

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC TARIFF FILING OF	)	
KENTUCKY POWER COMPANY FOR	)	CASE NO. 2022-00387
APPROVAL OF A SPECIAL	)	
CONTRACT WITH EBON	)	
INTERNATIONAL, LLC	)	

**RESPONSE OF JOINT INTERVENORS MOUNTAIN ASSOCIATION, KENTUCKIANS  
FOR THE COMMONWEALTH, APPALACHIAN CITIZENS' LAW CENTER, SIERRA  
CLUB, AND KENTUCKY RESOURCES COUNCIL, INC. TO DATA REQUESTS  
FROM KENTUCKY POWER COMPANY**

KPCO DR JI 1. Provide all schedules, tables, and charts included in the testimony and exhibits to the testimony of Stacy L. Sherwood in electronic format, with formulas intact and visible, and no pasted values.

**KPCO DR JI 1 RESPONSE:** There are three figures provided in the testimony of Witness Sherwood. In the testimony, the source of each figure is provided. No additional documents exist that are responsive to this request.

Witness: Stacy L. Sherwood

KPCO DR JI 2. Provide all workpapers, source documents, and electronic spreadsheets used in the development of Ms. Sherwood's testimony. The requested information, if so available, should be provided in an electronic format, with formulas intact and visible, and no pasted values.

**KPCO DR JI 2. RESPONSE:** As indicated above, no schedules were provided as part of Ms. Sherwood's testimony. The source documents upon which Ms. Sherwood relied to develop her testimony have been footnoted throughout the testimony. No additional documents exist that are responsive to this request.

Witness: Stacy L. Sherwood

KPCO DR JI 3. Provide all schedules, tables, and charts included in the testimony and exhibits to the testimony of Chelsea Hotaling in electronic format, with formulas intact and visible, and no pasted values.

**KPCO DR JI 3. RESPONSE:** Please see the KPCO\_3\_Attachment\_1 with the information used to develop Table 2 on page 7 of Witness Hotaling's testimony. The other tables and figures

in Witness Hotaling's testimony were taken directly from the sources provided. No additional documents exist that are responsive to this request.

Witness: Chelsea Hotaling

KPCO DR JI 4. Provide all workpapers, source documents, and electronic spreadsheets used in the development of Ms. Hotaling's testimony. The requested information, if so available, should be provided in an electronic format, with formulas intact and visible, and no pasted values.

**KPCO DR JI 4. RESPONSE:** Please see the response to KPCO DR JI 3. No other documents exist that are responsive to this request.

Witness: Chelsea Hotaling

KPCO DR JI 5. Please identify all proceedings in the past 10 years in which Ms. Hotaling supported a special contract for an electric utility customer.

**KPCO DR JI 5. RESPONSE:** Ms. Hotaling has neither supported nor opposed a special contract for an electric utility customer in the past 10 years, with the exception of Ms. Hotaling's recent testimony in Case No. 2022-00371, which is currently pending before the Commission. Ms. Hotaling's testimony in this case is based on her areas of expertise, i.e., the Company's plans to serve load, the costs of serving load, risks to customers, etc.

Witness: Chelsea Hotaling

KPCO DR JI 6. Please identify all proceedings in the past 10 years in which Ms. Hotaling supported electric utility economic development rate discounts.

**KPCO DR JI 6. RESPONSE:** Ms. Hotaling has neither supported nor opposed electric utility economic development rate discounts in the past 10 years, with the exception of Ms. Hotaling's recent testimony in Case No. 2022-00371, which is currently pending before the Commission. Ms. Hotaling's testimony in this case is based on her areas of expertise, i.e., the Company's plans to serve load, the costs of serving load, risks to customers, etc.

Witness: Chelsea Hotaling

KPCO DR JI 7. Please identify all proceedings in the past 10 years in which Ms. Hotaling supported a special contract for electricity for a new data center load.

**KPCO DR JI 7. RESPONSE:** Ms. Hotaling has neither supported nor opposed a special contract of electricity for a new data center load in the past 10 years, with the exception of Ms. Hotaling's recent testimony in Case No. 2022-00371, which is currently pending before the Commission. Ms. Hotaling's testimony in this case is based on her areas of expertise, i.e., the Company's plans to serve load, the costs of serving load, risks to customers, etc.

Witness: Chelsea Hotaling

KPCO DR JI 8. Please identify all proceedings in the past 10 years in which Ms. Sherwood supported a special contract for an electric utility customer.

**KPCO DR JI 8. RESPONSE:** Ms. Sherwood has neither supported nor opposed a special contract from a special contract for an electric utility customer in a proceeding, with the exception of Ms. Sherwood's recent testimony in Case Nos. 2022-00371 and 2022-00424, which are currently pending before the Commission. Ms. Sherwood worked with electric customers in negotiations on special contracts during her time with Exeter Associates Inc.

Witness: Stacy L. Sherwood

KPCO DR JI 9. Please identify all proceedings in the past 10 years in which Ms. Sherwood supported electric utility economic development rate discounts.

**KPCO DR JI 9. RESPONSE:** Ms. Sherwood has neither supported nor opposed an electric utility economic development rate discount in a proceeding, with the exception of Ms. Sherwood's recent testimony in Case Nos. 2022-00371 and 2022-00424, which are currently pending before the Commission. Ms. Sherwood has worked to understand how an economic development rate discount or an associated discount may be utilized by an electric utility customer during her time with Exeter Associates Inc. Ms. Sherwood's testimony in Case Nos. 2022-00371 and 2022-00424 related to the risks associated with crypto mining facilities.

Witness: Stacy L. Sherwood

KPCO DR JI 10. Please identify all proceedings in the past 10 years in which Ms. Sherwood supported a special contract for electricity for a new data center load.

**KPCO DR JI 10. RESPONSE:** Ms. Sherwood has neither supported nor opposed a special contract for electricity for a new data center load in a proceeding in the past 10 years. Ms. Sherwood's testimony in Case Nos. 2022-00371 and 2022-00424 related to the risks associated with crypto mining facilities, which may also provide services as part of its business.

Witness: Stacy L. Sherwood

KPCO DR JI 11. Please identify whether Ms. Sherwood has any experience developing data centers or blockchain data computing complexes.

**KPCO DR JI 11. RESPONSE:** No, Ms. Sherwood does not have any experience in developing data centers or blockchain data computing complexes.

Witness: Stacy L. Sherwood

KPCO DR JI 12. Please identify whether Ms. Hotaling has any experience developing data centers or blockchain data computing complexes.

**KPCO DR JI 12. RESPONSE:** No, Ms. Hotaling’s expertise is in electric system planning to serve load such as that required by data centers, not in the specific task of developing data centers or blockchain data computing complexes.

Witness: Chelsea Hotaling

KPCO DR JI 13. Please describe Ms. Sherwood’s professional experience and expertise, if any, related to cryptomining and cryptocurrencies. Please identify all proceedings related to cryptomining and cryptocurrencies in which Ms. Sherwood has appeared as a witness.

**KPCO DR JI 13. RESPONSE:** Ms. Sherwood’s expertise is related to the potential risks for existing customers related to crypto mining facilities and her understanding of the variability related to the value of cryptocurrency. Ms. Sherwood submitted testimony in Case Number 2022-00371, In the Matter of Electronic Tariff Filing of Kentucky Utilities Company for Approval of an Economic Development Rider Special Contract with Bitiki-KY, LLC and in Case Number 2022-00424, In the Matter of Electric Tariff Filing of Kentucky Power Company For Approval of a Special Contract Under It’s Economic Development Rider and Demand Response Service Tariffs with Cyber Innovation Group, LLC.

Witness: Stacy L. Sherwood

KPCO DR JI 14. Please describe Ms. Hotaling’s professional experience and expertise, if any, related to cryptomining and cryptocurrencies. Please identify all proceedings related to cryptomining and cryptocurrencies in which Ms. Hotaling has appeared as a witness.

**KPCO DR JI 14. RESPONSE:** Ms. Hotaling’s expertise is in electric system planning to serve load such as that required by cryptomining enterprises, not in the specific task of cryptomining. Ms. Hotaling submitted testimony in Case Number 2022-00371, In the Matter of Electronic Tariff Filing of Kentucky Utilities Company for Approval of an Economic Development Rider Special Contract with Bitiki-KY, LLC.

Witness: Chelsea Hotaling

KPCO DR JI 15. Refer to page 10 of Ms. Sherwood’s Testimony. Please provide the size of each prospective customer’s load in each bullet-point example.

**KPCO DR JI 15. RESPONSE:** For the Entergy Arkansas example, there was no associated customer load as this was a blanket request by Entergy Arkansas before the Arkansas Public Service Commission on requirements for crypto mining facilities seeks service within its service territory. The Company does indicate that it is aware of 150 MW of crypto mining-related interest within its service territory as of the filing date (Direct Testimony of Andrew Owens, page 8, lines 1-2, [http://www.apscservices.info/pdf/22/22-032-TF\\_16\\_1.pdf](http://www.apscservices.info/pdf/22/22-032-TF_16_1.pdf) )

The amount of capacity in Plattsburg, NY is 11.2 MW.

<https://www.publicpower.org/periodical/article/public-power-moves-address-energy-intensive-bitcoin-mining-operations>

The section of testimony that referenced Idaho Power is related to prospective customer interest in the amount of 1,950 MW of cryptocurrency mining operators.

Witness: Stacy L. Sherwood

KPCO DR JI 16. Refer to the following statement on page 18 of Ms. Sherwood's Testimony: "Even though Ebon has asserted that it is using a local recruiter to fulfill the positions it has identified, the proposed Special Contract does not require Ebon to hire any local residents for any jobs in exchange for the discounts from KPCO. As such, it's unclear what the level of economic impact the Ebon facility would have on the local or state economy." This statement implies that hiring only local residents for jobs provides economic benefit to the local or state economy.

- a. If you do not agree that this statement makes such an implication, please state in detail why not.
- b. Regardless of your response to part (a), please explain in detail how hiring nonlocal residents does not provide any local or state economic benefit.

**KPCO DR JI 16. RESPONSE:**

- a. That is not the implication of the statement. At no point does the testimony state that only local jobs benefits the local or state economy. However, the Commission made clear in Administrative Case No. 327 that the primary purpose of an economic development discount is to promote economic development through investment and jobs in the utility's service territory. Kentucky Power's EDR tariff and other documentation on its website indicate that job creation is a part of economic development. Local employment provides greater economic development, as there is opportunity for increased employment and the employee is likely to spend its income within the local and state areas to bolster the economy. If positions are hired for out-of-state workers or remote workers living out of the state or local area, then the level of economic development resulting from this facility is unclear. Finally, as indicated in Kentucky Power's response to JI-1-6, the jobs are much needed in Lawrence County and the surrounding counties.
- b. Hiring non-local residents provides a limited impact to both local and state economic benefits, as indicated in response a above, as there are less opportunities for the employees to pay local and state taxes and invest in the local and state economies through patronage of local and state businesses. Additionally, hiring local employees also helps to drive workforce training and development.

Witness: Stacy L. Sherwood

KPCO DR JI 17. Please confirm that an increase in Kentucky Power’s total load results in lower fixed costs for all customers. If your response is anything other than an unqualified confirmation, please explain in detail your basis for not confirming.

**KPCO DR JI 17. RESPONSE:** Ms. Hotaling and Ms. Sherwood cannot confirm this item. While in theory increased load can lower fixed costs, it is not guaranteed, nor it is appropriate to assume that it will result in lower fixed costs for all customers. The impact of fixed costs related to an increase in load is dependent upon the costs included under the fixed costs, the classification and allocation of those costs, and the ratepayer classification of the new load. Ms. Hotaling and Ms. Sherwood have not participated in a rate case involving Kentucky Power and therefore are unfamiliar with what is included or excluded from the calculation of fixed costs. Furthermore, the level of fixed costs for ratepayers is dependent upon the outcome of a rate case, including the rate design. Therefore, any impact on fixed costs related to the load would not be felt by any ratepayers until a rate case has been decided.

Witness: Chelsea Hotaling

KPCO DR JI 18. Please confirm that Joint Intervenors are recommending that the Commission reject the Ebon Special Contract because addition of Ebon’s 250MW industrial load forecloses the potential opportunity to reduce the price of power through hypothetical energy efficiency matters (the DRIPE effect).

**KPCO DR JI 18. RESPONSE:** The statement above mischaracterizes Witness Hotaling’s testimony and cannot be confirmed. Witness Hotaling’s testimony did not state that the “addition of Ebon’s 250MW industrial load forecloses the potential opportunity to reduce the price of power through hypothetical energy efficiency matters (the DRIPE effect)”; rather, it states that Ebon’s load may have an effect that is akin to the opposite of DRIPE. Please see pages 19 to 21 of Witness Hotaling’s testimony which state, for example, “Drawing on the DRIPE impacts from the implementation of energy efficiency measures on market prices, it seems possible that the additional load from Ebon could result in the opposite impact of DRIPE where market prices increase in response to the additional load on the system.”

Witness: Chelsea Hotaling

KPCO DR JI 19. Please refer to Kentucky Power’s February 2, 2023 Supplemental Response to Joint Intervenors’ data request 1-6; Kentucky Power’s February 2, 2023 Supplemental Response Joint Intervenors’ data request 2-2; and pages 5 and 16 of Ms. Sherwood’s Testimony. Please identify each fact in evidence supporting the statement that Ebon has currently applied for such tax relief.

**KPCO DR JI 19. RESPONSE:** On page 5 of Ms. Sherwood’ testimony, there is a recognition of limited local and state economic development due to tax relief. On page 16 of Ms. Sherwood’s testimony, there is discussion of “a significant decrease in economic benefits for the area” made in relation to the school tax. The Supplemental response to JI 1-6 indicates that Ebon Is applying with the Kentucky Department of Revenue for an exemption from utility gross receipts license tax, which is the school tax through 2030. While Ebon has not applied for this tax relief yet,

Kentucky Power indicates that it is aware of Ebon's plans to apply for said tax relief. Although application for tax relief or other economic development discounts is outside the control of Kentucky Power and the Commission, such possibilities and the fact that Ebon is interested in pursuing the discounts means that there could be a lower level of economic benefits realized from the addition of this facility.

Witness: Stacy L. Sherwood

KPCO DR JI 20. Please explain whether Joint Intervenors believe that Ebon's proposed facility is limited to the production of cryptocurrencies that Ms. Sherwood states suffer from market volatility.

**KPCO DR JI 20. RESPONSE:** The proposed facility is not limited to the production of cryptocurrencies; however, Kentucky Power's testimony and discovery responses are unclear as to what portion of the load will be used to serve cryptocurrency mining operations versus other data services.

Witness: Stacy L. Sherwood

VERIFICATION

The undersigned, Chelsea Hotaling, being first duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing responses and that the information contained therein is true and correct to the best of her information, knowledge, and belief, after reasonable inquiry.

*Chelsea Hotaling*

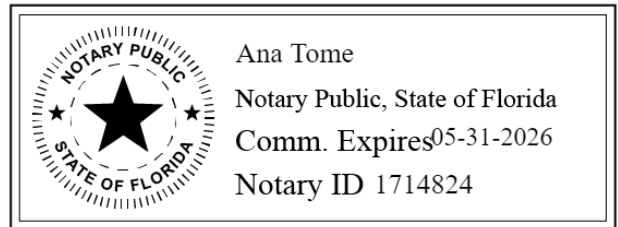
Chelsea Hotaling

Subscribed and sworn to before me by Chelsea Hotaling this 6th day of March, 2023.

*Ana Tome*

Notary Public


My commission expires: May 31, 2026



Notarized Online with NotaryLive.com

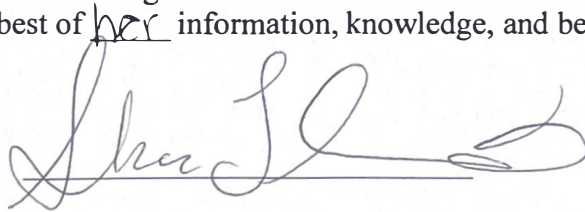


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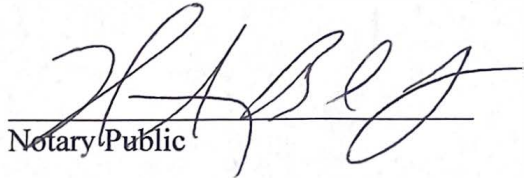
	<b>Signatory</b>	CN=Ana Tome, DNQ=A01410D000001820D733CA4000769F7, O=Florida, C=US
	<b>Date/Time</b>	Mon Mar 06 17:36:35 UTC 2023
	<b>Issuer-Certificate</b>	CN=IGC CA 1, OU=IdenTrust Global Common, O=IdenTrust, C=US
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	<b>Method</b>	urn:adobe.com:Adobe.PPKLite:adbe.pkcs7.sh1 (Adobe Signature)

**VERIFICATION**

The undersigned, Stacy Lynn Shenwood being first duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing responses and that the information contained therein is true and correct to the best of her information, knowledge, and belief, after reasonable inquiry.

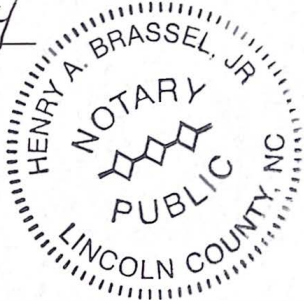


Subscribed and sworn to before me by <sup>Stacy Lynn</sup> Shenwood this 7 day of March, 2023.



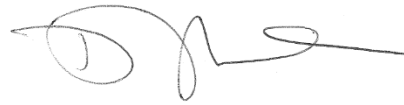
Notary Public

My commission expires: 05/06/2024



## CERTIFICATE OF SERVICE

This is to certify that this electronic filing of *Response Of Joint Intervenors Mountain Association, Kentuckians for the Commonwealth, Appalachian Citizens' Law Center, Sierra Club, and Kentucky Resources Council, Inc. To Data Requests From Kentucky Power Company* was submitted to the Commission on March 8, 2023; that the documents in this electronic filing are true representations of the materials prepared for the filing; and that the Commission has not excused any party from electronic filing procedures for this case at this time.

A handwritten signature in black ink, consisting of a large, stylized initial 'D' followed by a series of loops and a long horizontal stroke extending to the right.

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