

Kentucky Power Company
KPSC Case No. 2022-00424
Joint Intervenor's First Set of Data Requests
Dated January 13, 2023

DATA REQUEST

- 1_1** Did the Company review any documents or other information from CIG substantiating the ten new jobs that would be created by Proposed Facility, as referenced in the Proposed Special Contract? Please produce copies of any such documents or, in the case of any information that is not in the form of a document, please describe what information was reviewed. If the Company did not review any such documents or information, please explain why not.
- a. Please explain the difference between the ten new jobs stated in the Proposed Special Contract and the five new jobs stated in CIG's application.

RESPONSE

Kentucky Power reviewed the list of current Cyber Innovations jobs and their salaries (see the Company's response to AG 1-10(b)).

- a. See the Company's response to KPSC 1-3(a).

Witness: Amanda C. Clark

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DATA REQUEST

- 1_2** Please provide details on the following regarding the new jobs the Proposed Special Contract claims to create:
- a. Indicate how many positions are estimated to be remote versus onsite.
 - b. Indicate how many positions will be full time.
 - c. Indicate how many positions are permanent versus temporary.
 - d. Indicate the level of educational and experience required by position type.
 - e. Will the positions be recruited locally?
 - i. If so, indicate how CIG has determined that there is a pool of qualified local candidates.
 - ii. If so, indicate how many candidates are expected to come from the local community.
 - f. In five years, how many positions are expected to be retained locally at the Proposed Facility.

RESPONSE

- a. Cyber Innovation has indicated all positions will be onsite.
- b. Cyber Innovation has indicated all positions will be full time.
- c. Cyber Innovation has indicated all positions will be permanent.
- d. Cyber Innovation did not supply the Company with the requested information.
- e. See the Company's response to KPSC 1-3(c).
 - i. Cyber Innovation did not supply the Company with the requested information.
 - ii. See the Company's response to KPSC 1-3(c).
- f. Cyber Innovation has indicated all positions are to be retained locally at the Proposed Facility.

Witness: Amanda C. Clark

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DATA REQUEST

1_3 Did the Company review any documents or other information from CIG substantiating the \$3.5 million in anticipated capital investment in the Proposed Facility that is referenced in the Proposed Special Contract? Please produce copies of any such documents or, in the case of any information that is not in the form of a document, please describe what information was reviewed. If the Company did not review any such documents or information, please explain why not.

RESPONSE

Please see the Company's response to AG 1-10(c) for a full list of capital expenditures. Cyber Innovation also provided Kentucky Power with KPCO_R_JI_1_3_Attachment1 outlining its investment to date.

See the Company's response to KPSC 1-2, and AG 1-10.

Witness: Amanda C. Clark

<i>SUM of Total Labor/Infrastructure</i>				
<i>Location</i>	infrastructure	Labor	shipping cost	Grand Total
LF	4,867,072.94	2,096,099.71	7,028.00	6,970,200.65
RH	933,423.22	192,010.73		1,125,433.95
Grand Total	5,800,496.17	2,288,110.44	7,028.00	8,095,634.61

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DATA REQUEST

1_4 Please produce copies of any documents in the Company's possession concerning the size, location, and/or the design of the Proposed Facility, including which cryptocurrencies will be mined and which other services will be provided by the Proposed Facility.

RESPONSE

Please see the Company's response to KPSC 1-2 for the documents in its possession concerning the location of the facility. Kentucky Power has no other documents concerning the size and/or the design of the facility, or concerning the cryptocurrencies that will be mined.

Witness: Amanda C. Clark

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DATA REQUEST

- 1_5** Please produce copies of any documents in the Company's possession, other than those produced in response to previous data requests, concerning the potential economic development benefits of the Proposed Facility.
- a. Please also provide a breakout of the level of economic development anticipated from the different Phases of the Proposed Special Contract, independently.
 - b. Please detail the level of investment for the CIG Project, including a breakdown of the investment by construction materials and buildings fixture versus equipment.

RESPONSE

The company does not have any other responsive documents in its possession.

- a. The economic development benefit of the Cyber Innovation project at Long Fork includes the two to three jobs that will be added to the ten already hired when the Long Fork facility went into operation (see the Company's response to KPSC 1_3(a)). Cyber Innovation will ultimately employ 12-13 people with competitive salaries (see the Company's response to AG 1-10(b)) and will be of benefit to the community. Another economic development benefit is that the revenue received from the customer contributes to fixed costs that will be spread over a larger load; ultimately stabilizing Kentucky Power's rates and making its territory more competitive for other economic development projects.
- b. See the Company's response to KPSC 1-2(a).

See also the Company's responses to JI 1-16 and JI 1-19.

Witness: Amanda C. Clark

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DATA REQUEST

- 1_6** Please identify any transmission, grid, or infrastructure investments that the Company would incur to provide service to the Proposed Facility. For any such investment identified, please (a) explain in detail the nature of the investment; (b) identify the anticipated capital expenditure required with a breakdown between the investment in construction materials and building versus equipment; (c) identify the timing of the investment; and (d) identify whether the Company anticipates that it will seek to recover the investment from customers, and if so, by what mechanism. If there are no such investments identified, please explain why not.

RESPONSE

a.-d. Currently there are no investments that have been identified as necessary to serve the Proposed Facility at up to 7 MW of load at this time. Normal costs to reconnect the metering were incurred.

Witness: Brian K. West

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DATA REQUEST

1_7 Please identify any fixed costs other than those provided in response to DR 1.6 that the Company would incur to provide service to the Proposed Facility. For any such fixed cost identified, please (a) explain in detail the nature of the fixed cost; (b) identify the anticipated expenditure(s) required; (c) identify the timing of the expenditure(s); and (d) identify whether the Company anticipates that it will seek to recover the expenditure(s) from customers, and if so, by what mechanism. If there are no such fixed costs identified, please explain why not.

RESPONSE

a.-d. Currently there are no additional investments identified as necessary to serve the Proposed Facility at up to 7 MW of load at this time.

Witness: Brian K. West

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DATA REQUEST

1_8 Please identify any transmission, grid, or infrastructure investments that the Company anticipates CIG will incur in order to take service from the Company. For any such investment identified, please (a) explain in detail the nature of the investment; (b) identify the anticipated capital expenditure required; and (c) identify the anticipated timing of the investment.

RESPONSE

a.-c. As stated in JI 1_6 - Currently there are no investments identified as necessary to serve the Proposed Facility at up to 7 MW of load. Consequently, no costs for these types of investment would be incurred by Cyber Innovation in order to take service from the Company.

Witness: Brian K. West

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DATA REQUEST

1_9 Please identify whether the Company anticipates that the Proposed Facility will participate in any demand response programs, either through the Company or PJM. If yes, please identify the program and explain in detail the terms under which the Company anticipates that the Proposed Facility will participate. If no, please explain why not.

RESPONSE

The customer will, per Article 4.7 of the Contract, participate in Rider D.R.S. (Demand Response Service) in accordance with the Rider D.R.S. Contract Addendum. The current version of Rider D.R.S. also is available for review on the Commission's website:

<https://psc.ky.gov/tariffs/Electric/Kentucky%20Power%20Company/Tariff.pdf>

Witness: Brian K. West

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DATA REQUEST

- 1_10** Did the Company consider any documents or information concerning the financial health or track record of CIG?
- a. If yes, please produce copies of any documents in the Company's possession reflecting any documents or information considered.
 - b. If no, please explain why not.

RESPONSE

The Company reviewed the information provided by Cyber Innovations about its company and its plans for development and submitted the project to Credit Risk for assessment. The Company's standard practice for crypto projects in its service territory is to require all infrastructure upgrades to be paid for by the customer and to collect a deposit equal to 2/12 of the customer's estimated bill to protect the Company's current customers from the risk of default.

Witness: Amanda C. Clark

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DATA REQUEST

- 1_11** Did the Company consider the potential effects of changing cryptocurrency markets or regulation of cryptocurrencies, when evaluating whether to offer the Proposed Special Contract to CIG?
- a. If yes, please produce copies of any documents in the Company's possession reflecting any documents or information considered.
 - b. If no, please explain why not.

RESPONSE

Kentucky Power has an obligation to serve all customers in its certified service territory regardless of their legal business model. It is the potential customer's responsibility to develop their business model and do all research into its viability. Nonetheless, Kentucky Power did follow its standard process in dealing with cryptocurrency-related projects.

See also the Company's response to JI 1-10 and JI 1-15.

Witness: Amanda C. Clark

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DATA REQUEST

- 1_12** Please refer to Finding 12 on pages 26-27 of the Commission’s September 24, 1990 Order in Administrative Case No. 327.
- a. Please identify and explain the “minimum usage level” that is assumed for the Proposed Facility in the Proposed Special Contract.
 - b. Please explain how the applicable level of demand for the discount was calculated. If it was not calculated, please explain why not.

RESPONSE

a.-b. The “Availability of Service” terms for Kentucky Power’s Commission approved Tariff E.D.R. can be found at Sheet 37-1 of its current tariff and can be viewed on the Commission’s website at:

<https://psc.ky.gov/tariffs/Electric/Kentucky%20Power%20Company/Tariff.pdf>.

Cyber Innovation represented to Kentucky Power that the anticipated load for the Rockhouse Facility to be approximately 7,000 kW. Thus the anticipated load exceeds the required monthly maximum billing demand of 500 kW for new customers to participate in Tariff E.D.R.

Witness: Brian K. West

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DATA REQUEST

1_13 Please identify any provisions in the Proposed Special Contract that protect the Company's existing customers from the risk that CIG will default or otherwise not complete the initial term of the contract. For any such provisions identified, please explain how they protect the Company's existing customers from risk, particularly in the event of a default, bankruptcy, or disappearance by the customer.

RESPONSE

The terms of the Special Contract speak for themselves. Also see Attachment 1 to the Contract at page 21 of 24, Article XIII and Tariff E.D.R., Sheet 37-2, Terms and Conditions Section (7). Moreover, the Company's standard practice for crypto projects in its service territory is to require all infrastructure upgrades to be paid for by the customer and to collect a deposit equal to 2/12 of the customer's estimated bill.

Witness: Brian K. West

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DATA REQUEST

1_14 Has the Company had any communications with CIG concerning the possibility of it providing some form of security or collateral to protect against risk, or any guarantees concerning the Proposed Facility's minimum level of load or completion of the 10-year contract term? If yes, please describe those communications and produce copies of any documents reflecting those communications. If no, please explain why not.

RESPONSE

The Company has discussed with Cyber Innovation the possibility of Cyber Innovation providing some form of security or collateral to protect against risk. Discussions are ongoing. The Company has no documents responsive to this request in its possession.

Witness: Amanda C. Clark

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DATA REQUEST

- 1_15** Does the Company have internal criteria or an internal process for determining which new or existing customers are eligible to receive special contracts under its Economic Development Rider?
- a. If yes, please produce copies of any documents reflecting such internal criteria or process, and please describe how such internal criteria or process were applied to CIG.
 - b. If no, please explain why not.

RESPONSE

Of over 100 potential cryptocurrency-related projects brought to Kentucky Power, only four have been considered for Tariff EDR. The criteria, in general, for determining if a potential cryptocurrency-related project is a candidate for Tariff EDR are size of load and the customer's commitment to sign a contract. Please see KPCO_R_JI_1_15_Attachment1 for copy of the Company's current Tariff E.D.R. Application. Please see KPCO_R_JI_1_15_Attachment2 and KPCO_R_JI_1_15_Attachment3 for documents that outline the process Kentucky Power developed for working with crypto-related companies.

Witness: Amanda C. Clark

Kentucky Power Co. Application for Economic Development Rider Discount

The following information requested is necessary to apply for the incremental and/or supplemental billing demand discounts provided under the Economic Development Rider (Tariff E.D.R.). Please email the completed and verified application to klborders@aep.com.

Customer Name: _____

Address: _____

Contact Name: _____

Phone: _____

Email: _____

In order for the Company to determine whether the Customer is eligible for service under Tariff E.D.R., please provide the following information required by the Tariff:

1. A description and good faith estimate of the new or increased load to be served during each year of the contract.

6. Any additional information that the Customer believes is relevant to demonstrate the Customer's eligibility for the requested billing demand discount(s).

VERIFICATION

STATE OF _____)

) ss:

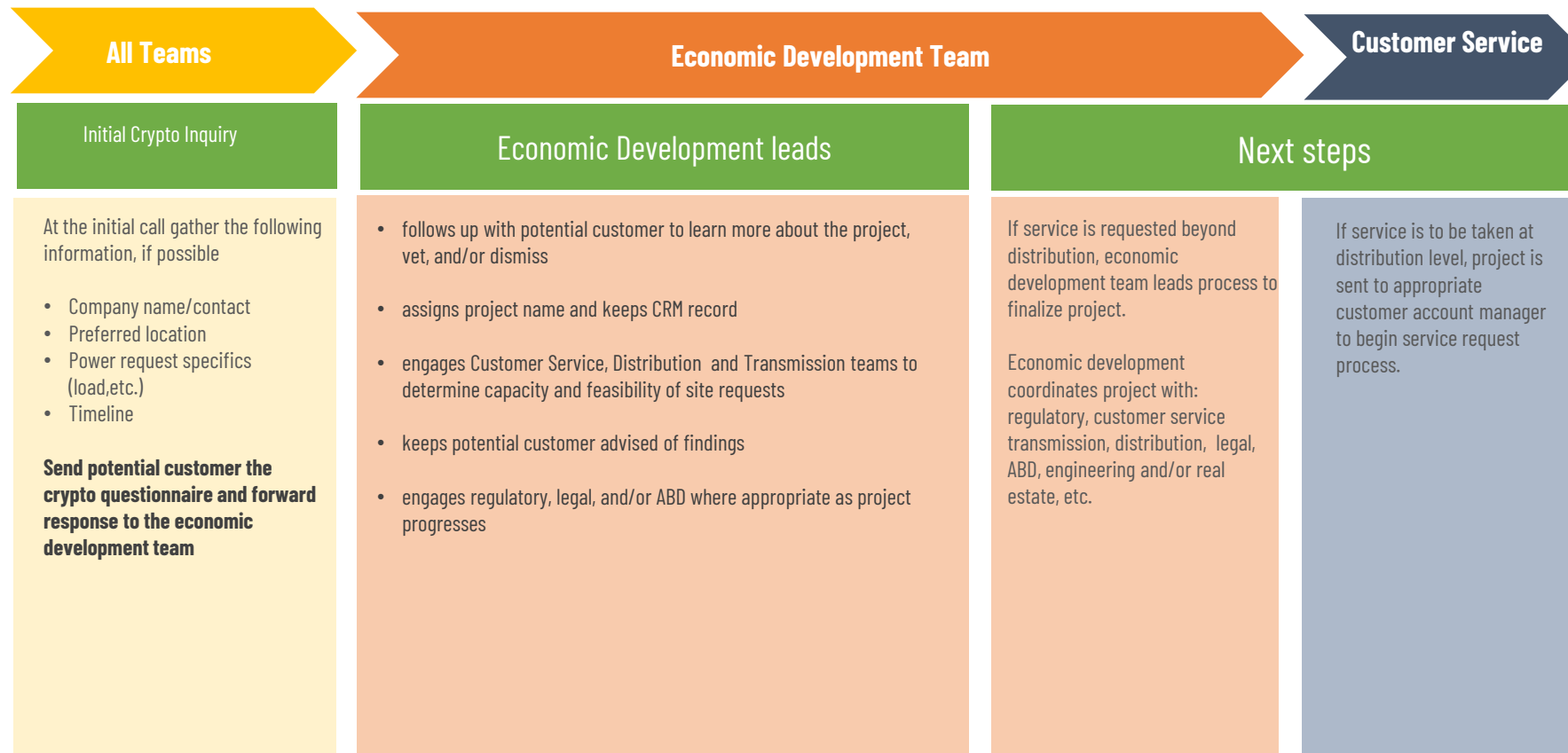
COUNTY OF _____)

_____, being duly cautioned and sworn, states that the information provided herein is true and accurate to the best of his/her knowledge, information, and belief.

Subscribed and sworn to before me, a Notary Public, in and for said County and State this ___ day of _____, 2022.

Notary Public

Kentucky Power Crypto Project Process





Economic Development Questionnaire

- Company Name (the entity who will own the assets)?
 - Formation Structure, i.e., legal formation type and state of formation?
 - Entities legal board members/ owners?
 - Years of existence?
- Number of Current Facilities
 - Location of Current Facilities?
 - How long in operation?
 - Size of Current Facilities?
- Planned Capital Investment
 - Funding Sources?
- Planned Net New Jobs?
- Required Timeline for service?
 - What do you need to start?
 - What is the end goal for capacity?
- Do you have a site plan already developed?
 - Potential site
 - What will be the size of the building/s? Acreage needed?
 - Any other site requirements that will help us narrow our search?
- Panel schedule or electrical plans for operation?
- Is there a preference for renewables/green power?
 - Please indicated level of priority (Strong, Medium, Low, N/A)
 - Are you interested in renewables even if it comes at a premium?
 - Explain any specific clean energy needs/wants if known
- Financial background review
 - Communities will require at least two years of audited financials (or other similar financial review). If these have been developed, this helps expedite any necessary approval process.
 - Note, AEP also completes a credit check and has a financial due diligence process/requirement.
- Any other relevant information you think is important to share with us at this time?

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DATA REQUEST

1_16 Has the Company attempted to quantify any projected benefits to existing customers from the Proposed Special Contract, in the form of reductions in fixed costs or otherwise? If yes, please provide that quantification and produce copies of any workpapers, with all formulas and links intact, supporting that quantification. If no, please explain why not.

RESPONSE

Please see the Company's response to KPSC 1-1. Further, on a fundamental level, revenue received from new customers that exceed marginal costs contribute to the Company's existing fixed costs that otherwise would have been paid by existing customers. This translates to lower costs for all customer's as fixed costs are spread over a larger total load.

See also the Company's responses to JI 1-5 and JI 1-19.

Witness: Lerah M. Kahn

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DATA REQUEST

1_17 Please provide details on when KPCO and CIG began discussions to locate its facilities within KPCO's service territory.

RESPONSE

Kentucky Power began talking to the owners of Cyber Innovation in October 2021 regarding locating facilities in eastern Kentucky.

Witness: Amanda C. Clark

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DATA REQUEST

1_18 Given the change for Ethereum from proof-of-work to proof-of-stake adopted in September 2022, does CIG expect its level of capacity and energy usage to decline from those provided in its application for a special contract? Please explain why or why not.

RESPONSE

The Company has been informed by Cyber Innovation that Ethereum has no impact on its business as it does not mine Ethereum.

Witness: Amanda C. Clark

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DATA REQUEST

1_19 Please quantify the specific benefits that would accrue to KPCO's other customers because of the Proposed Special Contract.

RESPONSE

Please see the Company's response to KPSC 1-1. Further, and made possible by Tariff EDR, the addition of Cyber Innovation's load will provide benefits to all of the Company's customers through increased load which will lower fixed costs borne by all customers. In addition, Cyber Innovation will be participating in Rider DRS which is a peak-shaving product designed to avoid higher costs for energy at system peaks. This benefits all of the Company's customers by avoiding higher costs.

See also the Company's responses to JI 1-5 and JI 1-16.

Witness: Brian K. West

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DATA REQUEST

- 1_20** Please answer the following related to the level of service that the Company would provide to the Proposed Facility pursuant to the Proposed Special Contract.
- a. The level of service (secondary, primary, transmission).
 - b. The phase of the power system (single or 3-phase).
 - c. Contracted capacity in kVa, broken down by the different Phases of the proposed project.
 - d. The estimated load factor, broken down by the different Phases of the proposed project.
 - e. Detail the minimum monthly billing, broken down by the different Phases of the proposed project.

RESPONSE

- a. See the Company's letter filed November 16, 2022 with the tariff filing and uploaded to this docket on December 13, 2022 which states "Service to the Rockhouse Facility will be billed under the Company's Tariff I.G.S. at the rate of Subtransmission, Code 359."
- b. 3-Phase.
- c. The contract capacity is 7,000 kW. It includes a build-up clause allowing 3,000 kW until month 3 when the capacity was set to 7,000 kW. Cyber Innovation initially anticipated operating at 7,000 kW in January 2023, but due to this case being opened, it has not yet fully ramped up to 7,000 kW.
- d. The estimated load factor for the project is 95%.
- e. Please see KPCO_R_KPSC_1_1_PublicAttachment1 for the requested information.

Witness: Amanda C. Clark

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DATA REQUEST

1_21 Is the Proposed Facility currently operating? If so, please identify the current load and load factor of the facility and provide billing information for the time that it has been operational.

RESPONSE

The Rockhouse facility is currently operating but at less than full capacity. Please see KPCO_R_AG_1_9_PublicAttachment1 for the requested load and billing information.

Witness: Brian K. West

