

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

In the Matter of:

Electronic Tariff Filing Of Kentucky Power Company)
For Approval Of A Special Contract With Ebon) Case No. 2022-00387
International, LLC)

**Kentucky Power Company's Motion
For Confidential Treatment**

Kentucky Power Company moves the Public Service Commission of Kentucky pursuant to 807 KAR 5:001, Section 13(2), for an Order granting confidential treatment to the identified portions of Attachment 1 to the Company's response to Commission Staff's Post-Hearing Data Request, Item 4 ("KPSC PHDR 4").

Pursuant to 807 KAR 5:001, Section 13, Kentucky Power is filing under seal those portions of the attachment containing confidential information with the confidential portions highlighted in yellow. Kentucky Power is also filing a public version of the relevant document. Kentucky Power will notify the Commission in the future if the Company determines the information for which confidential treatment is sought is no longer confidential prior to the end of the period for which confidential treatment is requested herein.

I. MOTION FOR CONFIDENTIAL TREATMENT

A. The Requests and the Statutory Standard.

Kentucky Power does not object to filing the identified information for which it is seeking confidential treatment, but it requests that the identified portions of the responses be excluded from the public record and public disclosure.

KRS 61.878(1) excludes from the Open Records Act:

(c) (1) Upon and after July 15, 1992, records confidentially disclosed to an agency or required to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

These exceptions apply to the following information for which Kentucky Power is seeking confidential treatment:

1. Attachment 1 to KPSC PHDR 4.

Attachment 1 to KPSC PHDR 4 provides the supporting calculations for the updated marginal cost studies originally produced in response to KPSC 1-9 in this case. Attachment 1 to KPSC PHDR 4 contains the estimated expected revenues from Ebon for Phase 1 and Phase 2 of the proposed Special Contract, including tabs that take into account the estimated Tariff P.P.A. revenues expected to be recovered from Ebon over the contract term, as well as the Floor Price (as defined in the proposed Special Contract).

Kentucky Power sought confidential treatment as part of its initial filing of all confidential pricing information contained in the Special Contract between the Company and Ebon, Exhibit 1 to the Special Contract, and the Direct Testimony of Brian K. West (“West Testimony”). Kentucky Power now seeks confidential treatment of the identified information contained in Attachment 1 to KPSC PHDR 4 for those same reasons, as the estimated expected revenues from Ebon for Phase 1 and Phase 2 and the Floor Price also constitute confidential pricing information.

As further supported by the West Direct Testimony at pages 13-16, both Kentucky Power and Ebon seek confidential treatment of the confidential pricing information identified in Attachment 1 to KPSC PHDR 4. Whether mining cryptocurrencies or providing data processing services to other high-tech business described above, Ebon operates in a highly competitive industry in which cost information is highly protected for competitive advantage. The

cryptocurrency mining and data services industry is driven by access to power with the cost of electric power accounting for over 90 percent of the operational costs of providing such services.¹ Consequently, Ebon seeks to maintain confidentiality regarding the cost of power it obtains from Kentucky Power under the Special Contract. Similar to other industrial customers (steel, aluminum, pulp and paper), Ebon needs to maintain confidentiality regarding the cost of the commodities and services it competes to sell. Ebon will suffer injury by any public release of the confidential portions of the Special Contract because its competitors will gain access to the most sensitive information regarding its cost of operations.

Moreover, the identified confidential information reflects the confidential strategy Kentucky Power used to negotiate the Special Contract and design its rates. The disclosure of such information would jeopardize the Company's ability to fairly negotiate future special contracts. Making the negotiated rates public would establish a ceiling for future rates negotiated with other similar customers looking to locate in Kentucky Power's service territory, or potentially for existing customers asking to establish new rates through special contracts. Common sense and experience teach that future prospects will demand rates that meet or are less than the Ebon rates. Kentucky Power might be faced with meeting or beating the rates in the Special Contract or risk losing the prospective new business. In addition, existing customers also could seek similar rates with respect to both existing and any expanded load. This means that the confidential rate information cannot be disclosed to existing customers or to the more general public.

The confidential information identified in Attachment 1 to KPSC PHDR 4 should be kept confidential for the entire term of the Special Contract, including any extensions of the contract

¹ See <https://www.reuters.com/article/us-markets-bitcoin-mining-idUSKCN0ZO2CW> (last accessed July 28, 2023).

term. After such time there will no longer be any competitive advantage to be gained from the information.

B. The Identified Information is Generally Recognized as Confidential and Proprietary and Public Disclosure of it Will Result in an Unfair Commercial Advantage for Kentucky Power's Competitors.

The identified information contained in the attachment detailed herein is highly confidential and competitively sensitive. Dissemination of the information for which confidential treatment is being requested is restricted by Kentucky Power, its parent, AEP, and its affiliates (including American Electric Power Service Corporation ("AEPSC") and the affected operating company affiliates). The Company, AEP, and its affiliates take all reasonable measures to prevent its disclosure to the public as well as persons within the Company who do not have a need for the information. The information is not disclosed to persons outside Kentucky Power, AEP, or its affiliates. Within those organizations, the information is available only upon a confidential need-to-know basis that does not extend beyond those employees with a legitimate business need to know and act upon the identified information.

C. The Identified Information is Required to be Disclosed to an Agency.

The identified information is by the terms of the Commission's Order required to be disclosed to the Commission. The Commission is a "public agency" as that term is defined in KRS 61.870(1). Any filing should be subject to a confidentiality order and any party requesting such information should be required to enter into an appropriate confidentiality agreement.

WHEREFORE, Kentucky Power Company respectfully requests the Commission to enter an Order:

1. According confidential status to and withholding from public inspection the identified information in Attachment 1 to KPSC PHDR 4 for the entire term of the Special Contract, including any extensions of the contract term; and
2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,



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