

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities Co.
Applied Blockchain – Dickey County
Public Convenience and Necessity**

**Case Nos. PU-22-370
PU-22-366**

**DAKOTA VALLEY ELECTRIC COOPERATIVE, INC.'S REPLY TO MONTANA-DAKOTA UTILITIES
CO.'S CLOSING ARGUMENT AND PROPOSED FINDINGS**

[1] Dakota Valley Electric Cooperative, Inc., by and through its counsel Kimberly J. Radermacher, submits the following reply to Montana-Dakota Utilities Co.'s closing argument and proposed findings of fact, conclusions of law and order. submitted in these matters.

[2] Dakota Valley stands by its original position taken in its principal brief and therefore does not intend to waste the Commission's time by reiterating most of the arguments that have already been made. However, Dakota Valley does have a few issues of contention with MDU's closing brief and proposed findings.

[3] On page 2, under customer preference, MDU stated that "Dakota Valley and Basin Electric Power Cooperative ("Basin") have shown no interest in working with Applied on this project." This statement is a complete fabrication and is not in line with the evidence that was presented at the hearing. Etienne Snyman from Applied testified that he never specifically reached out to Dakota Valley until October 11, 2022. By that time, Applied had already entered into an ESA with MDU (dated September 1, 2022) and the requests for temporary authority by MDU had already been filed with the Commission. At the time of contact, litigation in these matters had already been commenced. Even so, Dakota Valley officials were still willing to have a conference call with Applied to discuss options. Unfortunately, on the date of the call, Dakota Valley was still in the process of identifying and/or developing a rate that it could even offer Applied. Furthermore, Applied

wouldn't even discuss specifics with Dakota Valley without having a non-disclosure agreement in place, which slowed down progress even further. The fact is that Dakota Valley would love to work with Applied on providing electrical service to this site and others, as has been shown by its willingness to fight for this load. There has never been a lack of responsiveness or interest in the project by Dakota Valley. As to Basin, testimony showed that Basin Electric is a generation, not a distribution, cooperative. It sells its electricity to transmission entities, such as Central Power, who in turn sell it to the distribution cooperatives. Basin, Central Power and Dakota Valley are separate and distinct entities. Basin cannot speak on behalf of Dakota Valley any more than Dakota Valley can speak on behalf of Basin. With that said, the contact that was attempted by Applied with Basin was feeble at best. Snyman testified he reached out to one Basin representative via LinkedIn on at least two occasions. There are several hundred employees at Basin and in an era where spoofers, scammers and schemers are the technological norm, one with enough business acumen would know that placing a call or sending a letter or email to one or more individuals within Basin would have likely prompted more of a response. During the times that were the most crucial to this case, Snyman nor any Applied representatives were in touch with Dakota Valley. Had they been, Dakota Valley would have jumped on the ball, much like it did when it had finally heard about the project, and would have been better positioned than it is now to serve the Applied Blockchain site.

[3] On Page 4, MDU notes that Dakota Valley does not have an interconnection agreement with MDU for the 345 kV substation. As Thomas Meland testified, Central Power and not Dakota Valley would be the one to have an interconnection agreement with MDU and that would be a step that comes after MISO would approve Basin's application. Meland testified that Central Power has several interconnection agreements with MDU and did not see any issues with that occurring in

this case.

[4] On Page 5 of its brief, MDU argues that it could market its additional capacity to other available customers and that there are currently a number of potential customers who could construct similar data centers. MDU admitted that there are currently no customers that are utilizing its Rate 45 and only Applied appeared to be the only identified customer of MDU's that would be eligible for the rate. MDU would not be able to identify today who exactly these "potential customers" are. While there may be some interest shown by others, it does not mean they are at the stage Applied is at in actually siting a facility here. Also, for MDU to hold onto the 180 MW load off of the 34.5 kV tertiary should it not be granted a CPCN for the Applied Blockchain site would almost insure that Applied would not construct its facility. But also worth noting is that Applied owns the land right next to MDU's 345 kV substation and if Applied would not sell its current site for future development by others, MDU would be left with very few options to market this capacity to any other proposed data center as it suggests since siting facilities next to these substations seems to be paramount.

[5] On Page 5, under number of customers, MDU once again indicates it has 77 customers within a two-mile radius. MDU officials corrected this statement at the hearing and said that there are 77 service points and a single customer could have multiple service points, as was evident with at least two of MDU's customers along Highway 11 near Ellendale.

[6] As to the issue of reliability, while it is true that there "could be" more faults on a greater length of cable that does not mean that there will actually be more faults. There are other factors that play into this, such as materials used, interconnected facilities, etc. MDU has miles of three phase overhead line connected to the underground three phase distribution line it has going to

Applied Blockchain's office site. Overhead line is subjected to the elements, particularly icing, whereas underground is not. In the past, MDU has had issues with icing on its overhead lines in the area around the Applied Blockchain site as can be evidenced by Exhibit DVEC-14.

[7] On Page 8 of its brief, MDU states that "Dakota Valley offered no exhibit as to the cost of its proposed extension [to the data processing center] or whether it was even feasible." Dakota Valley did not submit an exhibit of the cost of extension as Central Power indicated it would have MDU construct the extension at Applied's cost as already proposed by MDU. Meland testified that MDU would likely not want anyone else constructing the facilities within its substation and therefore, there should be no cost difference to what MDU proposed to Applied, versus what it would charge if Central Power sought to interconnect. Furthermore, testimony was provided indicating that this is in fact a feasible extension. Again, because this is a substation that is the subject to the MISO Open Access Tariff, if access is granted by MISO, MDU cannot obstruct that. Furthermore, Central Power and Basin officials testified that just because MDU constructed the facilities, does not give them any preferential treatment under the MISO Open Access Tariff.

[8] On Page 10, MDU argues that the extension to Applied is a continuation of the existing electric service it has provided the Ellendale area. It is true that Ellendale gets its electrical service from MDU's 230 kV substation, but it is via MDU's 41.6 kV transmission line and not the overhead three phase line. While these loads may originate out of the same substation, this is truly not a continuation of MDU's service to the City of Ellendale. Furthermore, this would not be an improvement to that system, but merely an extension for the benefit of Applied. Lastly, for MDU to serve any other load in the area it would first have to obtain a CPCN to do so. Dakota Valley would not.

[9] MDU goes on to state that “Dakota Valley has no facilities in the area that could serve the data center. Instead it seeks to take Montana-Dakota’s facilities to provide service. Dakota Valley has presented no factual evidence and has sited [sic] no law, rule, or regulation to show that is able to accomplish this.” All of this is simply untrue. First, Dakota Valley does not intend to “take” MDU’s facilities. MDU would still have ownership of the 345 kV substation subject to Basin’s and ultimately Central Power’s right to interconnect via the MISO Open Access Tariff and any resulting interconnection agreement between MDU and Central Power. Dakota Valley submitted sufficient evidence at the time of the hearing to support how exactly it intends to accomplish interconnection into the substation. Furthermore, the MISO Open Access Tariff is the regulation that was cited multiple times by the parties as to how this can be accomplished. MDU did not deny that this could be done and had to know it was a possibility at some point when it put the 345 kV substation into MISO. MDU has not cited one bit of authority that states Dakota Valley, Central Power or Basin can not do what it proposes to do to extend service to Applied’s data processing center.

[10] On the issues of interference/duplication and as a matter of clarification, MDU indicates that both suppliers currently cross each other’s lines in the areas. Up until temporary power was provided, MDU did not have any facilities along the west side of the road intersecting the Applied Blockchain site. Dakota Valley did. When MDU extended service to the Applied Blockchain site, it crossed under Dakota Valley’s existing line (even though it indicated in its applications for CPCN it would not cross over any lines). As such, for MDU to state that both suppliers currently cross each other’s lines in the area is not accurate, as only MDU crosses under Dakota Valley’s lines, and not vice versa. With that said, this is a reasonably common occurrence and Dakota Valley is not alleging that it would cause unreasonable interference with its system or service.

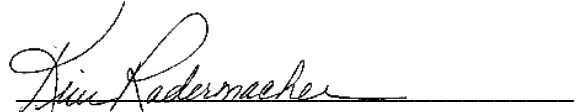
[11] As stated in Dakota Valley's principal brief, there is no interference by Dakota Valley with MDU's system. If MDU did not want the possibility of interconnection, then why did it submit its 345 kV substation into MISO and subject it to the Open Access Tariff? Why has MDU entered interconnection agreements with Central Power and other entities relative to other facilities if interference was truly a legitimate concern? MDU has provided no evidence that there would be interference by Dakota Valley with MDU's facilities.

[12] Lastly, in its findings and brief, MDU makes mention that Dakota Valley does not have an ESA with Applied and that is one factor as to why MDU should have this load. By the time MDU and/or Applied reached out to Dakota Valley, Applied had already signed an ESA with MDU dated September 1, 2022. Common sense would indicate that Applied is not going to then turn around and contractually bind itself for electric service from another at the very same site. MDU strategically positioned themselves with Applied and made sure it had everything buttoned up before ever approaching Dakota Valley about whether it intended to protest the CPCN. As such, this argument is not compelling.

CONCLUSION

[13] Based on the foregoing, as well as the evidence adduced at the hearing and all other arguments made by Dakota Valley, Dakota Valley respectfully requests that Commission deny MDU's Applications for Certificates of Public Convenience and Necessity in these matters.

Dated this 3rd day of January, 2023.

A handwritten signature in black ink, reading "Kim Radermacher", written over a horizontal line.

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Applied Block Chain – Dickey County
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CERTIFICATE OF SERVICE BY EMAIL

STATE OF NORTH DAKOTA)
)ss
COUNTY OF LAMOURE)

[1] I, Kimberly J. Radermacher, do hereby certify that January 3, 2023, I served the following document(s):

- 1.) **DAKOTA VALLEY ELECTRIC COOPERATIVE, INC.’S REPLY TO MONTANA-DAKOTA UTILITIES CO.’S CLOSING ARGUMENT AND PROPOSED FINDINGS.**

[2] by sending a true and correct copy thereof via email to:


**Hope Hogan
Administrative Law Judge
hhogan@nd.gov**

**Paul Sanderson, Attorney
Montana-Dakota Utilities Co.
psanderson@esattorneys.com**

**North Dakota Public Service Commission
ndpsc@nd.gov
jschuh@nd.gov
jghamre@nd.gov**

[3] To the best of my knowledge, information and belief, such email addresses are the addresses of the parties intended to be served. That the above document was duly served in accordance with the applicable provisions of North Dakota law.

Dated this 3rd day of January, 2023.



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