

400 North Fourth Street  
Bismarck, ND 58501  
701-222-7900

September 21, 2022

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 E. Capitol Ave.  
Pierre, SD 57501

Re: Request to Implement New Rate Schedule High Density Contracted  
Demand Response Rate 45  
Docket No. EL22- \_\_\_\_\_

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota or Company) herewith electronically submits for South Dakota Public Utilities Commission (Commission) approval a proposed new electric rate schedule, High Density Contracted Demand Response Rate 45 (Rate 45), designated as Original Sheet Nos. 20 through 20.2 of Section 3 of the Company's electric tariff, and attached hereto as Exhibit 1. Exhibit 1 also includes the corresponding proposed change to the Company's Table of Contents, 2<sup>nd</sup> Revised Sheet No. 1 of Section 1 of the Company's electric tariff, to reflect the insertion of the new rate schedule. Montana-Dakota is proposing Rate 45 be available to all data center-type facilities housing high density computer processing technology, including but not limited to blockchain technology facilities, where such high density computer processing facilities meet the requirements outlined in the availability provision of the new rate schedule and explained further herein.

The new rate schedule is being proposed in response to recent inquiries for electric service to facilities housing blockchain technology where the load requirements of such facilities far exceed those of the Company's typical general electric service customer today and whose unique operations require terms and conditions specific to these customers. Montana-Dakota believes the proposed rate schedule, as described further herein, will provide these prospective customers with an electric rate schedule that outlines the general availability of such a rate schedule as well as the terms and conditions required for service under the rate schedule.

Under the Company's current electric service tariff, Montana-Dakota is able to provide service under Large General Electric Service Rate 30 (Rate 30), Optional Time-of-Day Large General Electric Service Rate 33 (Rate 33) or Firm Service Economic Development Rate 34 (Rate 34), depending on the customer, their load, and operating characteristics. However, recent inquiries indicate there may be a need for a new rate schedule in South Dakota specific to this type of customer. For purposes of this new rate schedule, the Company is defining these "super users" of energy as data center-type facilities that house high density computer processing technology where such facilities have an expected monthly demand of at least 10,000 Kw (10 MW) metered at a single delivery point and an expected minimum load factor of 85 percent. The size and energy requirements of these prospective customers sets them apart from the Company's other general service customers and lends itself to a rate schedule that can provide these "super users" with a lower overall energy cost that is currently not provided for under today's electric tariff in South Dakota.

Furthermore, the unique operations of these facilities require some additional general terms and conditions specific to these customers. A customer taking service under proposed Rate 45 will be required to enter into an electric service agreement prior to the commencement of service. Each agreement will define the customer's billing as well as any terms and conditions including, but not limited to, the cost responsibility of any new infrastructure required to serve the customer. The charges applicable under each agreement will be designed to provide adequate revenues from the new load that, at a minimum, will recover any incremental costs incurred in providing service to the new customer while also ensuring Montana-Dakota and the Company's other South Dakota customers are not harmed by these "super users" becoming a Montana-Dakota customer.

The new rate is being proposed as an interruptible demand response rate. As such, the Company is proposing to include general terms and conditions within the rate schedule that define the interruption obligations of a customer for service under the rate. The ability to interrupt these "super users" benefits both Montana-Dakota and its customers during times of system constraint either locally or regionally or due to system economic conditions.

The rate schedule provides potential customers with an innovative pricing structure and outlines the terms and conditions which a customer must adhere to in order to be eligible for service under the rate schedule. The innovative pricing structure provides for the recovery of any incremental costs incurred by the Company for electric service to these customers and limits the impact of a Rate 45 customer on all other customers by assigning any incremental cost responsibility to the cost causer.

The Company's other customers will also benefit from a Rate 45 customer coming online in that these "super users" will help lower the overall transmission costs currently paid for by all other customers as these Rate 45 customers will be charged

Montana-Dakota's zonal MISO transmission rate. While the revenue received under MISO Schedule 9 will decrease due to the reduction in the Company's transmission rate and Montana-Dakota's customers (with the inclusion of Rate 45 customers) will be responsible for a greater share of the Company's transmission revenue requirement, these higher transmission costs will be offset by the revenue received from the transmission charges billed Rate 45 customers. The net result is lower overall transmission costs paid for by Montana-Dakota's other customers.

And last, the communities in which these Rate 45 customers locate will benefit through not only the employment opportunities needed to operate such facilities, but the additional tax revenue received due to these facilities locating in their communities.

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

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Exhibit 2 in a conspicuous place in each business office in its affected electric territory in South Dakota. Included as Exhibit 3 is the South Dakota "Report of Tariff Change" form required pursuant to ARSD 20:10:13:26.

Please refer all inquiries regarding this filing to:

Mr. Travis R. Jacobson  
Director of Regulatory Affairs  
Montana-Dakota Utilities Co.  
400 North Fourth Street  
Bismarck, North Dakota 58501  
Travis.jacobson@mdu.com

Also please send copies of all written inquiries, correspondence, and pleadings to:

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

Ms. Allison Waldon  
Attorney  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, North Dakota 58506-5650  
Allison.waldon@MDUResources.com

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

Montana-Dakota respectfully requests Commission approval of High Density Contracted Demand Response Rate 45 and the corresponding change to the Table of Contents.

Sincerely,

*/s/ Travis R. Jacobson*

Travis R. Jacobson  
Director of Regulatory Affairs

Attachments

cc: B. Koenecke  
A. Waldon