

MONTANA-DAKOTA UTILITIES CO.
Before the Public Service Commission of North Dakota



Case No. PU-22-371

Direct Testimony

Of

Larry Oswald

1 **Q. Please state your name and business address.**

2 A. My name is Larry Oswald, and my business address is 400 North
3 Fourth Street, Bismarck, North Dakota 58501.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am the Director Business Development & Energy Services for
6 Montana-Dakota Utilities Co. (Montana-Dakota).

7 **Q. Please describe your duties and responsibilities with Montana-**
8 **Dakota.**

9 A. I have managerial responsibility for overseeing the day-to-day
10 operations of the Company's Business Development and Energy Services
11 department which provides the economic analysis for all new customer
12 growth projects.

13 **Q. Please outline your educational and professional background.**

14 A. I hold a Bachelor of Science degree in Energy Management, with a
15 minor in Finance from Moorhead State University. I am also a Certified
16 Energy Manager (CEM) and Certified Demand-Side Management (CDSM)
17 professional with the Association of Energy Engineers (AEE). I have

1 worked for Montana-Dakota for twenty-four years with the last 6 years
2 managing the business development and energy services department for
3 Montana-Dakota.

4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. I will provide support for the Company's application for approval of
6 the Electric Service Agreement (ESA) for the Applied Digital Ellendale
7 Data Center (Ellendale Data Center) under the Company's approved Rate
8 45 Tariff for High Density Contracted Demand Response service.

9 **Q. Can you describe how you worked with and attracted Applied Digital
10 to the Ellendale location?**

11 A. Montana-Dakota began discussions about potential locations with
12 Applied Digital (Applied) in April of 2022. Several locations were discussed
13 across our service territory; however several locations were eliminated
14 due to cost of upgrades, timing of construction, and a higher potential rate
15 option(s) that were not economical for Applied.

16 Montana-Dakota continued to look for locations and in early June of
17 2022 Montana-Dakota proposed the Ellendale location to Applied. Applied
18 was very interested in this site for several reasons including proximity to
19 their Jamestown location, initial cost, timing of construction, and lower
20 potential energy costs in that area.

21 Montana-Dakota and Applied continued discussions on key
22 commercial terms and the technical requirements resulting in Montana-
23 Dakota and Applied executing a Letter of Intent (LOI) on June 30, 2022.

1 **Q What was the reason for executing the LOI with Applied?**

2 A. The LOI expressed the parties' mutual interest in developing the
3 Ellendale Data Center site and would serve as an outline for the key terms
4 and conditions that would go into an ESA. Each party agreed to negotiate
5 in good faith under the terms outlined in the agreement.

6 **Q. Has the LOI been filed as an Exhibit in this proceeding?**

7 A. No, the executed ESA superseded the LOI.

8 **Q. What are the requirements for serving a Customer under Rate 45?**

9 A. To qualify for Rate 45, a customer with data center-type facilities
10 housing high density computer processing technology must have:

- 11 1. an expected demand of at least 10,000 Kw per month
12 metered at a single delivery point, and
- 13 2. an expected minimum load factor of 85%.
- 14 3. Company must be able to interrupt customer's service under
15 this rate schedule for up to two hundred hours annually or as
16 included in the electric service agreement.
- 17 4. The customer shall execute an electric service agreement
18 with the Company which shall be filed and approved by the
19 North Dakota Public Service Commission.
- 20 5. The electric service agreement shall have a minimum term
21 of three years but not exceed five years.
- 22 6. The electric service agreement shall include the following:
 - 23 a. The number of hours a customer may be interrupted
24 in an annual period.

- 1 b. The length of time (in minutes) in which the customer
- 2 must interrupt service following receipt of Company
- 3 signal.
- 4 c. The firm load amount not subject to interruption.
- 5 d. The deposit amount required prior to the
- 6 commencement of service under this rate schedule.
- 7 e. The Company shall require a contribution in aid of
- 8 construction (CIAC) from the customer, in advance of
- 9 the construction of any facilities, in the amount of the
- 10 Company's estimated cost of installing and furnishing
- 11 such service facilities.

12 **Q. Does the Applied Digital ESA meet the requirements of Rate 45.**

13 A. Yes, it does.

14 **Q. What is Applied' s anticipated load under Rate 45?**

15 A. 180 MWs.

16 **Q. What is the basis for this amount?**

17 A. 180 MWs is the amount of service that the Company was able to
18 provide utilizing the tertiary winding on the Ellendale 345/230 kV
19 transformer.

20 **Q. What is the Ellendale Data Center's anticipated load factor?**

21 A. Greater than 90 percent.

■ ■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

■ [REDACTED]

5 [REDACTED]

6 **Q. How does MISO curtail load at the Ellendale Data Center?**

7 A. If MISO declares a Capacity and Energy Emergency and requests
8 interruption to Montana-Dakota for the LMRs in its area then Montana-
9 Dakota will communicate to Applied Digital to curtail its load at the
10 Ellendale Data Center.

11 **Q. What is the significance of being a MISO LMR?**

12 A. As an LMR, the data center is eligible to utilize its interruption
13 capability to satisfy the MISO resource adequacy requirements for its
14 interruptible load.

15 **Q. Does Montana-Dakota have other LMR loads?**

16 A. Yes, the loads under the CPower commercial demand response
17 program and those customers under Rate 38 are all registered as load
18 modifying resources.

■ ■ [REDACTED]

■ ■ [REDACTED]

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■ ■ [REDACTED]

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24 ■ [REDACTED]

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9 [REDACTED]

10 **Q. What is the term of the Ellendale Data Center ESA?**

11 A. Five years, with the option to renew annually thereafter until

12 terminated by one party.

13 **Q. Did Applied Digital make a payment for contribution in aid for the**

14 **interconnection facilities it needed to connect to Montana-Dakota's**

15 **system?**

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

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23 ■ [REDACTED]

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- ■ [REDACTED]

11 [REDACTED].

12 **Q. Does the data center provide benefits to the local community,**
13 **county, and State of North Dakota?**

14 A. Yes, the Ellendale data center provides economic development to
15 the Ellendale area and Dickey County. This includes approximately fifty
16 high paying jobs and significant property tax base for the data center and
17 associated equipment. The State of North Dakota also receives income
18 taxes associated with the data center operation as well as publicity for
19 more of these types of facilities in the future.

20 **Q. Can you describe how you developed a rate for the ESA under Rate**
21 **45?**

22 A. The rate for the Ellendale Data Center is set based upon Montana-
23 Dakota's Rate 45 Tariff. This approach provides a more competitive rate,

1 than the Company's Tariff Rate 30 and Rate 38 and minimizes risk to
2 Montana-Dakota's other customers.

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17

18 **Q. What value does Montana-Dakota's traditional customers receive**
19 **from the Rate 45 customers?**

20 A. The transmission revenues that the data center loads pay for go
21 back directly to all Montana-Dakota's other customers, based upon the
22 Company's state allocation factors.

1 Montana-Dakota's other customers also receive a sharing in the
2 Rate 45 Transaction Charge based upon the margin sharing included as
3 part of this case.

4 **Q. What would happen if another utility would have been able to provide**
5 **service to the Ellendale Data Center load instead of Montana-**
6 **Dakota?**

7 A. Montana-Dakota customers would still receive the MISO Schedule
8 9 revenues for use of Montana-Dakota's transmission system. The other
9 charges and revenues would be collected by the other utility. Market
10 pricing impacts, if any in the Ellendale area would be the same.

11 **Q. What would happen if the data center load moved to another**
12 **electrical substation in the area but off Montana-Dakota's system?**

13 A. Montana-Dakota's customers would receive no transmission
14 revenues, market pricing impacts in the Ellendale area would be the
15 same.

16 **Q. Did Montana-Dakota and Dakota Valley Electric Cooperative (Dakota**
17 **Valley) enter into a settlement agreement in Case No. PU-22-366 and**
18 **PU-22-370?**

19 A. Yes.

20 **Q. Does the settlement agreement with Dakota Valley require the**
21 **parties' to also enter into a Service Area Agreement?**

22 A. Yes.

23 **Q. Has that service area agreement been executed?**

24 A. Yes.

