Potential Economic Impacts of an AI Data Center On Montana:

Preview From Forthcoming Report

Midyear Economic Update
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Not A Data Center

Data Center

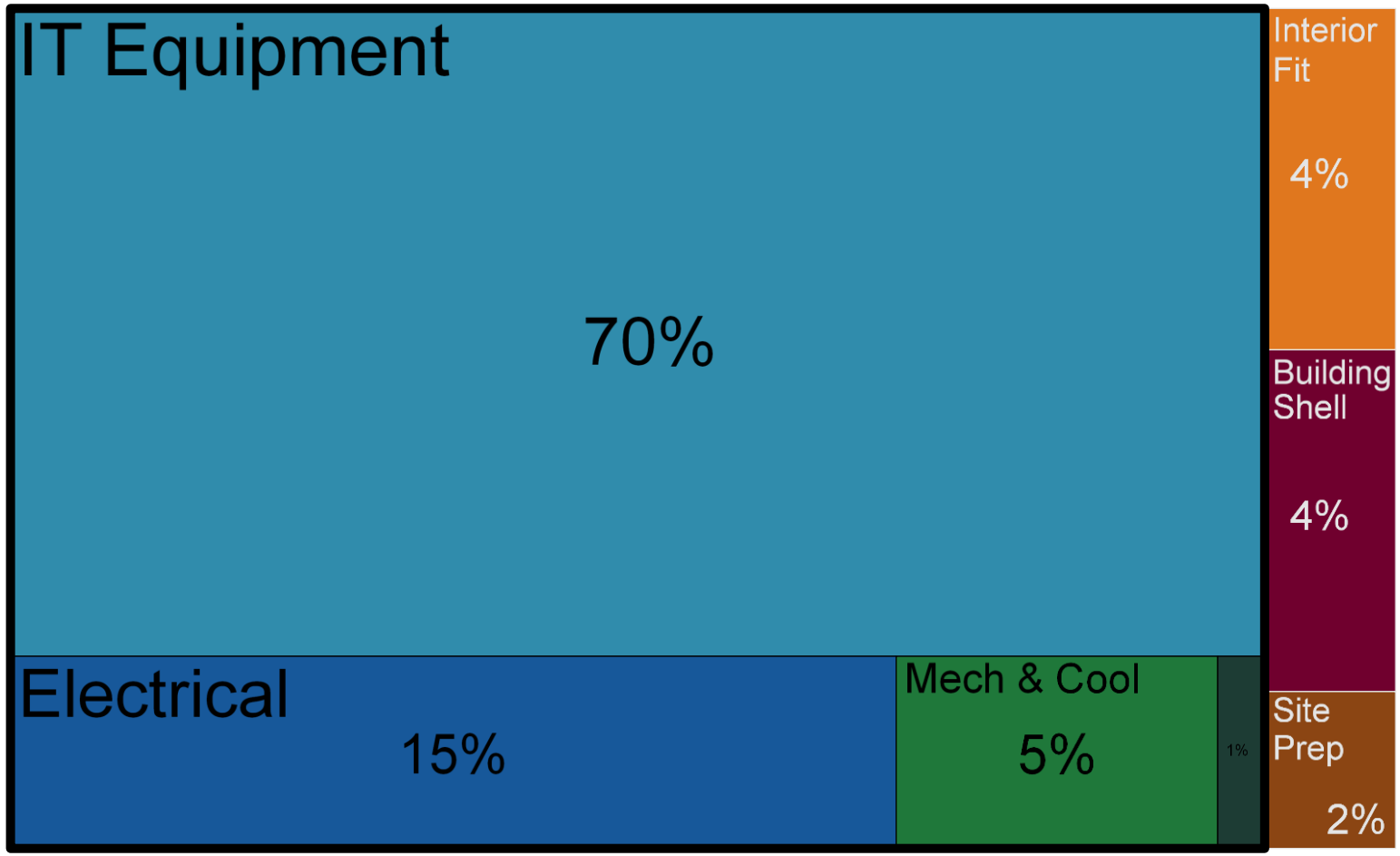
Modeling Assumptions

- 500 MW Increments: 4 Phasing scenarios up to 2,000 MW Total
- Location in rural Yellowstone County for economic impact and property tax modeling
  - “based on a true story”
- Impacts estimated with REMI model
- No impact on electricity rates
  - Data centers increase demand which puts upward pressure on prices
  - Data centers can also lower prices through economies of scale & spreading out fixed costs by adding load to low-utilization times.
  - Politicians are joining the “Ratepayer Protection Pledge”
  - Co-development of new generation scenario – a tool to mitigate ratepayer risk

Building A 500 MW AI Data Center

- On-site construction limited to site work and structure.
- Electrical, mechanical (HVAC), and IT components are assumed to be modular units – manufactured & assembled off site and delivered on structural steel skids or containers.
- $20 Billion Capital Investment (not including power generation)
- Two Years To Build
  - 1,000, 1,500 & 2,000 MW Scenarios are 4-8 Years with multiple 500 MW phases that become operational every 2 years.

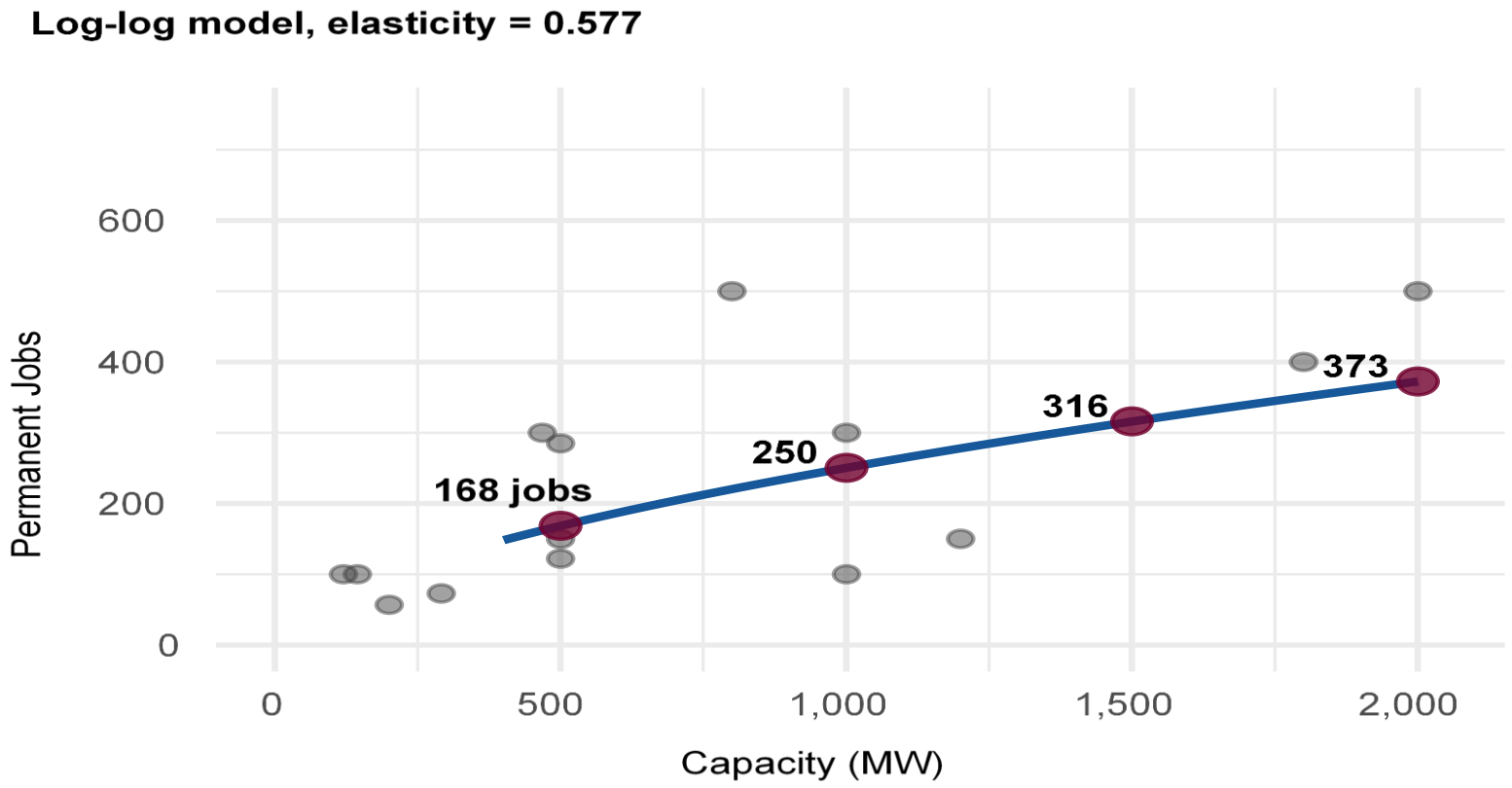
$20 Billion Capital Investment



$2 Billion (10%) Is "Made in Montana"

Operating an AI Data Center:

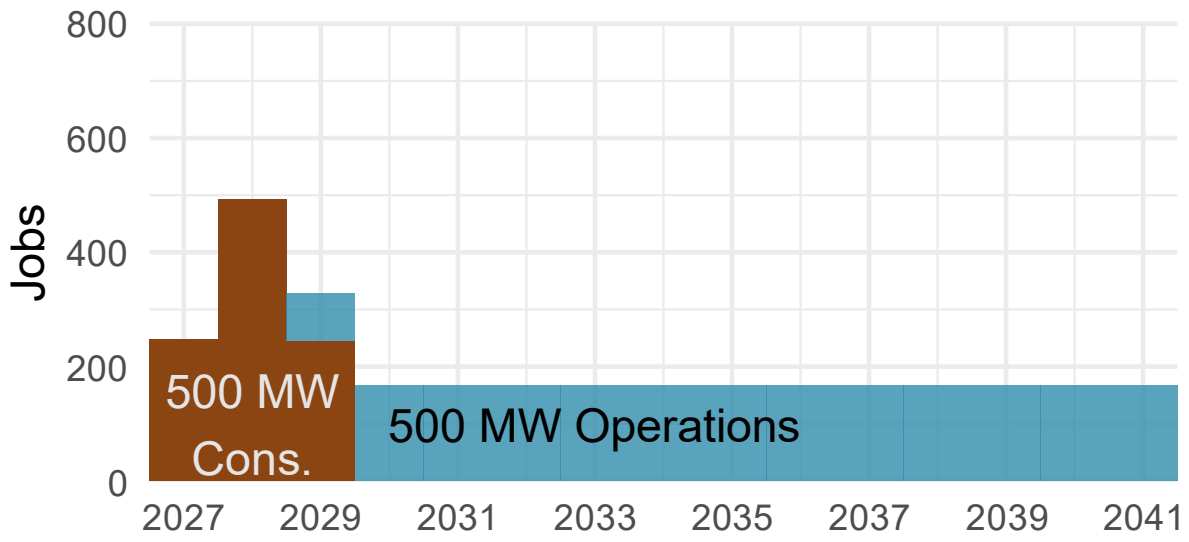
Estimate of Permanent Jobs Based On Reports From Other Data Centers
Technicians, Maintenance, Security



Direct On-Site Employment Projections

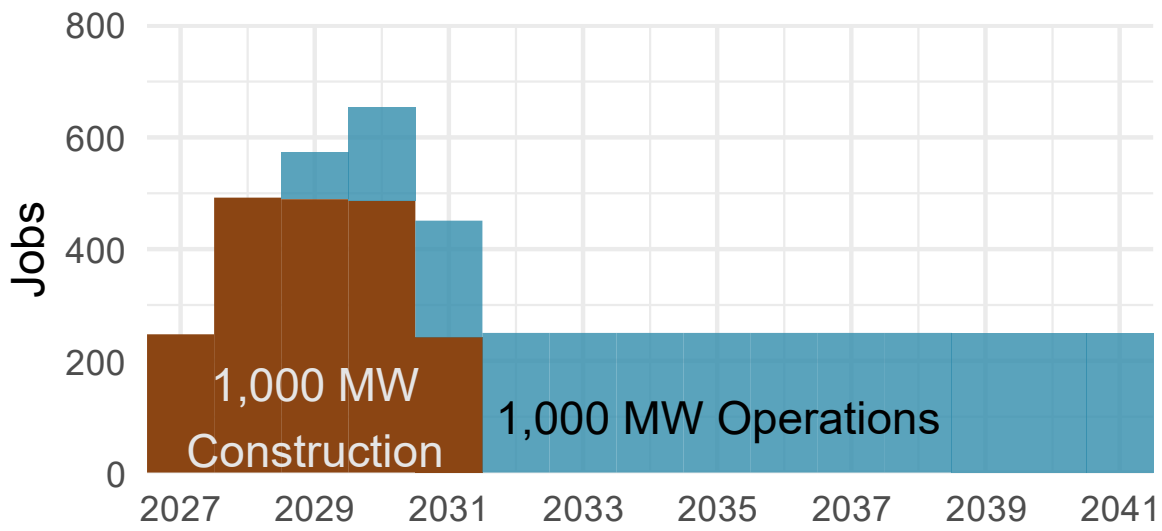
500 MW

Peaks Near 500 Jobs, Long-Term 170



Phased 1,000 MW

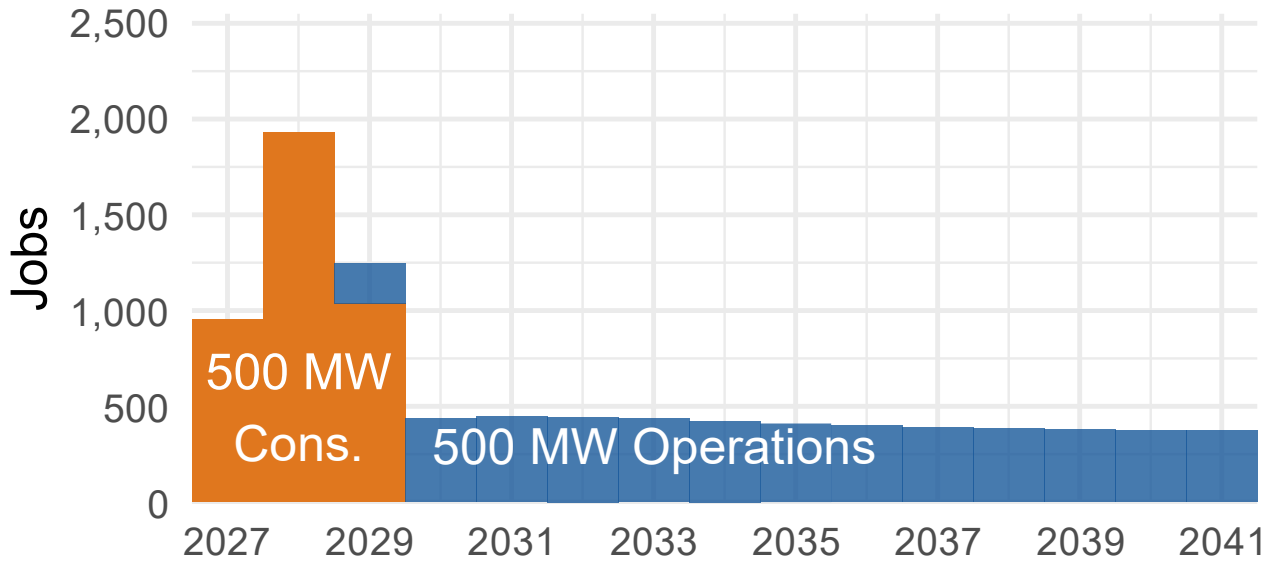
Peaks Near 650 Jobs, Long-Term 250



Total Montana Employment Impact

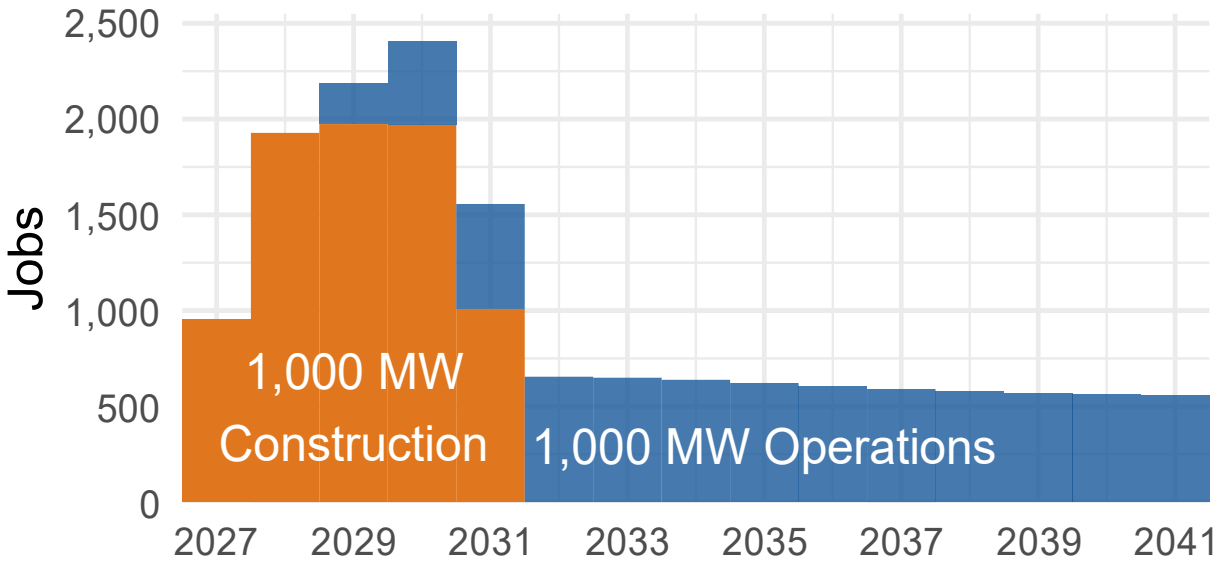
500 MW

Peaks Near 2000 Jobs, Long-Term 390 Jobs



Phased 1,000 MW

Peaks at 2,400 Jobs, Long-Term 570



Other Economic Impacts

500 MW

- Personal Income impact
  - $172 million annually at peak (2029)
  - $40 million during operations phase
- Population increase over baseline
  - 840 in 2029 (peak construction)
  - 215 in 2040

Phased 1,000 MW

- Personal Income impact
  - $230 million annually at peak (2030)
  - $60 million during operations phase
- Population increase over baseline
  - 1,400 in 2030 (peak)
  - 390 in 2040

Property Taxes: Taxable Value (500 MW)

Components: 500 MW Data Center	Average Estimated Market Value ($Millions)	Taxable Value Class 17 0.9% Mkt Value
Structure – Real Property	$1,936	$17.424
Critical systems: power and cooling equipment	$2,536	$22.824
Computers and IT equipment	$6,423	$57.807
Total	**$10,895**	**$98.055 million**

- Computing equipment (personal property/business equipment) is the majority of the taxable value even after accounting for depreciation (5 year replacement cycle).
- Even with a favorable Class 17 tax rate, a single 500 MW data center would represent about 2% of current total statewide taxable value. Exceeds total taxable value of 48 Montana counties.
- Scales proportionally: 1,000 MW data center about 4% of current statewide taxable value and 2,000 MW is 8%.
- Data center only, does not include power generation.

Projected Property Tax Payments (500 MW)

(Estimates Based On Yellowstone County, Broadview School District. Results Will Vary By Location. Assume no local tax abatement or TIF.)

	Current Mills	Estimated Mills with new 500 MW Data Center	500 MW Data Center Estimated Tax Payments (millions)
Statewide Education Mills	102.5	102.5	$10.051
Countywide Mill Levies	142.5	128.6	$12.610
Countywide Education – Transport/Retire	23.4	19.6	$1.922
County Road & Libraries (outside cities)	51.9	41.8	$4.099
Local Education – SD 21	109	46.2	$4.530
Grand Total Mills	**429.2**	**338.4**	**$33.182 million**

$33.2 million payments = $19.4 million in new revenue to state and local govts + $13.8 million to fund property tax reductions to others.

On-site Electricity Generation Impacts

- Scenario 1: 500 MW Natural Gas Plant:
  - Less likely, but easier to model.
  - $625 million capital expenditure
  - Direct, on-site employment: 256 construction, 106 operations
  - Total employment with indirect effects: 590 construction, 200 operations

- Scenario 2: at least 50% Solar (with battery storage) + wind/gas/grid
  - The most likely scenario.
  - Complex – scenario still under development
  - Most relevant comparison is the “Cowboy Project”
    - 365 MW Solar + 500MW/4000Mwh battery storage on 3,500 acres in SE Wyoming
    - Several of these $1.2 billion projects would be required for a 500 MW data center plus additional wind/gas/grid power.

Electricity Generation Taxes

On-site power generation is taxed at 0.9% Class 17 rate for 10 years.

500 MW On-Site Gas Plant

- Property Tax: About $2 million annually for 1st 10 years.
- Electrical Energy Producer's License Tax: about $525,000 annually.
- Wholesale Energy Transaction Tax = $0.00015 per kWh not used on-site

Solar Scenario

- Under development scenario
- Large land requirements.
- Larger capital expenditure – complex tax assessment.

Conclusions

- AI Data Centers Massive Scale Drive Large Economic Impacts

- 500 MW Data Center with power generation
  - $20 Billion Investment – about 10% “made in Montana”
  - Supports about 600 on-going Montana jobs (after construction)
  - Over $35 million in annual property tax payments

- 1,000 MW to 2,000 MW Scenarios
  - Modeled as consecutive 500 MW phases
  - Most economic impacts scale proportionally, except operating jobs
  - On-site power development is challenging at larger scales