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December 8, 2022

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**VIA EMAIL (NDPSC@ND.GOV) AND U.S. MAIL
OVERNIGHT DELIVERY**

Steve Kahl, Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard Avenue, Dept. 408
Bismarck, ND 58505-0480

**RE: Montana-Dakota Utilities Co. Electric Service Agreement – Applied Blockchain
Approval
PSC Case No. PU-22-371**

Dear Mr. Kahl:

Enclosed please find an original and seven (7) copies of the Marathon Petroleum Company LP's Comments in the above-referenced proceeding. Concurrent with this filing, Marathon Petroleum Company LP will be filing Motions for Pro Hac Vice and Affidavits to allow Robert A. Weishaar and Kenneth R. Stark to practice before the Commission in this matter.

Please add the following to the official service list for this matter:

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Also, attached is the Certificate of Service.

Thank you for your attention to this matter. Please let me know if you have any questions.

Very truly yours,

/s/ Richard J. Savelkoul
Richard J. Savelkoul

Enclosures

cc: Service List (w/encl)

**STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

Montana-Dakota Utilities Co.)	
Electric Service Agreement – Applied)	PSC Case No. PU-22-371
Blockchain Approval)	

**COMMENTS OF
MARATHON PETROLEUM COMPANY LP**

Pursuant to the North Dakota Public Service Commission’s (“Commission”) Notice of Opportunity for Hearing issued on October 27, 2022 (“October 27 Notice”), Marathon Petroleum Company LP (“MPC” or “Marathon”) respectfully submits the following comments for the Commission’s consideration regarding the application (“Blockchain Application”) filed by Montana-Dakota Utilities Company (“MDU”) for approval of an electric service agreement (“Blockchain Agreement”). The October 27 Notice seeks to ensure that the rates and charges associated with the Blockchain Agreement with a new customer (“Blockchain Customer”) are just and reasonable and without undue discrimination.¹ Marathon appreciates and supports MDU’s efforts to retain existing load and to attract new load in its service area through the offering of rates, terms, and conditions that recognize a customer’s unique circumstances.

Background

1. On May 16, 2022, MDU filed an Application and Notice of Change in General Electric Rates in Case No. PU-22-194, wherein MDU proposed, among other things, an annual increase in electric base rates of \$25,365,558 (12.3%) based on a 2023 future test year. Marathon is an active participant in that rate case, which is currently pending.

¹ See October 27 Notice at 1; see NDCC § 49-02-03 and NDCC § 49-02-15 (providing that rates of all public utilities are just, reasonable, non-discriminatory, and otherwise consistent with the law).

2. On August 1, 2022, MDU filed an application for approval of a new electric rate schedule – High Density Contracted Demand Response Rate 45 in Case No. PU-22-337. In the application MDU explained that “[t]he new rate is being proposed in response to recent inquiries for electric service to facilities housing blockchain technology where the load characteristics far exceed those of a typical general electric service customer today.”² On October 27, 2022, the Commission issued an order approving the application and the new interruptible rate schedule. A customer eligible for Rate 45 must be at least 10 Megawatts (“MWs”) with an expected minimum load factor of 85% and the ability to be interrupted up to 200 hours.

3. On September 21, 2022, MDU filed the Blockchain Application in Case No. PU-22-371 seeking approval of the Blockchain Agreement with a new customer seeking to take service from MDU under Rate 45 and to energize the blockchain facility in the first quarter of 2023 near MDU’s Ellendale 345 kV substation near Ellendale, North Dakota.

4. On October 10, 2022, the Midcontinent Independent System Operator, Inc. (“MISO”) reported that MDU has a new customer requesting service at Ellendale, North Dakota with 180 MWs of total demand, to be served by MDU from the existing Ellendale transformer’s 35.4 kV tertiary.³

Comments

5. Because the addition of a substantial amount of new load has the potential to benefit both MDU and MDU’s customers, the Commission should seek to facilitate the addition of the blockchain load to MDU’s customer base under rates, terms, and conditions that are just, reasonable, and non-discriminatory. MDU’s North Dakota retail customers would benefit from

² MDU August 1, 2022 Application, Case No. PU-22-337, at p. 1.

³ See MTEP 22 Expedited Project Review Ellendale Load Addition, MISO West Technical Study Task Force Meeting (Oct. 10, 2022), available at [MTEP20 Expedited Project Review Hoot Lake Transformer Replacement \(misoenergy.org\)](https://www.misoenergy.org/MTEP20-Expedited-Project-Review-Hoot-Lake-Transformer-Replacement). The MISO presentation is attached to these Comments.

the Blockchain Agreement associated with Rate 45, provided that such resulting rates require the customer to contribute to: (1) MDU's fixed costs (at a minimum for the firm portion of the load) and (2) an appropriate share of MDU's tariff rider related costs while ensuring while that the marginal costs are also being recovered. For example, the Commission has approved similar rates in the past that included cost recovery associated with riders.⁴ MDU asserts in the Blockchain Application that Rate 45 "ensures the recovery of any incremental costs incurred by the Company for the provision of electric service to such customer."⁵ However, MDU's Blockchain Application and Rate 45 do not contain any specific detail regarding "incremental" costs⁶ and do not indicate whether there is any contribution to fixed costs or if customers under Rate 45 would contribute toward cost recovery of MDU's riders in the customer's electric service agreement associated with Rate 45.

6. Importantly, the addition of the blockchain load (and associated *net* revenues from the Blockchain Customer) should help mitigate and decrease MDU's requested rate increase in Case PU-22-194. Based on MISO's review, it is anticipated that MDU may have a substantial load addition that will be taking service during MDU's 2023 test year in the rate case.⁷ Assuming MDU's request to MISO is associated with the Blockchain Agreement, it implies that approximately 180 MWs of new load would be added to a utility's system that

⁴ See Otter Tail Power Company's Mandatory Riders – Applicability Matrix and related applicability to Super Large General Service Rate (North Dakota, Section 13 of Rate book).

⁵ MDU Sep. 21, 2022 Application, Case No. PU22-371, Attachment A at p. 2.

⁶ Review of "incremental" costs is necessary, as it can be assumed that such a significant load will drive up/impact the cost of fuel and purchased power, which risk is 100% borne by the ratepayers, not MDU. It is important to review this increased cost/risk relative to the contributions to fixed costs such that such a new customer will benefit both MDU ratepayers and not just MDU. None of this analysis appears to be present in the filings and may be appropriate to review in the context of a full rate case.

⁷ MDU has confirmed in discovery in Case No. PU-22-194 that it did not include any revenues or costs related to the load addition in Ellendale, North Dakota for in the 2023 test year in MDU's proposed rate increase application in Case No. PU-22-194.

shows a peak demand of less than 600 MWs on a total company basis.⁸ While MDU may not be required to account for capacity for Blockchain Customer's interruptible load, the utility would need to plan for having adequate energy supply to serve any load addition that would potentially add over 40% to the utility's energy requirements.

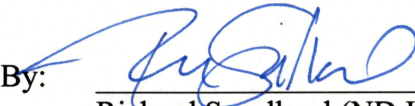
7. Because the rates, terms, and conditions in the Blockchain Agreement could materially impact the proposed rates, terms, and conditions in the rate case in PU-22-194, it seems appropriate that the Commission account for the interrelatedness of the proceedings when reviewing the proposed Blockchain Agreement, and, as necessary, consolidate Case No. PU-22-371 with Case No. PU-22-194. In the event the Commission determines that the two proceedings should not be consolidated, it may be appropriate for the Commission to make a determination in this proceeding that certain rates, terms, and conditions in the Blockchain Agreement are subject to the outcome of the rate case in PU-22-194 or that MDU's revenue in the rate case should not be limited to the amount approved in this proceeding if, after review in the context of MDU's rate case, it is determined that the rates are not just and reasonable.

8. The degree of redactions in the Blockchain Application and the Blockchain Agreement preclude the ability to understand the entire rate design in the Blockchain Agreement. On November 2, 2022, Marathon requested from MDU an unredacted copy of the Blockchain Agreement during the course of discovery in the rate case in Case No. PUC-22-194, but has not yet received that unredacted agreement. Marathon expressly reserves its right to file more substantive comments and analysis on the rate design in the Blockchain Agreement, upon obtaining an opportunity to review and analyze the unredacted Blockchain Agreement.

⁸ See MDU Integrated Resource Plan, Vol. 2, at 16, available at [Electric Generation - Montana-Dakota Utilities Company](#) (last accessed Dec. 6, 2020).

WHEREFORE, Marathon Petroleum Company LP respectfully requests that the Commission consider these Comments when rendering a determination in this proceeding.

Respectfully submitted,

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Dated: December 8, 2022

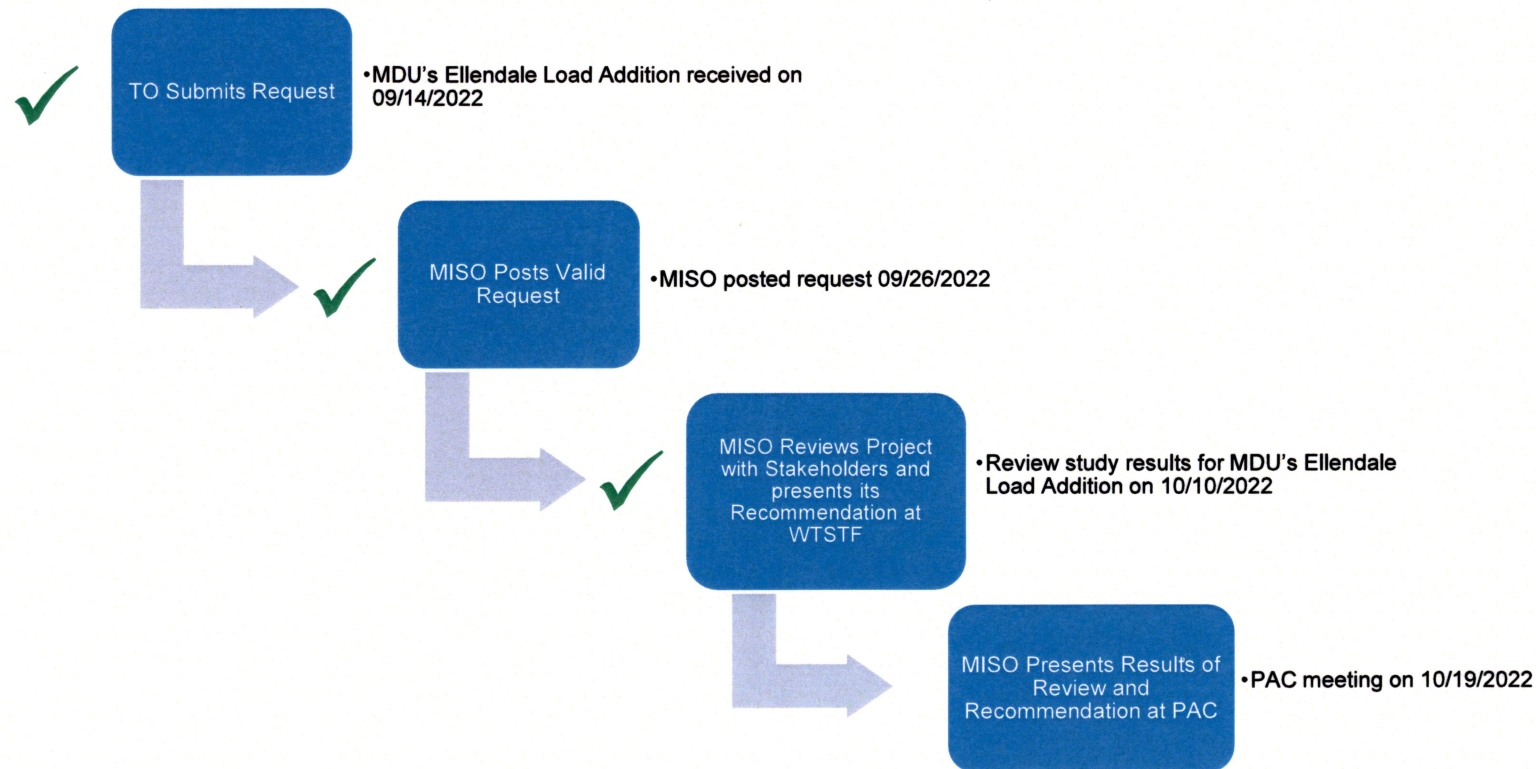


MTEP22
Expedited Project Review
Ellendale Load Addition

West Technical Study Task Force Meeting

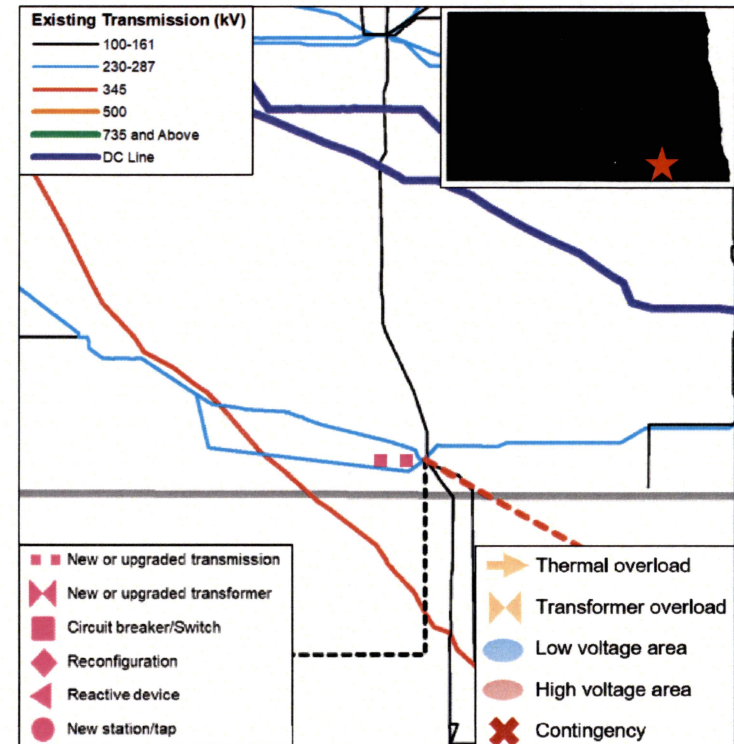
October 10, 2022

MISO follows Expedited Project Review provisions for the EPR request received from MDU



The Ellendale Load Addition Project is driven by Load Growth

- **Project description: #23633**
 - MDU has a new customer requesting service at Ellendale, ND with a total demand of 180 MW. MDU will serve the customer from the existing Ellendale transformer's 34.5 kV tertiary. An overhead line will be built from the tertiary of the transformer to the customers sub.
- **Project Need:**
 - An overhead line will be built to serve the new load off the existing tertiary of the Ellendale 345/230/34.5 kV transformer.
- **Estimated Cost:**
 - \$3.6 million
- **Expected ISD:**
 - 12/31/2022
- **Project Type:**
 - Other: Load Growth
- **Target Appendix:**
 - A in MTEP22



MISO, using Ventyx Velocity Suite © 2014

MISO Reliability Analysis Scope and Assumption

Study Overview

Description

- Perform Steady State analysis on MISO models with and without project candidate
- Study performed on select area (subsystem)
- Monitor local facilities for voltage and thermal criteria violations
- Project passes the no harm test if there are no new criteria violations that occur in the project case

MTEP22 Models simulated with and without project candidates

- 2024 Spring Light Load
- 2024 Summer Peak
- 2027 Shoulder Average Wind
- 2027 Shoulder High Wind
- 2027 Spring Light Load
- 2027 Summer Peak
- 2027 Winter Peak
- 2032 Summer Peak

Contingencies Included

P1 through P7 contingencies impacting the substations in the study area

No adverse impact on system reliability due to project

MISO Recommends MDU's Ellendale Load Addition for inclusion in MTEP22 Appendix A

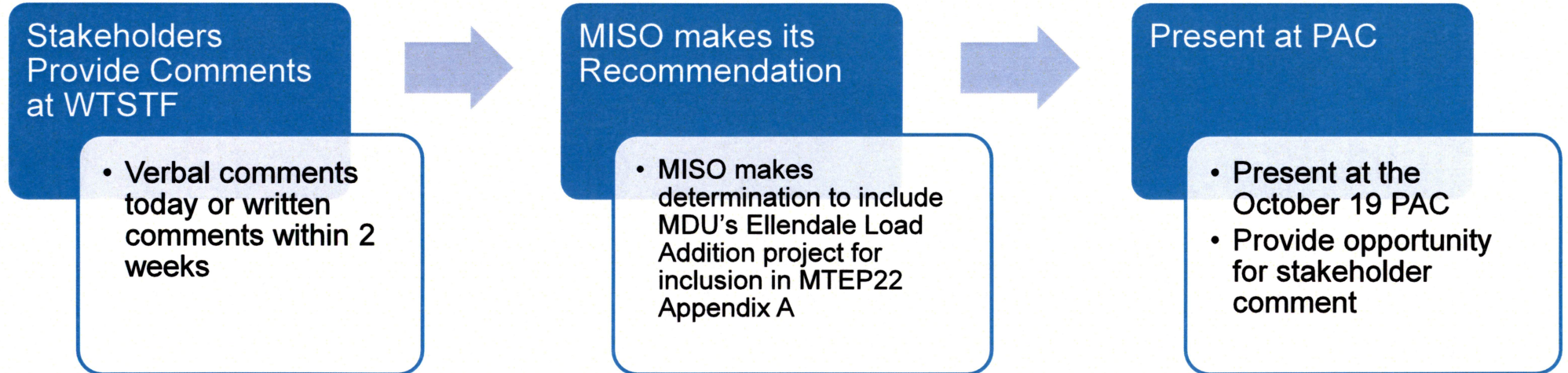
Reliability Analysis Results

- No adverse system impact caused by the project.

MISO Recommendation

- MISO recommends that MDU's Ellendale Load Addition project be included in MTEP22 Appendix A, and that MDU may proceed with construction as needed to meet the in-service date.

Next Steps



Contact Information

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CERTIFICATE OF SERVICE

I hereby certify that the original and seven (7) copies of the foregoing documents were hand delivered/mailed/e-mailed, on this 8th day of December, 2022, to the following:

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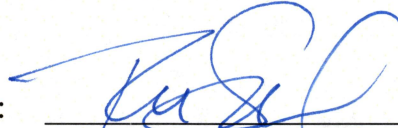
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