COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

ELECTRONIC TARIFF FILING OF KENTUCKY POWER COMPANY TO REVISE ITS INDUSTRIAL GENERAL SERVICE TARIFF.	: : :	**Case No 2024-00305**

BRIEF OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC") submits this Brief in support of its recommendations regarding Kentucky Power Company's ("Kentucky Power" or "Company") proposed Industrial General Service ("IGS") tariff revisions.

Kentucky Power's revised IGS tariff aims to address the potential for new large loads within the Company's service territory and would apply to new commercial and industrial customers requesting service on or after September 30, 2024 who have contract demands of at least 150 MW. Such large load customers (primarily data center and cryptomining loads similar to the recently proposed 250 MW Ebon International, LLC load) would be subject to:[1]

1) 20-year contract terms ending upon 5-years' notice from the customer;

2) Required minimum monthly billing demands of at least 90% of the greater of the customers' on-peak contact capacity, or their highest monthly billing demand in the past 11 months, or their maximum demand during the billing month;

3) A requirement to provide collateral equal to 24 times the customers' previous maximum monthly non-fuel bill, with that amount to be reviewed and updated as necessary under the terms of the tariff;

4) A requirement to make a one-time payment equal to 5-years' minimum billing in the event of permanent closure of the customers' facility prior to the end of the twenty-year term; and

[1] *Electronic Tariff Filing of Kentucky Power Company for Approval of a Special Contract with Ebon International, LLC*, Case No. 2022-00387, Order (August 28, 2023), *affirmed by* Order, Civil Action No. 23-CI-00899 (December 30, 2024).

5) After the initial 5 years of the contract, a requirement to provide 5-year's notice of the intent to reduce contract capacity, with a shorter notice period allowed by mutual agreement.

Kentucky Power explains that the proposed IGS tariff revisions *"are intended to protect the Company's existing customers from costs that the Company is required to incur to serve large-load customers seeking to locate in the Company's certified territory."*[2]

KIUC supports Kentucky Power's proposed tariff revisions. Given Kentucky Power's anticipated future capacity needs,[3] accommodating any new large load customers (e.g., data centers and cryptominers) within its service territory may necessitate a significant build or generation resource acquisition by the Company. Without a long-term contractual commitment, data center and cryptominer service requests would be highly speculative, requiring a long-term system investment (in generation, transmission, etc.) by Kentucky Power in order to facilitate service to load that may not ultimately materialize at the levels initially requested or in the case of cryptominers, could quickly exit the service territory. Should that occur, Kentucky Power's existing customers would be left holding the bag. It is therefore important for Kentucky Power to reduce the risk that such an outcome would occur.

Kentucky Power's proposed IGS tariff revisions reduce the cost risks to the Company's existing customers by encouraging *"right-sizing"* of Kentucky Power's system. The revisions incentivize new large load customers to contract with the Company for an amount of capacity that they realistically intend to use and require those customers to follow through on their contractual commitments. The proposed minimum billing demand provision protects Kentucky Power's existing customers against cost-shifting from large load customers to non-large load customers. And the exit fee and collateral requirement provisions protect existing customers against potential stranded costs resulting from contemplated large load that does not ultimately materialize. Kentucky Power's request to proactively address the risks associated with new large

[2] Kentucky Power IGS Tariff Filing (August 30, 2024).
[3] Integrated Resource Planning Report, Case No. 2023-00092 (March 20, 2023).

loads, as other electric utilities throughout the country have done,[4] is therefore reasonable and prudent.

Importantly, however, the IGS tariff should expressly clarify that the customers covered under the proposed revisions are only those adding 150 MW or more of *incremental* (i.e., non-current) load to the system on or after September 30, 2024. Existing customers with load exceeding 150 MW should not be subject to the terms and conditions proposed for new large load customers. Only if existing customers add 150 MW or more of incremental load to the system after September 30, 2024 should the new large load terms and conditions apply.

Accordingly, KIUC urges the Commission to adopt the proposed IGS tariff revisions.

Respectfully submitted,

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[4] *In the Matter of the Verified Petition of Indiana Michigan Power Company for Approval of Modifications to Its Industrial Power Tariff – Tariff I.P.*, IURC Cause No. 46097, Unopposed Settlement Agreement (November 22, 2024); *In the Matter of the Application of Ohio Power Company for New Tariffs Related to Data Centers and Mobile Data Centers,* PUCO Case No. 24-508-EL-ATA, Application (May 13, 2024); *Application for Approval of Revisions to Schedules LCP and IP,* WV PSC Case No. 24-0611-E-T-PW, Application (July 18, 2024).