

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

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

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**INITIAL DATA REQUESTS OF THE ATTORNEY GENERAL**

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Come now the intervenors, the Attorney General of the Commonwealth of Kentucky, by his Office of Rate Intervention (“Attorney General”), and submit these Data Requests to Kentucky Power Company (hereinafter “Kentucky Power” or “company”) to be answered by January 27, 2023, in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the companies receive or generate additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify undersigned Counsel as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements,

interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other

electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

DANIEL J. CAMERON  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that, on January 13, 2023, an electronic copy of the foregoing was served via the Commission's electronic filing system.

this 13th day of January, 2023.

A handwritten signature in blue ink, appearing to read "J. Michael New". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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Assistant Attorney General

**Data Requests**

1. Please provide all supporting workpapers used to develop the “Summary of Incremental Costs and Revenues” attached to the contract filing at Attachment 3. Include all Excel workbooks/spreadsheets, with formulas used to develop each of the items in the summary. Also provide a narrative explaining the methodology and the underlying assumptions made by the Company for each of the investment, expense and revenue amounts included in the analysis. These workpapers should include, but not be limited to, the following:
  - a. The assumed on and off-peak kWh usage of the Cyber Innovation Group, LLC (“Cyber”) load by month each year of the 10-year contract.
  - b. The workpapers supporting the DA-LMP price of 0.04065/kWh. Show all calculations used to develop this price. Please provide the hourly load shape assumed by the Company for the full Cyber load together with the hourly LMPs by month used to develop the DA-LMP price.
  - c. An explanation for the methodology used to develop the distribution marginal costs, together with all calculations and assumptions. This should include the basis for the levelized carrying cost of 10.55%.
  - d. The expected kW load, by month, during the on peak period, for each year of the contract. Include both the load subject to interruption and the firm load, separately stated.
  - e. Provide the workpapers used to develop the PJM LSE transmission charges for each year of the contract. Identify each such charge included in the \$810,938 amount shown on line 9 of the marginal cost analysis. Also provide a narrative explaining how the Company developed its 10-year projection of transmission costs for KPCo, as used in this analysis.
  - f. Please provide a narrative explaining why there are no generation capacity costs associated with the load associated with Cyber.
  - g. Please provide the workpapers used to calculate the “Incremental Revenue” shown on line 11 of the marginal cost analysis. Please explain whether this incremental revenue is the forecasted levelized revenue that will be produced by Cyber under the contract or some other amount?
  
2. Please provide, in Excel, the most recent version of AEP’s Fundamental Forecast. To the extent that the Company has hourly LMP projections that support the Fundamental Forecast (or as part of the forecast), please provide the hourly LMP projections that are available in an Excel workbook, with formulas.

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3. With regard to the recent bankruptcy filing of the cryptocurrency exchange FTX, please provide the following:
  - a. Any written communication from Cyber to Kentucky Power indicating any change in Cyber's Kentucky project plans as a result of the FTX bankruptcy.
  - b. Any notes, memoranda or other writings in the possession of KPCo and/or AEP documenting any oral communication with representatives of Cyber regarding any change in Cyber's Kentucky project plans as a result of the FTX bankruptcy.
  - c. Any notes, memoranda or other writings in the possession of KPCo and/or AEP regarding the potential impact of the FTX bankruptcy on the Cyber project.
4. See Letter of November 16, 2022 submitted with the tariff filing at page 3. Provide all available support for the statement that, "the provision of Tariff E.D.R. reducing credits in the event capacity purchases are required to serve the E.D.R. customer are inapplicable because the Company will not be purchasing excess capacity solely to serve Cyber Innovation."
5. Identify the amount of capacity the Company will be required to purchase to serve the Cyber load.
6. See Letter of November 16, 2022 submitted with the tariff filing at page 3. Provide a copy of all documentation related to the discussion referenced in the statement, "[i]n the event that the Company incurs incremental costs to purchase additional capacity to serve Cyber Innovation over the course of the Contract term, the Company has discussed the specific provision regarding the reduction of the IBDD with Cyber Innovation." Additionally, provide a narrative identifying what the Company communicated to Cyber regarding the specific provision, Cyber's response, and the decision or statement of intention related to that issue.
7. Please provide the marginal capacity cost to serve the Cyber load. Provide all supporting workpapers, in Excel, for the analysis.
8. See Letter of November 16, 2022 submitted with the tariff filing at page 3, which states:

For these reasons, Kentucky Power believes that Finding 5 is satisfied in all material respects. The Company respectfully requests, given the novel situation presented by the expiration of the Rockport UPA, that the Commission confirm Kentucky Power's interpretation of Finding Number 5 of the Administrative Case No. 327, the provisions of Tariff E.D.R., and



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the Company's application of the same to the Contract. To the extent the Commission does not confirm the Company's interpretation, the Company respectfully requests a deviation from Finding 5 in order to effectuate the ultimate purpose of Tariff E.D.R. and encourage economic development through such contracts in the Company's service territory.

See also Footnote 8, which states:

The Commission previously granted any required deviation, or confirmed Kentucky Power's interpretation by approving a similar EDR contracts between the Company and Cyber Innovation Group LLC, effective March 31, 2022 and Discover AI LLC, effective June 10, 2022.

- a. Identify the PSC Order granting deviation and/or "confirming Kentucky Power's interpretation" related to the two referenced contracts.
- b. Identify what Kentucky Power interprets to be the "material" aspect of Finding 5 of Administrative Order 327 that has been satisfied.

9. See Contract at page 1, which states:

Customer currently is constructing an asset and data center facility located at 379 Rockhouse Fork, Hatfield, Kentucky, in Pike County ("Rockhouse Facility"). The anticipated load of the Rockhouse Facility is approximately 7,000 kW. The anticipated operation date of the Rockhouse Facility is June 2022 (ramping up through January 2023).

See also Contract at page 2, which states:

Customer anticipates that its monthly maximum billing demand will equal or exceed 7,000 kW by January 2023 when the Rockhouse Facility is placed in operation.

- a. Identify whether construction has been completed on the facility and whether it is currently operating given that we are now in January 2023.
- b. If the facility is currently operating, what is the current rate being paid by Cyber and what is its current demand?

10. See Contract at page 1, which states:

Customer plans to invest approximately \$3.5 million in the Customer's Rockhouse Facility during Phase II. Customer projects it will create

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approximately 10 fulltime employee positions when Customer's Rockhouse Facility is placed in operation.

- a. Precisely identify the amount of investment that has been made in the facility to date.
- b. Identify the number of fulltime employees of the facility and their salary.
- c. Precisely identify what types of equipment and resources will be purchased which will result in the \$3.5 million investment.

11. See Contract at page 5:

The Customer will provide any substation and transformation equipment and other facilities including real property required to take delivery of the electric service to be provided by the Company under this Contract at the voltage and at the Delivery Point designated herein.

- a. Describe what equipment Cyber has constructed to date.
- b. Confirm that Kentucky Power has expended no funds related to substations or transformative equipment.
- c. Confirm that Cyber has not leased or purchased substations or transformative equipment from Kentucky Power.

12. As described above, the contract represents that the customer projects the facility will create 10 jobs. However, in its Application for Economic Development Rider Discount at Attachment 2 to the tariff filing, Cyber represents that the new load will result in, "5 new hires." Explain this inconsistency.

13. See Letter of November 16, 2022 submitted with the tariff filing at footnote 8, referencing a previous contract with Cyber.

- a. Describe Cyber's other operations in Kentucky. Specifically, are those limited to the 20 MW facility at Long Run?
- b. The Application for Economic Development Rider Discount at page 3, "Cyber Innovation Group arrived in Eastern KY in late 2021 and has since provided more than 10 direct roles and up to 50 indirect roles. To date, we have made total capital investment in the area greater than \$7,000,000 prior to this application."
  - i. Identify the job title, job description, and salary for each of the 10 referenced jobs.

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- ii. Precisely identify the expenditures that have been made representing the \$7,000,000 in capital investment.
  - c. Provide the monthly demand for the Long Run facility since it began operation.
- 14. Please provide the following information regarding Kentucky Power's FRR unforced capacity obligation, upon the closing of the sale to Liberty. To the extent that the response will be different depending on whether Kentucky Power operates pursuant to the Bridge PCA, please provide the response for the period under the Bridge PCA and without the Bridge PCA.
  - a. How will Kentucky Power's FRR unforced capacity obligation be determined (for example, will Kentucky Power be allocated a share of the zonal weather normalized peak load of the AEP Zone based on a 5 CP demand allocation (PJM 5 highest summer peaks)? Provide an illustration of how this will be calculated.
  - b. Please confirm the Cyber interruptible load will not be eligible to participate in any PJM demand response capacity program. If this cannot be unequivocally confirmed, please provide a complete explanation for your response.
  - c. Please confirm that Kentucky Power plans to interrupt the Cyber interruptible load so that it will not be included in Kentucky Power's 5 CP allocation of the zonal weather normalized peak load, and therefore will not be included in Kentucky Power's FRR unforced capacity obligation. If this cannot be unequivocally confirmed, please provide a complete explanation for your response.
  - d. Assuming that the response to Part(c) above is confirmed, please confirm that in order to exclude the Cyber interruptible load from Kentucky Power's 5 CP (PJM 5 highest summer peaks) demands, Kentucky Power would have to insure that it will always be able to call for an interruption in these 5 hours and that Cyber will always reduce its load to only 1 MW.
  - e. To the extent that Cyber fails to fully reduce its load during a discretionary interruption event, will Cyber pay an event failure charge to fully compensate Kentucky Power and its other customers for the PJM FRR Commitment Insufficiency Charge, which is equal to two times the Cost of New Entry (\$/MW-Year) in the zone times the shortage of unforced capacity resources in meeting the obligation?
- 15. Is it the Company's intention to interrupt participating customers so that the customer's contractual interruptible load is not included in the summer peak load of

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Kentucky Power as reported to PJM for purposes of establishing Kentucky Power's FRR capacity obligation? If this is not correct, please provide an explanation.

16. Please provide the average monthly on peak and off peak LMPs at the AEP-Dayton hub for the most recent 12 months.

17. Will the Company reflect the Cyber interruptible load as a demand response resource in its FRR capacity plan?

18. The Addendum to the Contract allows for 60 hours of discretionary interruption. If Cyber fails to curtail, are the remaining customers held harmless? Please explain and provide the analysis if such an analysis exists.

19. With regard to the PJM transmission charges which provide the basis for those charges in the Summary of EDR Incremental Costs and Revenue, please provide the following, in Excel:

- a. The total dollars paid, or expected to be paid, in 2022 for each PJM transmission charge allocated to Kentucky Power pursuant to the AEP East Transmission Agreement (e.g., NITS charge)
- b. The rate/kW or rate/kWh, as applicable for the charge, associated with the amounts in Part (a) above.
- c. The billing determinants of Kentucky Power, pursuant to the AEP East Transmission Agreement, that were used to determine the amounts in Part(a) and the rates in Part (b).

20. Please provide the same information as requested in the previous question for 2023.

21. Please provide any available forecasts, in Excel, of Kentucky Power's expected transmission charges for the next 10 years, by year, by type of charge (e.g., NITS, etc.).

22. Please identify each investment and material expenditures (in the aggregate), by year, known to Kentucky Power, that it will incur during the first 5 years of the Cyber contract. Provide each amount by year together with a description of the activity or project.

23. Please provide the following:

- a. Kentucky Power's most recent load and energy forecast for at least the next 10 years. State whether this load and energy forecast includes or excludes any Cyber load.

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- b. A load and capability schedule for the next 10 years, by PJM delivery year, showing Kentucky Power's FRR capacity obligation and each generation resource available to Kentucky Power to meet the obligation. Show separately, resources currently available to Kentucky Power, purchases pursuant to the Bridge PCA and other capacity purchases required to meet the FRR capacity obligation. State whether this load and capability schedule includes or excludes any Cyber load.