

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

In the Matter of:

ELECTRONIC TARIFF FILING OF)	
KENTUCKY POWER COMPANY FOR)	CASE NO. 2022-00424
APPROVAL OF A SPECIAL)	
CONTRACT UNDER ITS ECONOMIC)	
DEVELOPMENT RIDER AND)	
DEMAND RESPONSE SERVICE)	
TARIFFS WITH CYBER INNOVATION)	
GROUP, LLC)	

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

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 is one figure provided in the testimony of Witness Sherwood. In the testimony, the source of the 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. 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 3 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 2022-00387, 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 4. Please identify all proceedings in the past 10 years in which Ms. Sherwood supported electric utility economic development rate discounts.

KPCO DR JI 4 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 2022-00387, 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 2022-00387 related to the risks associated with crypto mining facilities.

Witness: Stacy L. Sherwood

KPCO DR JI 5. 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 5 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 2022-00387 related to the risks associated with crypto mining facilities, which may also provide data center services as part of its business.

Witness: Stacy L. Sherwood

KPCO DR JI 6. Please identify whether Ms. Sherwood has any experience developing data centers or blockchain data computing complexes.

KPCO DR JI 6 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 7. 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 7 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 2022-00387, In the Matter of Electronic Tariff Filing of Kentucky Power Company for Approval of a Special Contract with Ebon International, LLC.

Witness: Stacy L. Sherwood

KPCO DR JI 8. 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 8 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)

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 9. 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 9 RESPONSE: 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. Sherwood has not participated in a rate case involving Kentucky Power and therefore is 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: Stacy L. Sherwood

KPCO DR JI 10. Please confirm that implementing additional or stricter EDR requirements for, or altogether excluding from Tariff EDR eligibility, potential cryptomining or data center customers results in those customers being treated disparately than other potential EDR customers.

KPCO DR JI 10 RESPONSE: That is not necessarily Ms. Sherwood's recommendation. Ms. Sherwood is suggesting the Commission create specific criteria for all EDR contracts to prevent customers from free-riding or taking advantage of the discounts associated with the EDR rates, and ensuring they will bring true economic development to the area.

Witness: Stacy L. Sherwood

KPCO DR JI 11. Please explain in detail your basis for treating potential cryptomining or data center EDR customers disparately than other potential EDR customers in other industries.

KPCO DR JI 11 RESPONSE: As stated above, that is not an accurate representation of Ms. Sherwood's recommendation. Ms. Sherwood is recommending criteria for all EDR contracts, while also separately recommending the Commission take into consideration the volatile nature of cryptocurrency in order to protect ratepayers.

Witness: Stacy L. Sherwood

KPCO DR JI 12. Please refer to the Sherwood Testimony at page 14. Please also refer to Attachment 2, page 2, question 5 of the Company's Contract Filing (filed in this case on December 13, 2022). Confirm that it is still your position that it is not clear that absent the EDR discounts, Cyber Innovation would not locate its Rockhouse Facility in Kentucky Power's service territory.

KPCO DR JI 12 RESPONSE: That is still Ms. Sherwood's position. A simple statement without proof does not suffice in my opinion. KPCO's and CIG's actions contradict the Contract's statement that if not for the EDR, CIG would not locate its Rockhouse Facility in KPCO's territory. As stated in Ms. Sherwood's testimony, CIG did not wait for the contract's approval to invest in the facility or begin operations.

Witness: Stacy L. Sherwood

KPCO DR JI 13. Please state whether you are aware of or have reviewed the Company's EDR contract filing for Cyber Innovation's Long Fork/Belfry Facility, which was approved as-filed within 30 days of filing and without further investigation by the Commission on March 30, 2022 (TFS2022-00073)?

KPCO DR JI 13 RESPONSE: Ms. Sherwood is aware that CIG was approved for an EDR Contract at its Belfry Facility, as noted in Exhibit 2 in KPCO's application in Case No. 2022-00181.

Witness: Stacy L. Sherwood

KPCO DR JI 14. Please confirm that Kentucky Power's application in Case No. 2022-00181 was withdrawn on July 26, 2022.

KPCO DR JI 14 RESPONSE: The Commission approved Kentucky Power's motion to withdraw its application in Case No. 2022-00181 on July 26, 2022.

Witness: Stacy L. Sherwood

KPCO DR JI 15. Please state the legal basis that supports Ms. Sherwood's statement on page 22 of her testimony that, "If [a cryptocurrency customer seeks service absent the EDR discount], the Commission should consider requiring the same safeguards when utilities extend electric service to cryptocurrency mining operations, regardless of the tariff option."

KPCO DR JI 15 RESPONSE:

Although Ms. Sherwood is not a lawyer, it is her understanding that the Kentucky PSC's mission "is to foster the provision of safe and reliable service at a reasonable price to the customers of jurisdictional utilities while providing for the financial stability of those utilities by setting fair and just rates, and supporting their operational competence by overseeing regulated activities."¹ This mission appears to be grounded by the Kentucky Revised Statute, Chapter 278, Section 30, which states:

(1) Every utility may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person.

¹ <https://psc.ky.gov/Home/About#Statutes>.

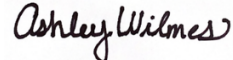
(2) Every utility shall furnish adequate, efficient and reasonable service, and may establish reasonable rules governing the conduct of its business and the conditions under which it shall be required to render service.

(3) Every utility may employ in the conduct of its business suitable and reasonable classifications of its service, patrons and rates. The classifications may, in any proper case, take into account the nature of the use, the quality used, the quantity used, the time when used, the purpose for which used, and any other reasonable consideration.²

It seems reasonable for this statute to pertain to the Commission's responsibility to ensure fair, just and reasonable rates and adequate service for all ratepayers. Cryptocurrency mining is a unique and new customer category which poses a level of volatility and potential risks to the system and the existing customers. The Commission has the responsibility to protect ratepayers by addressing these potential risks. Given the number of applications from crypto mining facilities in Kentucky over the last year the establishment of safeguards can not only protect ratepayers but assist to better facilitate the assessment of special contracts.

Witness: Stacy L. Sherwood

Respectfully submitted,



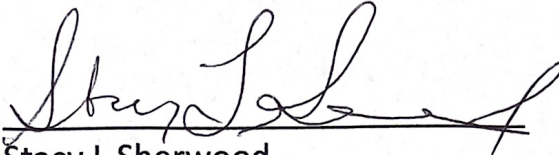
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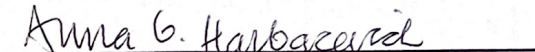
² <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=14047>.

VERIFICATION

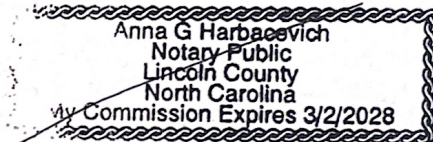
The undersigned, Stacy L Sherwood, being first duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing responses and that the information contained therein is true and correct to the best of her information, knowledge, and belief, after reasonable inquiry.


Stacy L Sherwood

Subscribed and sworn to before me by Stacy L Sherwood this 30 day of March, 2023.


Notary Public

My commission expires: 03/02/2028

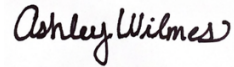


AGH
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CERTIFICATE OF SERVICE

In accordance with the Commission's July 22, 2021 Order in Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, this is to certify that the electronic filing was submitted to the Commission on April 1, 2023; that the documents in this electronic filing are a 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.



Ashley Wilmes