%	8.30%	8.60%	7.30%	9.50%	9.60%	8.80%	7.30%	8.00%	7.80%	8.10%	7.30%	9.70%	
Aug-22	8.90%	8.10%	8.10%	7.40%	9.00%	9.60%	8.40%	7.30%	7.50%	7.60%	7.60%	7.50%	9.40%	
Sep-22	8.70%	8.30%	8.10%	7.20%	8.80%	9.60%	8.40%	7.40%	7.40%	7.70%	7.50%	7.20%	9.10%	
Oct-22	8.10%	8.10%	7.40%	6.90%	8.30%	9.30%	7.80%	7.00%	6.80%	7.70%	6.60%	6.80%	8.40%	
Nov-22	7.70%	7.10%	6.80%	6.40%	8.10%	8.30%	7.10%	6.40%	6.30%	6.70%	6.10%	6.40%	7.40%	
Dec-22	7.00%	6.20%	6.00%	6.10%	7.30%	7.40%	6.20%	5.50%	6.50%	5.80%	5.70%	6.30%	6.70%	7.70% 8.00%
Jan-23	6.90%	6.30%	6.00%	6.00%	6.90%	7.20%	6.20%	5.50%	6.60%	6.00%	5.60%	6.30%	7.00%	
Feb-23	6.40%	6.00%	5.60%	5.90%	6.40%	6.70%	5.60%	5.10%	6.50%	5.70%	5.40%	6.20%	6.30%	
Mar-23	5.30%	5.10%	4.90%	4.30%	5.60%	6.00%	5.10%	3.60%	5.20%	4.80%	4.30%	4.60%	4.70%	
Apr-23	5.50%	4.90%	4.90%	3.80%	6.00%	5.60%	5.40%	3.80%	5.20%	4.60%	4.00%	3.90%	4.80%	
May-23	4.40%	4.50%	3.70%	3.10%	5.00%	5.10%	4.00%	2.40%	4.50%	4.30%	2.80%	3.30%	3.30%	
Jun-23	3.30%	3.50%	2.40%	2.20%	3.80%	3.70%	2.50%	1.80%	3.30%	3.40%	2.30%	2.40%	2.20%	
Jul-23	3.40%	3.50%	2.90%	2.60%	3.80%	3.50%	3.10%	2.10%	3.60%	3.50%	2.50%	2.80%	2.50%	
Aug-23	4.10%	3.90%	3.40%	2.80%	4.50%	3.60%	3.30%	2.30%	4.50%	4.00%	3.50%	3.00%	3.20%	
Sep-23	4.20%	3.90%	3.20%	3.00%	4.50%	3.80%	2.90%	2.50%	4.60%	4.00%	3.70%	3.20%	3.30%	
Oct-23	3.70%	3.30%	2.90%	2.70%	3.90%	3.10%	2.50%	2.00%	4.20%	3.40%	3.80%	2.90%	3.00%	
Nov-23	3.40%	3.30%	2.90%	2.50%	3.40%	2.90%	2.60%	2.00%	4.00%	3.50%	3.60%	2.80%	3.20%	
Dec-23	3.70%	3.60%	3.20%	2.60%	3.70%	3.00%	3.10%	2.30%	3.70%	3.80%	3.30%	2.70%	3.60%	3.73% 3.83%
Jan-24	3.40%	3.30%	2.70%	2.50%	3.50%	3.00%	2.50%	2.00%	3.60%	3.50%	3.00%	2.70%	3.20%	
Feb-24	3.70%	3.20%	2.80%	2.40%	3.90%	2.50%	2.60%	2.10%	3.50%	3.50%	3.00%	2.60%	3.50%	
Mar-24	3.80%	3.60%	2.80%	3.40%	3.90%	2.50%	2.60%	3.10%	4.00%	4.00%	3.40%	3.50%	3.60%	
Apr-24	3.30%	3.70%	2.80%	3.60%	3.30%	2.70%	2.50%	3.20%	3.90%	4.10%	3.40%	3.70%	3.10%	
May-24	3.20%	3.30%	2.70%	3.90%	3.10%	2.50%	2.40%	3.80%	3.70%	3.70%	3.40%	4.00%	3.10%	
Jun-24	2.90%	2.80%	2.50%	3.80%	2.90%	2.30%	2.20%	3.80%	3.40%	3.00%	3.00%	3.80%	2.70%	
Jul-24	2.90%	2.60%	2.70%	3.60%	3.00%	2.00%	2.40%	3.50%	3.20%	2.80%	3.30%	3.70%	2.50%	
Aug-24	2.30%	2.20%	2.60%	3.40%	2.40%	2.00%	2.50%	3.30%	2.90%	2.30%	2.80%	3.40%	1.70%	
Sep-24	2.10%	2.10%	2.50%	3.40%	2.10%	1.40%	2.60%	3.40%	3.20%	2.30%	2.30%	3.40%	1.70%	
Oct-24	2.50%	2.10%	2.60%	3.50%	2.50%	1.30%	2.70%	3.30%	3.50%	2.40%	2.20%	3.60%	2.10%	
Nov-24	2.70%	2.40%	2.60%	3.50%	2.70%	1.70%	2.70%	3.10%	4.00%	2.70%	2.40%	3.70%	2.00%	
Dec-24	2.80%	2.50%	3.00%	3.50%	2.90%	1.70%	3.10%	3.30%	4.10%	2.80%	3.00%	3.60%	1.90%	2.93% 2.69%
Jan-25	2.80%	2.40%	3.40%	3.70%	2.90%	1.40%	3.40%	4.00%	3.90%	2.80%	3.40%	3.60%	2.20%	
Feb-25	2.30%	2.60%	3.10%	3.90%	2.20%	1.80%	3.10%	4.50%	3.40%	2.90%	3.10%	3.60%	1.80%	
Mar-25	1.90%	2.20%	2.70%	3.20%	2.00%	1.30%	2.80%	3.20%	2.80%	2.60%	2.50%	3.20%	1.30%	
Apr-25	2.00%	2.10%	2.40%	3.10%	2.10%	1.20%	2.40%	3.00%	2.50%	2.50%	2.30%	3.20%	1.40%	

0.013166667	100	1.316666667
0.01025	100	1.025
0.0555	100	5.55
0.077	100	7.7
0.037333333	100	3.733333333
0.029333333	100	2.933333333

0.024166667	100	2.416666667
0.026833333	100	2.683333333
0.036666667	100	3.666666667
-0.006166667	100	-0.616666667
0.019666667	100	1.966666667
0.03225	100	3.225
0.02025	100	2.025
0.014083333	100	1.408333333
0.014583333	100	1.458333333
-0.005333333	100	-0.533333333
0.0085	100	0.85
0.016666667	100	1.666666667
0.019166667	100	1.916666667
0.014916667	100	1.491666667
0.0095	100	0.95
0.05075	100	5.075
0.08	100	8
0.038333333	100	3.833333333
0.026916667	100	2.691666667

Settlement Agreement - Attachment 3
Attachment C, CEO Overlap

CEO Overlap in Test Year Calculation:				
Greg Miller Expensed January 1 thru May 3, 2023			$	142,523.79
Ryan Hentges Expensed Salary March 6, 2023 - December 31, 2023			$	386,362.91
Total 2023 CEO Position			$	528,886.70
Total 2022 CEO Position			$	421,461.58
Increase YOY 2022 to 2023 CEO Position			$	107,425.12
Calculation Exhibit 1 Page 5 of 22 Overlap CEO Position:				
Greg Miller Salary used for Test Year Adjustment Calculation	$	414,100.00		
Days in Year		365		
Salary Per Day	$	1,134.52		
# of Days Overlapping		58		
Exhibit 1 Page 5 of 22 Overlap CEO Position			$	(65,802.00)
Total Test Year Increase for CEO Position			$	41,623.12

Settlement Agreement, Attachment 1
Attachment D, Support for Market Adjustments

	Effective Date	Annualized Salary	Title	Total Annual Increase
	3/3/2024	252,408.00	603 - Vice President Engineering	
462	6/9/2024	274,999.92	603 - Vice President Engineering	$ 22,591.92
735	3/3/2024	252,408.00	606 - Vice President Utility Services	
735	6/9/2024	274,999.92	606 - Vice President Utility Services	$ 22,591.92
831	3/3/2024	252,408.00	604 - Vice President Financial Services & CFO	
831	6/9/2024	294,999.90	604 - Vice President Financial Services & CFO	$ 42,591.90
861	3/3/2024	252,408.00	602B - Vice President Information Services & CI	
861	6/9/2024	260,000.00	602B - Vice President Information Services & CI	$ 7,592.00
932	3/3/2024	227,166.94	608 - Vice President Regulatory Services	
932	6/9/2024	270,000.12	608 - Vice President Regulatory Services	$ 42,833.18
948	3/3/2024	237,266.12	607 - Vice President Energy and Member Service	
948	6/9/2024	260,000.00	607 - Vice President Energy and Member Service	$ 22,733.88
1000	3/3/2024	239,201.04	655 - Vice President People & Culture	
1000	6/9/2024	249,999.88	655 - Vice President People & Culture	$ 10,798.84
				$171,733.64
Grade Change - Technical Adjustment - 3 Positions				$ 22,300.14
Director of Safety Services Re-Evaluation				$ 12,600.00
Total Position Reevaluation Adjustment				$206,633.78

Dakota Electric Association
TEST YEAR ADJUSTMENTS
ADJUSTMENTS TO PAYROLL
STAFFING CHANGES

		Net Days Vacant	Incremental Wages Test Year	Wage Adjustment [1]
			($)	($)
Staffing Changes during Test Year	Category			
Consumer Payment Representative	CA	66	11,197	5,599
Digital Content Specialist	CS	87	19,784	9,892
Distribution Systems Operator	DO	156	47,997	23,999
Distribution Systems Operator	DO	140	43,074	21,537
Distribution Systems Operator	DO	296	93,260	46,630
Electrical Engineer II	DO	31	10,319	5,160
Energy Services Representative	CS	240	59,836	29,918
Facilities Maintenance Technician Shift	AG	48	8,865	4,433
Human Resources Generalist	AG	148	28,384	14,192
Powerline Specialist Apprentice	DM	101	30,936	15,468
Powerline Specialist Apprentice	DM	143	66,175	33,088
Powerline Specialist Apprentice	DM	143	66,319	33,160
Powerline Specialist Apprentice	DM	264	95,009	47,505
Powerline Specialist Crew Chief	DM	365	111,800	55,900
Member Service Representatives	CS	613	103,994	51,997
Total Staffing Changes during Test Year		2,841	$ 796,949	$ 398,478
	FTEs	8		50%
Overlap and Eliminated Positions during Test Year				
Electrical Engineer III	AG	-198	(99,271)	(99,271)
Payroll/Capital Credit Representative	AG	-130	(22,054)	(22,054)
President & Chief Executive Officer	AG	-58	(65,802)	(65,802)
Total Overlap and Eliminated Positions During Test Year			(187,127)	(187,127)
			Booked in Test Year	
New Positions Added during Test Year				
Business Systems Analyst	CA		54,345	59,655
Grid Modernization Manager	DO		22,133	146,167
Human Resources Business Partner	AG		9,025	112,975
Learning and Development Specialist	AG		25,928	54,272
Plant Accountant	AG		1,534	78,466
Principal Data Analyst	AG		79,003	1,997
Vice President People & Culture	AG		47,890	182,110
Total New Positions Added during Test Year			239,858	635,642
New Positions Added after Test Year				
Associate Financial Analyst	AG			75,000
Communications Coordinator	CS			65,000
Development Operations Director	AG			142,200
Enterprise Systems Administrator	AG			125,900
Member Service Representatives	CS			123,843
Operational Safety Specialist	AG			125,000
Talent Acquisition Partner	AG			115,000
Total New Positions Added after Test Year				771,943

Net Adjustment to Payroll for Staffing Changes	**$ 1,618,936**

[1] Additional wages which would have been booked had the individual been employed for the entire Historical Year assuming an average of 8 FTEs unfilled.

Dakota Electric Association
TEST YEAR ADJUSTMENTS
ADJUSTMENTS TO PAYROLL
STAFFING CHANGES

		Net Days Vacant	Incremental Wages Test Year	Wage Adjustment [1]
			($)	($)
Staffing Changes during Test Year	Category			
Consumer Payment Representative	CA	66	11,197	
Digital Content Specialist	CS	87	19,784	9,892
Distribution Systems Operator	DO	156	47,997	23,999
Distribution Systems Operator	DO	140	43,074	21,537
Distribution Systems Operator	DO	296	93,260	46,630
Electrical Engineer II	DO	31	10,319	5,160
Energy Services Representative	CS	240	59,836	29,918
Facilities Maintenance Technician Shift	AG	48	8,865	
Human Resources Generalist	AG	148	28,384	14,192
Powerline Specialist Apprentice	DM	101	30,936	
Powerline Specialist Apprentice	DM	143	66,175	
Powerline Specialist Apprentice	DM	143	66,319	
Powerline Specialist Apprentice	DM	264	95,009	
Powerline Specialist Crew Chief	DM	365	111,800	
Member Service Representatives	CS	613	103,994	
Total Staffing Changes during Test Year		2,841	$ 796,949	$ 151,328
	FTEs	8		50%
Overlap and Eliminated Positions during Test Year				
Electrical Engineer III	AG	-198	(99,271)	(99,271)
Payroll/Capital Credit Representative	AG	-130	(22,054)	
President & Chief Executive Officer	AG	-58	(65,802)	(65,802)
Total Overlap and Eliminated Positions During Test Year			(187,127)	(165,073)
			Booked in Test Year	
New Positions Added during Test Year				
Business Systems Analyst	CA		54,345	59,655
Grid Modernization Manager	DO		22,133	146,167
Human Resources Business Partner	AG		9,025	112,975
Learning and Development Specialist	AG		25,928	54,272
Plant Accountant	AG		1,534	78,466
Principal Data Analyst	AG		79,003	1,997
Vice President People & Culture	AG		47,890	182,110
Total New Positions Added during Test Year			239,858	635,642
New Positions Added after Test Year				
Associate Financial Analyst	AG			75,000
Communications Coordinator	CS			65,000
Development Operations Director	AG			142,200
Enterprise Systems Administrator	AG			125,900
Member Service Representatives	CS			
Operational Safety Specialist	AG			125,000
Talent Acquisition Partner	AG			115,000
Total New Positions Added after Test Year				648,100

Net Adjustment to Payroll for Staffing Changes	**$ 1,269,997**

[1] Additional wages which would have been booked had the individual been employed for the entire Historical Year assuming an average of 8 FTEs unfilled.

Count of EE#	Column Labels								
Row Labels	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Grand Total**
Death				2			2		4
Involuntary				2		4	5	1	12
Retirement	15	11	2	26	15	2	3		74
Summer Help	2	2	3		2	2	3		14
Voluntary	5	6	4	6	11	12	8	3	55
Grand Total	**22**	**19**	**9**	**36**	**28**	**20**	**21**	**4**	**159**

Count of EE#	Column Labels								
Row Labels	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Grand Total**
H	**16**	**10**	**6**	**22**	**17**	**14**	**8**	**1**	**94**
Death				1			2		3
Involuntary				2		4			6
Retirement	10	5		14	10				39
Summer Help	2	2	3		2	2	3		14
Voluntary	4	3	3	5	5	8	3	1	32
S	**6**	**9**	**3**	**14**	**11**	**6**	**13**	**3**	**65**
Death				1					1
Involuntary							5	1	6
Retirement	5	6	2	12	5	2	3		35
Voluntary	1	3	1	1	6	4	5	2	23
Grand Total	**22**	**19**	**9**	**36**	**28**	**20**	**21**	**4**	**159**

Row Labels	Count of EE#
2018	18
2019	22
2020	8
2021	22
2022	23
2023	34
2024	29
2025	5
Grand Total	**161**

Row Labels	Count of EE#
H	**91**
2018	13
2019	11
2020	6
2021	13
2022	16
2023	19
2024	13
S	**70**
2018	5
2019	11
2020	2
2021	9
2022	7
2023	15
2024	16
2025	5
Grand Total	**161**

Sum of Count	Column Labels																
Row Labels	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**1Q Avg**	**2Q Avg**	**3Q Avg**	**4Q Avg**	**Total Avg**
Hourly																	
2018	107	112	106	105	111	108	108	107	106	105	113	112	108	108	107	110	108
2019	112	106	105	109	107	110	107	106	106	109	107	109	108	109	106	108	108
2020	106	106	105	107	106	102	108	104	104	103	102	104	106	105	105	103	105
2021	106	104	99	102	99	98	100	98	101	97	100	102	103	100	100	100	101
2022	102	100	102	100	100	97	99	99	99	102	99	101	101	99	99	101	100
2023	104	95	97	98	96	96	90	92	94	100	98	100	99	97	92	99	97
Salary																	
2018	83	83	83	84	84	85	82	82	83	83	83	84	83	84	82	83	83
2019	86	82	85	82	83	85	84	83	83	82	84	85	84	83	83	84	84
2020	86	84	84	83	84	85	87	89	88	88	87	88	85	84	88	88	86
2021	89	87	87	87	89	90	90	88	89	89	87	88	88	89	89	88	88
2022	89	84	86	86	86	85	86	88	86	85	84	83	86	86	87	84	86
2023	85	82	82	83	82	85	86	86	89	88	89	91	83	83	87	89	86

Date	Count	Hourly or Salary	Month	Year
1/1/2018	83	Salary	1	2018
2/1/2018	83	Salary	2	2018
3/1/2018	83	Salary	3	2018
4/1/2018	84	Salary	4	2018
5/1/2018	84	Salary	5	2018
6/1/2018	85	Salary	6	2018
7/1/2018	82	Salary	7	2018
8/1/2018	82	Salary	8	2018
9/1/2018	83	Salary	9	2018
10/1/2018	83	Salary	10	2018
11/1/2018	83	Salary	11	2018
12/1/2018	84	Salary	12	2018
1/1/2019	86	Salary	1	2019
2/1/2019	82	Salary	2	2019
3/1/2019	85	Salary	3	2019
4/1/2019	82	Salary	4	2019
5/1/2019	83	Salary	5	2019
6/1/2019	85	Salary	6	2019
7/1/2019	84	Salary	7	2019
8/1/2019	83	Salary	8	2019
9/1/2019	83	Salary	9	2019
10/1/2019	82	Salary	10	2019
11/1/2019	84	Salary	11	2019
12/1/2019	85	Salary	12	2019
1/1/2020	86	Salary	1	2020
2/1/2020	84	Salary	2	2020
3/1/2020	84	Salary	3	2020
4/1/2020	83	Salary	4	2020
5/1/2020	84	Salary	5	2020
6/1/2020	85	Salary	6	2020
7/1/2020	87	Salary	7	2020
8/1/2020	89	Salary	8	2020
9/1/2020	88	Salary	9	2020
10/1/2020	88	Salary	10	2020
11/1/2020	87	Salary	11	2020
12/1/2020	88	Salary	12	2020
1/1/2021	89	Salary	1	2021
2/1/2021	87	Salary	2	2021
3/1/2021	87	Salary	3	2021
4/1/2021	87	Salary	4	2021
5/1/2021	89	Salary	5	2021
6/1/2021	90	Salary	6	2021
7/1/2021	90	Salary	7	2021
8/1/2021	88	Salary	8	2021
9/1/2021	89	Salary	9	2021
10/1/2021	89	Salary	10	2021
11/1/2021	87	Salary	11	2021
12/1/2021	88	Salary	12	2021
1/1/2022	89	Salary	1	2022
2/1/2022	84	Salary	2	2022
3/1/2022	86	Salary	3	2022
4/1/2022	86	Salary	4	2022

Settlement Agreement - Attachment 1
Attachment G, FTE Counts 2018-2023

Date	Count	Hourly or Salary	Month	Year
5/1/2022	86	Salary	5	2022
6/1/2022	85	Salary	6	2022
7/1/2022	86	Salary	7	2022
8/1/2022	88	Salary	8	2022
9/1/2022	86	Salary	9	2022
10/1/2022	85	Salary	10	2022
11/1/2022	84	Salary	11	2022
12/1/2022	83	Salary	12	2022
1/1/2023	85	Salary	1	2023
2/1/2023	82	Salary	2	2023
3/1/2023	82	Salary	3	2023
4/1/2023	83	Salary	4	2023
5/1/2023	82	Salary	5	2023
6/1/2023	85	Salary	6	2023
7/1/2023	86	Salary	7	2023
1/1/2018	107	Hourly	1	2018
2/1/2018	112	Hourly	2	2018
3/1/2018	106	Hourly	3	2018
4/1/2018	105	Hourly	4	2018
5/1/2018	111	Hourly	5	2018
6/1/2018	108	Hourly	6	2018
7/1/2018	108	Hourly	7	2018
8/1/2018	107	Hourly	8	2018
9/1/2018	106	Hourly	9	2018
10/1/2018	105	Hourly	10	2018
11/1/2018	113	Hourly	11	2018
12/1/2018	112	Hourly	12	2018
1/1/2019	112	Hourly	1	2019
2/1/2019	106	Hourly	2	2019
3/1/2019	105	Hourly	3	2019
4/1/2019	109	Hourly	4	2019
5/1/2019	107	Hourly	5	2019
6/1/2019	110	Hourly	6	2019
7/1/2019	107	Hourly	7	2019
8/1/2019	106	Hourly	8	2019
9/1/2019	106	Hourly	9	2019
10/1/2019	109	Hourly	10	2019
11/1/2019	107	Hourly	11	2019
12/1/2019	109	Hourly	12	2019
1/1/2020	106	Hourly	1	2020
2/1/2020	106	Hourly	2	2020
3/1/2020	105	Hourly	3	2020
4/1/2020	107	Hourly	4	2020
5/1/2020	106	Hourly	5	2020
6/1/2020	102	Hourly	6	2020
7/1/2020	108	Hourly	7	2020
8/1/2020	104	Hourly	8	2020
9/1/2020	104	Hourly	9	2020
10/1/2020	103	Hourly	10	2020
11/1/2020	102	Hourly	11	2020
12/1/2020	104	Hourly	12	2020
1/1/2021	106	Hourly	1	2021
2/1/2021	104	Hourly	2	2021
3/1/2021	99	Hourly	3	2021

Settlement Agreement - Attachment 1
Attachment G, FTE Counts 2018-2023

Date	Count	Hourly or Salary	Month	Year
4/1/2021	102	Hourly	4	2021
5/1/2021	99	Hourly	5	2021
6/1/2021	98	Hourly	6	2021
7/1/2021	100	Hourly	7	2021
8/1/2021	98	Hourly	8	2021
9/1/2021	101	Hourly	9	2021
10/1/2021	97	Hourly	10	2021
11/1/2021	100	Hourly	11	2021
12/1/2021	102	Hourly	12	2021
1/1/2022	102	Hourly	1	2022
2/1/2022	100	Hourly	2	2022
3/1/2022	102	Hourly	3	2022
4/1/2022	100	Hourly	4	2022
5/1/2022	100	Hourly	5	2022
6/1/2022	97	Hourly	6	2022
7/1/2022	99	Hourly	7	2022
8/1/2022	99	Hourly	8	2022
9/1/2022	99	Hourly	9	2022
10/1/2022	102	Hourly	10	2022
11/1/2022	99	Hourly	11	2022
12/1/2022	101	Hourly	12	2022
1/1/2023	104	Hourly	1	2023
2/1/2023	95	Hourly	2	2023
3/1/2023	97	Hourly	3	2023
4/1/2023	98	Hourly	4	2023
5/1/2023	96	Hourly	5	2023
6/1/2023	96	Hourly	6	2023
7/1/2023	90	Hourly	7	2023
8/1/2023	92	Hourly	8	2023
9/1/2023	94	Hourly	9	2023
10/1/2023	100	Hourly	10	2023
11/1/2023	98	Hourly	11	2023
12/1/2023	100	Hourly	12	2023
8/1/2023	86	Salary	8	2023
9/1/2023	89	Salary	9	2023
10/1/2023	88	Salary	10	2023
11/1/2023	89	Salary	11	2023
12/1/2023	91	Salary	12	2023

The Minnesota Rural Electric Association (MREA) is the statewide organization representing electric cooperatives in the state of Minnesota. MREA works onsite with cooperative employees to provide key safety training, observations, and inspections. MREA provides education and training resources to member cooperative directors, managers and employees. MREA also provides learning opportunities to help electric cooperative board members successfully meet their fiduciary responsibility to oversee their member-owned cooperative.

In terms of member/ratepayer benefit, MREA provides training and assistance on topics across all areas of utility operation. Since our last general rate case, Dakota Electric employees and Board Members participated in a wide range of workshops, seminars, and trainings.[1] Dakota Electric discusses the various benefits and a subset of trainings below. This is not an exhaustive list of MREA trainings that Dakota Electric attended.

With respect to conferences, safety trainings, and safety audits, Dakota Electric's membership in MREA includes:

- 5 safety training days at Dakota Electric headquarters and annual safety audits at no incremental cost.
  - Non-members do have access to these safety trainings and safety audits at a non-member cost of service rate.
- Access to and discounted conference and training attendance for MREA conferences/trainings.
  - Each member attending a conference is charged a fee to attend in addition to membership dues. The membership conference rate is discounted compared to the rate charged to non-members.
  - Most conferences are not open to non-members. For conference that are open to non-members, those attendees pay a cost of service rate to attend, which is higher than the rate for members.

<u>Safety</u>

A core value at Dakota Electric is the safety of our employees and the public. To accomplish this, a wide range of training and continuous improvement takes place. MREA provides industry-specific courses that assist us with the training component of our business. While many of the courses help satisfy compliance components laid out by OSHA or other agencies, having well-trained employees also benefits our members by ensuring safe, reliable power delivery. Nearly

[1] See Attachment A.

every cooperative in the state of Minnesota utilizes MREA for safety training because the quality of service they provide.

Outlined below are Dakota Electric's MREA-provided safety training topics for 2022 through 2024 and a benefits summary of each.

2022

Annual Safety Suite – This training satisfies an OSHA annual training requirement (Right to Know, Bloodborne Pathogens, Fire Extinguisher). This training is important for workplace safety and required to ensure continued OSHA compliance.

Load Securement - In 2018, a 1,100-pound boulder bounced out of a dump truck in Rosemount, MN, resulting in the death of a mom and daughter when it struck their vehicle (this was not related to Dakota Electric). While Dakota Electric has historically focused on load securement, this was a reminder of how important load securement is for members of the public, including our members. This training was two-fold – it provided the requirements of load securement, including teaching proper technique to prevent the Cooperative from being involved in an incident like the one in Rosemount. It also has potential cost and risk savings as fines from improper load securement are quite steep (and rightfully so), and the cost of an accident is extremely high.

Digger Derrick Safe Operations – A digger derrick is a truck used to set power poles. Whether routine line construction, rebuild, or storm restoration, being properly trained on the operation of this truck is important to the safety of the crew members on the ground, as well as ensuring the efficient restoration of power when a storm damages poles or other equipment.

Forklift and Skidsteer Safety Review – Forklift refresher training is required to be taken every 3 years. MREA provides this training to Dakota Electric operators. To make this training even more impactful, MREA conducted a skidsteer review as well. This is especially important, as a short time ago, at a neighboring cooperative, an employee was fatally injured because of a skidsteer accident. This training hit on safety features and safe operations of both units. It also ensured compliance with the 3-year forklift refresher.

Crew Observations- MREA staff go into the field and observe crews at work. This helps get an outside perspective on safe work practices and allows MREA to evaluate what future training may be beneficial to cooperatives.

2023

Formal Accident Investigation - This training provides tools for investigating the root cause of an accident. The ability to investigate an accident provides several benefits. The most important benefit is the prevention of other accidents before they occur. . The other aspect is properly investigating to avoid future legal action against the cooperative. Getting in touch with the correct people, and documenting events, is important to protect the cooperative from potential legal action.

Competent Person Training – This is training required by OSHA. Without it, DEA would be subject to a fine. Competent person training is a key in preventing trench collapse. With the amount of underground installations on the Dakota Electric system, this is especially important. A large percentage of trench collapses result in serious injuries or fatalities, which Dakota Electric has an obligation to prevent.

CTs (Current Transformer) & PTs (Potential Transformer) Safety - Metering is important not only for measuring a member's bill accurately, but it can be dangerous if not done properly. The metering location provides a risk of arc flash if not installed properly. This training ensured proper installation for both accuracy and safety.

Voltage Troubleshooting – This training was aimed at preventing members from experiencing poor power quality or damaging voltage. In the age of work-from-home and increased reliance on electricity, this also trains on efficiencies to help get power restored quickly and safely.

Hearing Conservation – As with most trades, tools and equipment used by our employees can be quite loud. OSHA cites the general duty clause in setting the expectation that employers address any workplace hazard they identify. With loud equipment, Dakota Electric has developed a hearing protection program, and this training assists in training employees about proper hearing protection.

2024

Crew Observation - MREA staff go into the field and observe crews at work. This helps get an outside perspective on safe work practices, as well as allowing MREA to evaluate what future training may be beneficial to the cooperative.

Bucket Truck Operations – The most widely used tool in our industry is the bucket truck. The safe, efficient operation of a bucket truck is paramount in serving our members. Crews must understand the truck's capabilities and functions to safely build and maintain overhead powerlines.

Safety Culture – The cornerstone of safety is the organization's overall safety culture. Buy-in is very important and this training helped cement the importance of safety culture to get everyone home healthy and safe, every day.

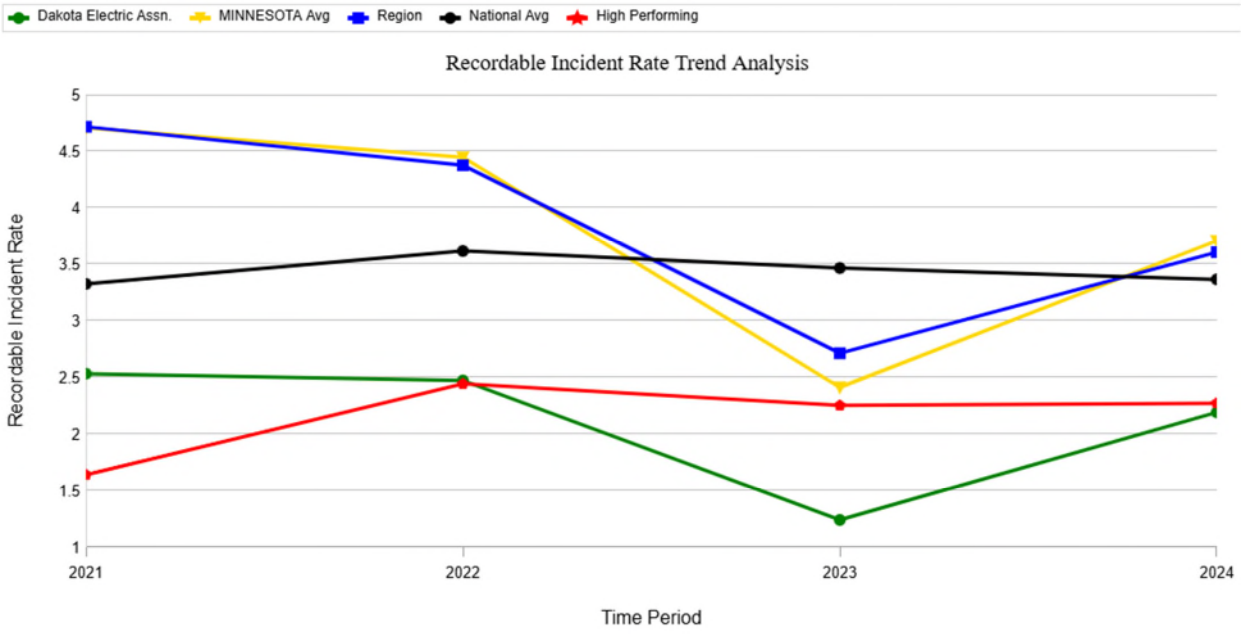
Hazard Recognition – Recognizing a hazard and putting in a control is a proactive approach to safety. Hazard recognition involves identifying workplace hazards, as well as hazards that pose a threat to the public. Employees are trained in recognizing hazards to both protect themselves as well as our members as they make their way through the community.

Annual Safety Suite - This training satisfies an OSHA requirement of "annual right to know" training. If this training is not taken annually, Dakota Electric is subject to OSHA fines. OSHA has determined that this training is important to take place annually, as it ensures a safe workplace.

Committed to Zero Contacts – MREA facilitates a national program called Committed to Zero Contacts. Contact injuries are the costliest injury to the employee as well as the Cooperative. A contact injury typically will have a lifelong impact on an individual, so the industry is committed to reducing and essentially eliminating these types of accidents. For this reason, the Cooperative decided to enter into the *Committed to Zero Contacts* initiative with the help of the MREA.

Rural Electric Safety Achievement Program (RESAP) – RESAP is a NRECA program that MREA administers. It is essentially a workplace inspection done by peers from other cooperatives. This ensures OSHA compliance and also reviews industry best practices. It is essential in benchmarking with others in the industry and allows for growth in both safety and efficiency. This is a continuous improvement program that includes an inspection every 3 years, and 2 years of action based on inspection results.

The green line shows DEA's recordable incident rate. This graph compares DEA to others in the industry. As shown in the graph, Dakota Electric consistently sees a low rate of injury – this is, in part, due to well-trained employees. We use these data to evaluate the effectiveness of training, such as MREA training, and have made the determination that the product MREA delivers has significant quality and impact and provide tangible value to the membership/ratepayers.



Average number of systems reporting for selected time period

High Performing: 274 **National:** 654 **Regional:** 76 **Statewide:** 40

Engineering

MREA Engineering & Operations Conference & Tradeshow – Historically, between four and eight staff from Engineering attend this conference every year. This annual conference is a venue for the co-op engineering and operations professionals to learn about best practices and emerging issues, obtain valuable tools to enhance operations, and have the opportunity to network and share lessons learned and experiences with others from around the state. There is opportunity to share and discover programs that are successful for other cooperatives. Good practices, education about new practices and tools in system design, and updates on rules and regulations are reviewed. Dakota Electric has specifically benefitted from this course by making improvements to our standards regarding design and planning to accommodate electric vehicles and other beneficial electrification.

MREA Work Order Procedures – Staff from Finance & Engineering attended this course which discusses the process and importance regarding the work order process. This course stresses the importance of the work order process and asks staff to think about their eventual impact on the cost of Total Utility Plant and the recovery of that plant through the rates of the system's members. This workshop provides an overall

understanding of the Work Order system, how investments gets paid for, and an exploration of numerous components within the Work Order system.

Finance

Finance staff regularly interacts with MREA on relevant topics including the annual finance managers meeting held each summer. This meeting allows finance professionals from cooperatives across the state to exchange ideas and also get instructions and presentations on relevant topics. In particular, at the 2023 finance manager's conference there was a presentation regarding tax and accounting surrounding advanced metering equipment. As a result of this conference, finance staff became aware that Dakota Electric may have inadvertently been overpaying sales tax on certain equipment associated with our AGi Project. The Cooperative explored this in greater detail and determined that certain equipment was exempt, and we petitioned the Minnesota Department of Revenue for a refund on October 27, 2023. On January 16, 2024, the Minnesota Department of Revenue concluded that we overpaid sales taxes and issued a refund of $1,702,375.72. As noted in Docket No. E111/M-24-71, we returned $1,193,713.94 of this refund to members through a revision to the 2024 AGi Rider and the remainder through our Resource and Tax Adjustment (RTA) for 2025 (Docket No. E111/M-25-42).

2019

Workshop	**Month**
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Member Services Conference	January
Member Services Conference	January
Member Services Conference	January
Member Services Conference	January
Vegetation Management Roundtable	January
Annual Meeting	February
Annual Meeting	February
Annual Meeting	February
Annual Meeting	February
Annual Meeting	February
BLC 975.1	February
Line Superintendent Conference	February
Line Superintendent Conference	February
Finance Manager Conference	April
Finance Manager Conference	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Communicators Network	June
Member Services Conference	June
Member Services Conference	June
Board Chair Roundtable	August
Board Chair Roundtable	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
New Director Orientation	August
Finance Manager Conference	August
Finance Manager Conference	August
Line Superintendent Conference	August
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Designated Employer Representative (DER)Training	October
Designated Employer Representative (DER)Training	October

2019

Workshop	**Month**
CFC Director Workshop	December
Safety Conference	December

2020

Workshop	**Month**
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Line Superintendent Conference	January
Line Superintendent Conference	January
Vegetation Management Roundtable	February
Vegetation Management Roundtable	February
Energy Issues Summit - Live Stream	August
Energy Issues Summit - Live Stream	August
Finance Manager Conference	August
Finance Manager Conference	August
Finance Manager Conference	August
Engineers & Operations Conference - Virtual	September
Engineers & Operations Conference - Virtual	September
Engineers & Operations Conference - Virtual	September
BLC 977.1	November

2021

Workshop	**Month**
virtual Financial Webinar Series	all year
BLC 964.1 - virtual	January
BLC 964.1 - virtual	January
Vegetation Management Roundtable - virtual	February
Annual Meeting	March
Annual Meeting	March
Work Order Procedures - virtual	March
Work Order Procedures - virtual	March
Work Order Procedures - virtual	March
Work Order Procedures - virtual	March
Work Order Procedures - virtual	March
Work Order Procedures - virtual	March
Finance Manager Conference	April
Finance Manager Conference	April
Finance Manager Conference	April
Finance Manager Conference	April
Finance Manager Conference	April
Member Services Conference - Virtual	June
Member Services Conference - Virtual	June
Board Chair roundtable	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Finance Manager Conference	August
Finance Manager Conference	August
Finance Manager Conference	August
Finance Manager Conference	August
Line Superintendent Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Safety Conference	December
Joint Transformer Workshop	December
Joint Transformer Workshop	December
Joint Transformer Workshop	December
Joint Transformer Workshop	December
Joint Transformer Workshop	December
IT Users Group - Virtual	December
IT Users Group - Virtual	December
IT Users Group - Virtual	December

2022

Workshop	**Month**
Vegetation Management Roundtable - virtual	February
Line Superintendent Conference	February
Annual Meeting	March
Annual Meeting	March
Annual Meeting	March
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Pre-Conference - Depreciation	April
Pre-Conference - Depreciation	April
DEI Summit	April
Finance Manager Conference	April
Finance Manager Conference	April
Finance Manager Conference	April
Finance Manager Conference	April
Work Order Procedures - virtual	May
Designated Employer Representative (DER)Training	May
Designated Employer Representative (DER)Training	May
Reasonable Suspicion	May
Reasonable Suspicion	May
Reasonable Suspicion	May
Reasonable Suspicion	May
Reasonable Suspicion	May
Reasonable Suspicion	May
Joint Underground School	May
Joint Underground School	May
Joint Underground School	May
Joint Underground School	May
Joint Underground School	May
Member Services Conference	June
Member Services Conference	June
Member Services Conference	June
Collections & Disconnect conference	June
Collections & Disconnect conference	June
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Finance Manager Conference	August
Finance Manager Conference	August
Finance Manager Conference	August
Finance Manager Conference	August

2022

Workshop	**Month**
Line Superintendent Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Communicators Network	November
Communicators Network	November
Media Training	November
Safety Conference	December

2023

Workshop	**Month**
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Lineworker Training Conference	January
Line Superintendent Conference	January
Line Superintendent Conference	January
Vegetation Management Roundtable	February
Annual Meeting	February
Annual Meeting	February
Annual Meeting	February
Annual Meeting	February
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
Rosemount Hotline School	April
NESC Update	April
Finance Manager Conference	April
Finance Manager Conference	April
Finance Manager Conference	April
Office Support Professional Conference	May
Joint Underground School	May
Joint Underground School	May
Joint Underground School	May
Joint Underground School	May
Member Services Conference	June
Collections & Disconnect conference	June
Collections & Disconnect conference	June
New Director Orientation	August
BLC 979.1	August
Energy Issues Summit	August
Energy Issues Summit	August
Energy Issues Summit	August
Finance Manager Conference	August
Finance Manager Conference	August
Line Superintendent Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Engineers & Operations Conference	September

2023

Workshop	**Month**
Engineers & Operations Conference	September
Engineers & Operations Conference	September
Work Order Procedures	November
IT Users Group	December
Safety Conference	December

2024

Workshop	**Month**	**Descriptions**
Lineworker Training Conference	January	This conference offers numerous technical and safety related presentations and information and training on the latest tools and equipment
Lineworker Training Conference	January	
Lineworker Training Conference	January	
Lineworker Training Conference	January	
Foreman Conference	January	This conference addresses safety practices, management techniques, and crew leadership
Foreman Conference	January	
Foreman Conference	January	
Foreman Conference	January	
BLC 950.1	January	
Line Superintendent Conference	February	
Line Superintendent Conference	February	
Line Superintendent Conference	February	
Vegetation Management Roundtable	February	A forum for vegetation management professionals to share best practices and network with peers.
Vegetation Management Roundtable	February	
Annual Meeting	February	
Annual Meeting	February	
Annual Meeting	February	
Annual Meeting	February	
CFC Compass Training	April	Covers topics related to financial forecasting, analysis, and reporting for electric distribution cooperatives
Finance Manager Conference	April	Covers a range of topics relevant to the financial management of rural electric cooperatives
Finance Manager Conference	April	
Finance Manager Conference	April	
Finance Manager Conference	April	
Rosemount Hotline School	April	Hot Line School is a specialized training program that focuses on teaching individuals the skills and safety procedures necessary for working on energized (hot) electrical power lines.
Rosemount Hotline School	April	
Rosemount Hotline School	April	
Rosemount Hotline School	April	
Work Order Procedures	May	

2024

Workshop	Month	Descriptions
Joint Underground School	May	Covers a range of practical topics related to underground utility work, including equipotential grounding, cable pulling, directional drill operation, troubleshooting and fault-finding primary cable, and 600-amp terminations
Joint Underground School	May	
Joint Underground School	May	
Collections & Disconnect conference	June	
Member Services Conference	June	
Member Services Conference	June	
Member Services Conference	June	
Board Chair Roundtable	August	
Board Chair Roundtable	August	
Energy Issues Summit	August	Focuses on critical topics within the energy industry such as grid modernization, energy storage, electric vehicles, federal infrastructure funding, net metering, energy reliability, and the transition to a more sustainable energy future.
Energy Issues Summit	August	
Pre-Conference NISC update	August	
Pre-Conference NISC update	August	
Pre-Conference NISC update	August	
Finance Manager Conference	August	
Finance Manager Conference	August	
Finance Manager Conference	August	
Finance Manager Conference	August	
Line Superintendent Conference	September	
Executive & Administration Summit	September	
Engineers & Operations Conference	September	Venue for co-op engineering and operations professionals to learn about best practices and emerging issues, obtain valuable tools to enhance operations
Engineers & Operations Conference	September	
Engineers & Operations Conference	September	
Engineers & Operations Conference	September	
Engineers & Operations Conference	September	
Engineers & Operations Conference	September	
Joint Transformer School	November	Covers a wide range of topics related to transformers, including basic and intermediate metering, overhead and underground systems, and transformer connections
Joint Transformer School	November	

2024

Workshop	**Month**	**Descriptions**
Joint Transformer School	November	
Joint Transformer School	November	
Joint Transformer School	November	
Safety Conference	December	
Safety Conference	December	

In the Matter of the Application of Dakota Electric Association for Authority to Increase Rates for Electric Service in Minnesota

CAH Docket No. 65-2500-40635
MPUC Docket No. E-111/GR-24-400

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 13th day of August, 2025, on behalf of Dakota Electric Association, the Department of Commerce, Division of Energy Resources, and the Office of the Attorney General – Residential Utilities Division, I electronically filed a true and correct copy of the enclosed Joint Proposed Findings of Fact, Conclusions of Law, and Recommendation on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 13th day of August 2025.

/s/ Kristin M. Stastny
Kristin M. Stastny

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Jorge	Alonso	jorge.alonso@state.mn.us		Public Utilities Commission	121 7th Place East Suite 350 St. Paul MN, 55101 United States	Electronic Service		No	24-400 Official CC Service List
2	Katherine	Arnold	katherine.arnold@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		No	24-400 Official CC Service List
3	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		No	24-400 Official CC Service List
4	Eric	Fehlhaber	efehlhaber@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	24-400 Official CC Service List
5	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	24-400 Official CC Service List
6	Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	24-400 Official CC Service List
7	Katherine	Hinderlie	katherine.hinderlie@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	445 Minnesota St Suite 1400 St. Paul MN, 55101-2134 United States	Electronic Service		No	24-400 Official CC Service List
8	Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association		4300 220th Street Farmington MN, 55024-9583 United States	Electronic Service		No	24-400 Official CC Service List
9	Amrit	Hundal	amrit.hundal@ag.state.mn.us		Office of the Attorney General - Department of Commerce		Electronic Service		No	24-400 Official CC Service List
10	Ann	O'Reilly	ann.oreilly@state.mn.us		Office of Administrative Hearings	PO Box 64620 St. Paul MN, 55101 United States	Electronic Service		Yes	24-400 Official CC Service List
11	Wendy	Raymond	wendy.raymond@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	445 Minnesota Street Suite 600 St. Paul MN, 55101 United States	Electronic Service		No	24-400 Official CC Service List
12	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		No	24-400 Official CC Service List
13	Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates		7400 Lyndale Ave S Ste 190 Richfield MN, 55423 United States	Electronic Service		Yes	24-400 Official CC Service List

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
14	Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP		2200 IDS Center 80 South 8th Street Minneapolis MN, 55402 United States	Electronic Service		No	24-400 Official CC Service List
15	Godwin	Ubani	godwin.ubani@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		No	24-400 Official CC Service List