

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PETITION BY LEOLA DATA CENTER LLC
TO HAVE MONTANA-DAKOTA UTILITIES CO., A SUBSIDIARY OF
MDU RESOURCES GROUP INC., ASSIGNED AS ITS ELECTRIC
PROVIDER IN THE SERVICE AREA OF FEM ELECTRIC ASSOCIATION

SD PUC DOCKET EL24-027

PRE-FILED DIRECT TESTIMONY OF BILL CONNORS, MANAGING DIRECTOR, LEOLA
DATA CENTER LLC

November 1, 2024

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

2 A. Bill Connors, Leola Data Center, 11641 358th Avenue, Leola, South Dakota 57456.

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

4 A. Managing Director, Leola Data Center.

5 **Q. Please describe your duties and responsibilities with the Leola Data Center.**

6 A. I am primarily responsible for data center energy supply, electric interconnection, site
7 selection, permitting, and managing the company's engineering, procurement, and construction
8 contractors, general contractors, and independent engineers.

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

10 A. I received my B.A., Accounting and Finance, including Certified Public Accountant
11 accreditation, in 1984 from Carroll College in Helena, Montana. I earned my J.D. in 1993 from
12 the University of Washington School of Law.

13 I have approximately 40 years of experience in the energy industry. Prior to my role with
14 Leola Data Center, I worked in several executive positions with MDU Resources Group, Inc.,
15 ("MDU"), and its subsidiaries in Bismarck, North Dakota, and Seattle, Washington. In these and
16 former roles, I led the development, management, acquisition, and sale of electrical contracting
17 companies, gas management service operations with pipeline capacity, and solar, wind, gas, and
18 coal-fired generation assets including the buildup and \$644 million sale of MDU's independent
19 power company and 600 MW gas development project.

20 I originated, negotiated, and managed more than 11,000 MW in solar, wind, gas and coal-
21 fired power purchase agreements; fuel supply and transportation contracts; power plant operating
22 and maintenance agreements; engineering, procurement, and construction agreements; wind and
23 solar tax equity investments; and renewable energy credit sales contracts. I also managed landfill

24 biogas development and sales agreements, including renewable identification numbers and
25 California low carbon fuel standard credits and related pathway certifications.

26 **Q. Have you testified in other proceedings before a regulatory agency?**

27 A. Yes. On September 30, 2004, as Vice President, Centennial Power, Inc., (“Centennial”),
28 an indirect, wholly-owned subsidiary of MDU, I submitted testimony on behalf of the Colorado
29 Independent Energy Association to the Colorado Public Utilities Commission in consolidated
30 Docket Nos. 04A-214E, 04A-215E, and 04A-216E. The proceeding dealt with Public Service
31 Company of Colorado’s (“PSCo”) 2003 Least Cost Resource Plan and PSCo’s request for a
32 Certificate of Public Convenience and Necessity related to its Comanche 3 coal-fired power
33 plant. Through its subsidiaries, Centennial owned gas-fired peaking units, under contract with
34 PSCo, in Brush, Colorado. Centennial was also considering new gas and coal-fired power plant
35 development projects in PSCo’s Colorado service territory.

36 **Q. Have you participated in discussions with Montana-Dakota Utilities Company**
37 **(“Montana-Dakota”) regarding its proposed relationship with the Leola Data Center?**

38 A. Yes.

39 **Q. Can you briefly relay to the Commission the nature and substance of those**
40 **conversations?**

41 A. In 2023, Leola Data Center approached Montana-Dakota about potential data center
42 locations including one near Montana-Dakota’s Leola Substation. In those conversations, Leola
43 Data Center informed Montana-Dakota of the data center’s electric service requirements and the
44 goal to have it located next to available infrastructure to avoid unnecessary costs. It is my
45 understanding based on the discussions with Montana-Dakota and the agreements that we have
46 reached with them, that the site near the Leola Substation meets the data center electric needs.

47 **Q. What led the Leola Data Center negotiate with Montana-Dakota?**

48 A. Leola Data Center entered into discussions with Montana-Dakota because the utility
49 (1) controls 50 MW of available load interconnection rights at the Leola Substation; (2) owns the
50 Leola Substation; and (3) has the capability to provide firmed and shaped energy to the data
51 center at a reasonable cost.

52 **Q. Is the Leola Data Center an existing customer of Montana-Dakota?**

53 A. No.

54 **Q. Is the Leola Data Center an existing customer of FEM Electrical Association, Inc.?**

55 A. No.

56 **Q. Has the Leola Data Center leased property near Leola, South Dakota?**

57 A. Yes, 20 acres adjacent to Montana-Dakota's Leola Substation on the southwest corner of
58 358th Avenue (Highway 17) and 116th Street approximately 5 miles southwest of Leola in
59 McPherson County.

60 **Q. Are there any existing structures on this lease property?**

61 A. No.

62 **Q. Who did you lease that property from, and can you describe in general terms the
63 lease agreement?**

64 A. Derek and Laura DeRaad are the lessors to Leola Data Center of the 20 acres adjacent to
65 Montana-Dakota's Leola Substation. The initial lease term with the DeRaads is 10 years with
66 three 5-year options to extend. The lease includes annual lease payments and an additional
67 payment upon receipt of certain permits and approvals. There are also plant removal
68 requirements at the end of the lease term.

69 **Q. Does the property you are leasing have existing utility services?**

70 A. No.

71 **Q. What led the Leola Data Center in the first instance to consider leasing the**
72 **aforementioned property?**

73 A. The main reasons for leasing 20 acres from the DeRaads are (1) proximity to Montana-
74 Dakota's Leola Substation; (2) 50 MW of load interconnection capacity available at Montana-
75 Dakota's Leola Substation; and (3) Montana-Dakota's ability to serve the Leola Data Center
76 load.

77 **Q. To the best of your knowledge does FEM have existing facilities near your leased**
78 **property?**

79 A. FEM serves the DeRaad house, barn, shop, and pumping station located approximately
80 1,300 feet from the proposed data center site.

81 **Q. What facilities, to your understanding, will need to be built by Montana-Dakota to**
82 **service the electrical needs of the Leola Data Center?**

83 A. Approximately 200 feet of overhead service line will be required from the substation to
84 the proposed data center. Montana-Dakota will also install additional transformers, switchgear,
85 and other electrical equipment at the substation required to complete the data center
86 interconnection.

87 **Q. Will Leola Data Center require more than two megawatts of contracted minimum**
88 **load?**

89 A. Yes. The load is well in excess of the 2 MW required in SDCL §49-34A-56.

90 **Q. Has Montana-Dakota represented to you that they have the availability to provide**
91 **adequate power to your facility?**

92 A. Yes.

93 **Q. Why does the Leola Data Center wish to obtain its electrical service from Montana-**
94 **Dakota?**

95 A. Leola Data Center would like Montana-Dakota to provide data center electrical service
96 because the utility (1) controls 50 MW of load interconnection rights at the Leola Substation;
97 (2) owns the Leola Substation; and (3) has the capability to provide firmed and shaped energy to
98 the data center at a reasonable cost.

99 **Q. Have you discussed with FEM the electrical needs of the Leola Data Center?**

100 A. Yes. On August 29, 2024, I met with Scott Moore, General Manager, FEM, for
101 approximately 90 minutes at FEM's Ipswich office. I also left a voice mail with a large load
102 representative of Basin Electric Cooperative on August 29, 2024. The representative did not
103 return my call.

104 **Q. Are you aware of the electrical and transmission facilities of FEM near your leased**
105 **property?**

106 A. No.

107 **Q. Are there any of the six factors found in § 49-34A-56 which are capable of being**
108 **factually disputed?**

109 A. No. Leola Data Center is a new customer in a new location requiring electric service of
110 more than two megawatts of contracted minimum demand. It has chosen to take service from
111 Montana-Dakota. Montana-Dakota has represented to Leola Data Center and contractually
112 agreed that it has the adequate power supply and the ability to serve the needs of the data center.

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116 Dated this 1st day of November, 2024.

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A handwritten signature in black ink, appearing to read "Bill Connors", written over a solid horizontal line. The signature is cursive and extends to the right of the line.

119 Bill Connors, Managing Director, Leola Data Center, LLC