

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC 2025 INTEGRATED RESOURCE)	CASE NO.
PLAN OF EAST KENTUCKY POWER)	2025-00087
COOPERATIVE, INC.)	

COMMENTS OF EAST KENTUCKY POWER COOPERATIVE, INC.

Comes now East Kentucky Power Cooperative, Inc. (“EKPC”), by and through counsel, pursuant to the Commission’s March 16, 2026 Order and for its written response to comments the Sierra Club’s Post-Hearing Comments (“Comments”) and respectfully states as follows:

EKPC’S RESPONSE TO SIERRA CLUB’S COMMENTS

Sierra Club expressed two main concerns with EKPC’s 2025 IRP after the March 10, 2026 Hearing.¹ The Comments continue to focus on EKPC’s generation portfolio and EKPC’s approach to data centers.

Coal Retirements and Least Cost Option

Sierra Club contends EKPC should have considered retiring Cooper Unit 1 prior to 2032 and did not consider full gas conversion of any other existing coal units. The Sierra Club argued that not making these assumptions created a flawed preferred plan.² The Sierra Club also calls for the retirement of Cooper Unit 2 and EKPC’s Spurlock Units. As the Commission is aware, EKPC takes generation planning seriously. EKPC has recently requested several Certificates of Public

¹ Sierra Club’s Post-Hearing Comments (filed April 13, 2026).

² Comments at 2-5.

Convenience and Necessity (“CPCN”) from the Commission, and all have been granted.³ These new generation assets will allow EKPC to continue to diversify its fleet. Sierra Club participated in one of these proceedings and is aware of all of the modeling EKPC has done outside of the IRP process to ensure it meets the needs of its Owner-Members and their end use members.⁴ EKPC will continue its strategic planning and make adjustments to its generation fleet as needed.

DATA CENTER LOAD AND PUBLIC INVOLVMENT

The Sierra Club also contends EKPC should be required to include data center load in its forecasting and should be included in IRP modeling. The Sierra Club intonates EKPC is harming its Owner-Member and the end-use retail members by not considering data center load in its load forecasting and modeling.⁵ This contention by the Sierra Club has no merit and should not be considered by the Commission.

The Commission thoroughly and thoughtfully considered EKPC’s approach to data centers when reviewing EKPC’s Rate DCP.⁶ As approved by the Commission, EKPC’s Rate DCP requires a special contract between the data center, EKPC, and the Owner-Member in whose service territory the data center is proposed to be located. As part of the special contract, there

³ *Electronic Application of East Kentucky Power Cooperative, Inc. for Certificates of Public Convenience and Necessity and Site Compatibility Certificates for the Construction of a 96 MW (Nominal) Solar Facility and 40 MW (Nominal) Solar Facility in Fayette County, Kentucky and Approval of Certain Assumptions of Evidences of Indebtedness Related to the Solar Facilities and Other Relief*, Case No. 2024-00129, December 26, 2024 Order, (Ky. P.S.C. December 26, 2024). *Electronic Application of East Kentucky Power Cooperative, Inc. for 1) a Certificate of Public Convenience and Necessity to Construct a New Generation Resources; 2) For a Site Compatibility Certificate Relating to the Same; 3) Approval of Demand Side Management Tariffs; and 4) Other General Relief*, Case No. 2024-00310, May 20, 2025 Order (Ky. P.S.C. May 20, 2025); *Electronic Application of East Kentucky Power Cooperative, Inc. for 1) Certificates of Public Convenience and Necessity to Construct a New Generation Resource; 2) for a Site Compatibility Certificate Relating to the Same; 3) Approval of Demand Side Management Tariffs; and 4) Other General Relief*, Case No. 2024-00370, July 30, 2025 Order (Ky. P.S.C. July 30, 2025).

⁴ Case No. 2024-00310, November 21, 2024 Order (Ky. P.S.C. November 21, 2024).

⁵ Comments at 5-7.

⁶ *Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. to Establish a New Tariff for Data Center Power*, Case No. 2025-00140, October 30, 2025 Order (Ky. P.S.C. October 30, 2025).

must be a power supply plan that includes a dedicated resource, bilateral power and capacity purchases, or a combination of both. The special contracts must be reviewed by the Commission.⁷ At that time, the Commission, and any intervenor will be able to evaluate the resource selection that will be serving the data center. As stated at the March 10, 2026 Hearing, the special contract resource selection will be reviewed almost as a “mini IRP”⁸.

EKPC developed Rate DCP in this manner, because it believes isolating the data center’s load away from the native load is the best way to protect EKPC’s Owner-Members’ end use members. A single data center, especially one qualifying as a hyper-scaler, has the potential to materially impact a utility’s load forecast, and the reliability of its resources. Since EKPC must have “steel in the ground”⁹ to serve its native load, placing a data center in EKPC’s load forecast would create the need for EKPC to continuously build out generation resources. Isolating data center load from EKPC’s load forecast is the prudent solution.

The Sierra Club’s Comments also focus on its belief that EKPC is not being transparent through the process of negotiating a special contract with a data center. The Sierra Club alleges EKPC is creating a secretive process where the public is unaware of a data center until there is a fully executed contract that has already been approved by the Commission.¹⁰ The Sierra Club then

⁷ Case No. 2025-00140, October 30, 2025 Order at 20.

⁸ Hearing Video Testimony of the March 10, 2026 Hearing (“HVT”) at 2:57:00.

⁹ See *An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2013, through April 30, 2014*, Case No. 2014-00226, January 30, 2015 Order (Ky. PSC January 30, 2015); *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates and Approval of Demand Side Management Plan and Approval of Fossil Fuel-Fired Generating Unit Retirement*, Case No. 2022-00402, November 6, 2023 Order at 95 (Ky. PSC November 6, 2023); and, *Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. and its Member Distribution Cooperatives for Approval of Proposed Changes to Their Qualified Cogeneration and Small Power Production Facilities Tariffs*, Case No. 2023-00153, October 31, 2023 Order at 10 (Ky. PSC October 21 2023).

¹⁰ Comments 7-8.

claims this alleged lack of transparency will allow data centers to be treated better than EKPC's Owner-Members' end use members.

EKPC notes the Commission encouraged EKPC to... "collaborate with data center developers to proactively address community concerns."¹¹ EKPC has engaged with the public through multiple planning commission meetings where a data center project is being considered. EKPC has prepared presentations for the public as well as the planning commission regarding the data center load. EKPC has also provided Op-ed's for two newspapers giving an overview of data centers and how they would be served by EKPC. A copy of the presentations and op-eds are included as Attachment A. EKPC is actively participating in providing information to the public. However, it is not EKPC's responsibility to provide information regarding the personal information of a data center that may be locating within the service territory of one of EKPC's Owner-Members.

As an electric cooperative, EKPC must adhere to the Seven Cooperative Principles. One of these principles is centered around education, training, and information. This promotes a sharing of information to boost understanding of the cooperative. Another guiding principle is concern for the community. This instructs a cooperative to work toward development of the communities it serves. These principles must also be balanced by how business is conducted. EKPC's duty is to provide electric service to any industry that locates within the service territory of one of its Owner-Members. EKPC does not alert members of the community to new development when any type of industry is being considered within the service territory of one of its Owner-Members whether that industry is a manufacturing plant, crypto mining operation, or data center. The reason for this is contract negotiations are confidential and disclosing the possible

¹¹ Case No. 2025-00140, October 30, 2025 Order at 23.

location of any new development could jeopardize that customer actually locating within the service territory. As discussed above, EKPC has structured its Rate DCP and the special contracts to protect the end use members and this approach has been approved by the Commission.

EKPC appreciates the Commission's time and attention to this matter and has no further comments at this time.

This 20th day of April 2026.

Respectfully submitted,

Heather S. Temple

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CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing was transmitted to the Commission on April 20, 2026; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that pursuant to prior Commission Orders, no paper copies of this filing will be made.

Heather S. Temple

*Counsel for East Kentucky Power
Cooperative, Inc.*

Attachment A

***Comments of Nick Comer, East Kentucky Power Cooperative
Maysville-Mason County Planning Commission
Dec. 9, 2025***

East Kentucky Power Cooperative has been a proud part of the Maysville/Mason County community for over 50 years. Today, Spurlock Station is EKPC's flagship power plant. The plant employs over 250 people, supported by hundreds of on-site contractors.

Spurlock Station plays a central role in EKPC's past, present and future.

While utility companies across the nation are closing power plants like Spurlock Station, EKPC has chosen a different path. EKPC is investing in Spurlock's long-term future to maintain this reliable, competitive power plant here in Maysville.

On the two original units, EKPC has invested in scrubbers, precipitators and other environmental controls to maintain compliance and ensure a long operating life. Since 2005, EKPC has commissioned 2 new generating units featuring innovative technology to slash emissions while maintaining high efficiency. In the last few years, EKPC has safely cleaned and closed the plant's CCR pond, and relocated materials to a lined, capped on-site landfill, away from the Ohio River. With these significant investments, I am pleased to say Spurlock Station is one of the cleanest power plants in the nation.

And EKPC continues to invest in Spurlock Station's future. We are investing in technology to co-fire all four units with natural gas, ensuring that Spurlock Station will reduce carbon dioxide emissions and continue operating when strict new EPA regulations take effect in 2030.

Over the years, each of these investment decisions has come down one goal: doing what is best for our 16 owner-member cooperatives and the 1.1 million Kentucky residents they serve. That includes thousands of businesses and industries served by co-ops.

The question always before our electric co-ops is this: How can we provide the most reliable electricity at the lowest possible cost for all co-op members?

EKPC and our 16 owner-member cooperatives are not-for-profit organizations. Electric co-ops are based in the communities we serve. We have a long history of supporting and promoting economic development in our communities. Jobs and investment are essential to maintaining the vitality of those communities and providing opportunities for the future. Tax base supports schools, roads, emergency services and other basic services. Large users of electricity help to stabilize electric rates for everyone, especially rural areas served by cooperatives.

A core principle for all electric cooperatives is treating all members fairly. We serve households, along with farming operations and businesses of all sizes. We serve big industries that use large amounts of electricity.

That is why we maintain separate rate classes for residential, commercial and industrial members, and some subclasses within the classes. Each class or subclass uses electricity differently. As a result, their rate structure is designed so that the electric cooperative can recover all of the costs of serving them.

If one member or group of members is not paying their fair share, then it is likely the burden is falling on other members. We work hard to prevent any cost shifting.

As an aside, sometimes we in the electric industry refer to those “rate schedules” as “tariffs.” But it has nothing to do with international trade, or imports from China. In the electric industry a tariff is a rate schedule for a particular class of electric users.

It is important to note, electric utilities in Kentucky have geographic territories and we have a legal obligation to serve those territories. If someone decides to locate a new home, business, school, factory or data center anywhere in our territories, our co-ops must provide electric service. And under federal law, EKPC is required to serve any customer that wishes to take service from our grid. Because we are obligated to serve, EKPC believes we should be prepared and proactive in our discussions with prospective large users of electricity, especially data centers.

We have been proactive. Just a few weeks ago the Kentucky Public Service Commission (PSC) approved EKPC’s proposal for a new rate schedule specifically designed for data centers. This gives EKPC and our owner-members a strong tool to serve the needs of data centers while protecting other co-op members.

This Data Center Rate Schedule is designed to ensure data centers pay the full cost of the electricity they use and the full cost of infrastructure needed to serve them. That means other co-op members will not pay for power plants or power lines needed to serve data centers. The Data Center Rate Schedule is designed to identify costs and risks caused by data centers, and keep those costs and risks with the data center, not with other members. This is fundamental to the rate design.

So, if serving a new data center means EKPC must build a new generating unit at the power plant or enter into a new power purchase agreement with another power plant owner, the data center will bear that cost. If EKPC must build new transmission lines and substations to serve a data center, then the data center will bear that cost.

EKPC developed this rate schedule after studying the experiences and lessons learned by other electric utilities around the country. We have carefully considered how best to serve this growing need while insulating other cooperative members from the costs and risks.

We believe EKPC's Data Center Rate Schedule is best in class for recovering data center costs, for protecting other cooperative members and for unleashing the opportunities that can benefit communities, including jobs, investment and tax base.

We recognize that data centers are not all the same. In fact, their power needs and power usage patterns can vary widely. Some may use 20 megawatts of power at a very steady pace, 24/7. Others may use many times that amount, and their power usage may vary throughout the day.

Some data centers may have the ability to lower their power consumption when the electric grid is experiencing high demand. Others may want facilities in place to keep the power flowing under all circumstances, like having a backup generator for your home.

Clearly, one size does not fit all.

As a result, the Data Center Rate Schedule establishes guidelines to govern the development of a special contract between EKPC, the local distribution cooperative and the data center customer. The rate schedule recognizes that terms and conditions of each special contract can, and should, be tailored to meet the specific needs of each data center. Importantly, each special contract must be reviewed and approved by the Kentucky Public Service Commission. In other words, every data center special contract that EKPC enters into must be determined by the PSC to be fair, just and reasonable for everyone.

At this time, EKPC has not filed a proposed special contract with the PSC for any prospective data center project.

Under the new rate, a facility qualifies as a data center if it uses at least 15 megawatts and has a load factor of 60 percent or more, meaning it steadily uses large amounts of electricity. This is likely to require new electric infrastructure like substations, high-voltage transmission lines or more power plant capacity. Depending on the circumstances, this could require millions of dollars in investment by our cooperatives, even hundreds of millions of dollars. Those costs will be borne by the data center.

The new Data Center Rate Schedule recognizes that a very large users of electricity can drive enormous daily expenses for power plant fuel, transmission access and other variable costs. To protect other members, data centers will be required to prepay several months of expected costs into a holding account for EKPC and the local co-op to draw from as expenses are incurred. Collateral requirements provide further protections against costs left stranded if a data center closes unexpectedly before the end of its contract.

Large data centers needing more than 250 megawatts of power plant capacity must have a dedicated resource. This means they cannot simply buy their needs from whatever generation sources might be available in the market at the moment. They must have a firm contract for capacity from one or more power plants.

This is important. For years, EKPC has been very vocal about federal regulations, along with the policies of some states outside of Kentucky, driving reliable power plants to close prematurely. Some of those other states have advanced policies to shut down their reliable, dispatchable power plants, and to depend heavily on markets and on intermittent resources.

Meanwhile, some states have forced the breakup of their vertically integrated electric industries. As a result, electric retailers in those other states have been forced to rely on markets to sell them power plant capacity. Those retailers no longer have the protection of owned assets. They are hoping somebody else—almost certainly in another state—will have power plant capacity to sell them. They are depending on volatile markets.

Now, the states that closed their power plants and chose to lean on markets are screaming the loudest about high electric bills.

Kentucky has taken a much wiser, much sounder approach. Kentucky's policymakers have supported grid reliability. As a result, EKPC has invested in keeping reliable power plants operating to serve the needs of Kentucky's homes and businesses. As demand for electricity grows, EKPC has added reliable power plant capacity to serve the growing need. This protects cooperative members from volatile market prices, because we own the assets.

EKPC's Data Center Rate Schedule is rooted in the idea that large loads must have firm generation resources and they must pay for those resources. They cannot simply lean on markets.

In the past several years, EKPC and our 16 owner-member cooperatives have received dozens of enquiries from prospective data center developers. Most of those have come and gone.

But EKPC has had ongoing conversations with a company interested in locating a data center in the Maysville area. We have explored various ideas, possibilities and configurations, with a wide range of potential power needs and potential resources for meeting those needs. Those discussions continue. Due to contractual agreements, EKPC cannot disclose details. This is routine with most prospective economic development projects, including projects that are much, much smaller than this one.

EKPC's senior management has met with members of the company's senior management. We can confirm it is a Fortune 100 organization with a well-known brand name.

The company has stated their intention to build, own and operate the data center facility throughout its lifespan. We believe this is a strong positive for the community and for our cooperatives.

EKPC is confident this project represents a unique opportunity for jobs, investment and tax base, not only for Maysville and Mason County, but for Kentucky.

EKPC supports the project.

The close proximity to Spurlock Station and existing transmission facilities will help to minimize the impact of additional electric infrastructure. In addition, EKPC believes serving this large load will help to stabilize electric rates for all members. The Data Center Rate will insulate other cooperative members from data center costs. Data centers, like all members, will contribute to the bottom lines of our not-for-profit cooperatives. Due to their large relative size, data centers will make a large contribution, helping to maintain stable rates for everyone.

In terms of the text amendment before the commission, EKPC has reviewed the document as well as proposed changes submitted by the company. EKPC supports those changes, with the understanding EKPC will have power and infrastructure in place when needed.

When EKPC is planning a significant power plant or power line project, we routinely engage the public by providing detailed information about what is planned and how we expect it will impact the community. We will conduct public meetings to provide information and answer questions when we have projects to discuss.

Further, we are subject to regulation by the Kentucky Public Service Commission, which requires review and approval of qualifying generation and transmission projects. This provides further opportunities for public participation in the future.

This is an opportunity for this community, this region and for the state of Kentucky. EKPC looks forward to working with Maysville and Mason County as we continue our focus of providing reliable, cost-competitive power to existing and new members in our cooperative family.



Data Center Power Tariff

Jacob Watson, Manager – Rates and Regulatory

Set the Stage

- Kentucky law requires utilities to provide adequate, non-discriminatory service within their territories
- Large data center loads have an impact on generation, transmission, and financial risk
- Rate DCP was developed to:
 - Ensure reliability of the system
 - Prevent cost shifting to other members
 - Provide transparency in infrastructure planning
 - Establish clear financial and contractual expectations

Application Process

- Submit formal application to EKPC
- Minimum \$75,000 fee (+ \$1,000 per MW over 15MW)
- Load Study conducted (PJM interconnection review)
- First-come, first-served prioritization

Eligibility Requirements

Data Center Definition

- Centralized facility for electronic data processing
- Includes cryptocurrency mining
- Must meet BOTH:
 - $\geq 15,000$ kW peak demand (Load Size Test)
 - $\geq 60\%$ monthly load factor (Load Factor Test)

Aggregation Requirements

Loads aggregated across:

- Co-Located Data Centers
- Co-Located Non-Data Center facilities
- Grouped Data Centers in EKPC territories

If aggregated threshold is met → treat total as Eligible Data Centers

Contract Requirements

Three-party agreement: End-Use Member + Owner-Member Cooperative + EKPC

- Must receive Kentucky Public Service Commission approval
- No service until contract is executed and conditions satisfied
- Service Location must be controlled by the End-Use Member

Key Contract Terms

- Contract capacity and ramp schedule (≤ 5 years)
- Minimum billing demand
- Curtailment provisions
- Default, termination, force majeure

Resource Selection Framework

EKPC identifies Selected Resource Mix

- EKPC-Supplied Dedicated Resources
- End-Use Member-Supplied Dedicated Resources
- Bilateral Purchases
- Market Purchases (PJM)

If peak >250,000 kW

- Subject to Dedicated Resource Rider
- End-Use Member may choose:
 - End-Use Member-Supplied Resource (if permitted)
 - EKPC-Supplied Resource

Dedicated Resource Rider

End-Use Member Supplied

- Must be PJM interconnected (not behind-the-meter)
- Must meet full load + reserve requirement
- EKPC lease required if End-Use Member owned
- 100% ownership required by End-Use Member
- Purchase option for EKPC at net book value

EKPC Supplied

- End-Use Member funds development, O&M, fuel
- Sinking fund for decommissioning
- Limited recourse project financing possible
- Pro-rated costs if partial commitment

Exclusivity of Service

End-Use Member may NOT use third-party or behind-the-meter generation

- Exception: Approved emergency backup
- All firm service must flow through EKPC

Collateral Requirements

- Standby Letter of Credit (Qualified Institution)
- Cash collateral (secured account)
- Parent Guarantee (rating limits apply)
- Capital credit setoff rights

Pricing & Billing

Rates approved by Kentucky PSC

- Subject to adjustment
- Includes riders (FAC, Environmental, Interruptible, etc.)
- Weekly billing cycle
- Estimated invoices with reconciliation true-ups

Pre-Payment Deposit

- Rolling 6-month expected max billing
- Minimum 2 months after 2 years
- EKPC may draw immediately upon invoicing
- 2.5% charge on unpaid amounts

Cost Recovery Philosophy

100% of costs borne by Qualifying End-Use Member

- Separate accounting from non-Rate DCP members
- Includes reasonable rate of return
- Includes transmission, distribution, RTEP, and generation

End-Use Member responsible for build-out costs

- Transmission upgrades
- Substations & distribution upgrades
- Dedicated generation facilities
- Prepaid upfront with true-up adjustments based on actual costs

Additional Cost Responsibilities

- Operations & maintenance charges
- Labor, professional fees, insurance
- All service-related collateral and market costs



Questions and Discussion



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MENU



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EKPC PREPARED FOR DATA CENTERS

March 2026



Data centers will come to Kentucky; EKPC is prepared

By Don Mosier

Kentucky finds itself at the heart of the next revolution of the Information Age. Data centers are coming. East Kentucky Power Cooperative (EKPC) is ready.

Because of their role in digital computing, data centers are as vital to our nation's economy as factories, stores and office buildings. They will create new jobs, provide new investment in Kentucky's communities, and generate tax revenue to support schools, roads, and other basic services. They will provide opportunities for Kentucky communities, many of which need a boost.

Due to their energy needs and operating characteristics, they will make significant contributions to cooperatives' fixed costs and bottom line, helping to ease growing pressures on electric rates. A recent study by Lawrence Berkeley National Laboratory <<https://www.sciencedirect.com/science/article/pii/S1040619025000612#sec0020>> found large loads like data centers can actually help to lower electricity prices for other homes and businesses.

EKPC and our 16 owner-members are prepared to do our part to power data centers. Several years ago, we recognized the potential costs and risks—as well as the tremendous opportunities—presented by data centers to the communities and 1.1 million people we serve. We must be ready because we are required by law to serve any home or business that chooses to locate in our service territories.

Any new data centers sited in territories served by EKPC's owner-member cooperatives will pay their own way. They will not pass along their costs to, or raise the rates paid by, our owner-members. EKPC has established rules that require data centers to pay for any new needed power plants and transmission infrastructure. These additional facilities will help build a stronger electric grid.

Data centers will pay the costs of those electric upgrades necessary to serve them, and other cooperative members will be protected from the costs and risks of serving data centers.



Data centers offer benefits to the communities where they locate, including high-paying jobs, taxes to support basic services and much needed investment in the future of rural communities.

The digital economy

The 24/7 digital economy flows through phones, laptops and other devices that are portals for communications, commerce and entertainment. In the Information Age, many businesses are competing based on the speed and volume of data transfer, processing, analysis and storage. Digital capabilities will play an outsized role in determining future winners and losers in industries as diverse as communications, health care, manufacturing, finance and national security.

Data centers are the basic infrastructure of that digital economy. They are the equipment necessary to transfer, process, analyze and store data. Today, almost 12,000 data centers are in operation worldwide, including about 5,400 located in the U.S., according to the Brookings Institution <<https://www.brookings.edu/articles/the-future-of-data-centers/>> . In the race to bring online the fastest, most capable data centers, companies are centralizing and building larger facilities. Given their central role in business competition, there is no question they will be built. It is simply a question of where they will go.

Due to their energy needs, developers are seeking locations with access to large quantities of reliable, cost-effective electricity. Not surprisingly, they are looking at Kentucky, which has some of the lowest rates and best reliability in the nation.

Understandably, Kentucky residents want to protect those low rates and high reliability. So does EKPC.

Paying their fair share

Like all cooperative members, data centers should pay their fair share. That is the fundamental premise of EKPC's data center rate schedule, which was recently approved by the Kentucky Public Service Commission. It is also the idea behind a bill recently introduced in the Kentucky Legislature by Rep. Josh Bray.

EKPC's data center rate schedule is the result of our staff observing and learning from the experiences of electric utilities in Virginia, Ohio, and other areas where data centers have concentrated.

The rate schedule establishes guidelines to identify costs and risks of serving large data centers, and to provide strong protections to ensure data centers bear all of the costs and risks they cause. Data centers also must provide cash flow in advance for expenses associated with consuming large amounts of electricity. The schedule ensures other cooperative members are not left to pay for expensive upgrades if a data center leaves early. Importantly, large projects requiring more than 250 megawatts of electricity must secure dedicated resources to provide that power. They cannot simply rely on buying power in the wholesale electricity market and assume the power will be available.



EKPC's Spurlock Station is located near Maysville, Ky. A Fortune 500 company is considering constructing a data center in the vicinity of Maysville, near the power plant.

For more than a year, EKPC has been in talks with a Fortune 100 company—an organization with a globally recognized brand name—regarding energy needs for a site it is considering in the vicinity of Maysville near EKPC's Spurlock Station power plant. We have discussed serving various levels of power usage, and options for meeting that need. It could require building new power plant capacity in Kentucky. It might require purchasing electricity from elsewhere under a long-term arrangement. It could require a combination of both.

Currently, there is available excess capacity on the regional transmission grid to accommodate a large load in the Maysville region with moderate additions of high-voltage transmission infrastructure. The data center would be responsible for paying all of those costs, under EKPC's rate schedule. That extra transmission capacity likely will disappear if a different data center locates elsewhere in this portion of the regional transmission organization (RTO), such as in southern Ohio. If that happens, cooperative members here in Kentucky will see no benefits from rate stabilization, nor from local jobs, tax base, etc. If another prospective large load showed up later, infrastructure additions needed to support them may be more expensive, since the available capacity has been reduced by the neighboring state.

EKPC has plans to build new generating resources, including a new unit at Cooper Station in Somerset and a new power plant in Casey County. However, those are for the current and growing energy needs of our existing cooperative members. A large new load will need new resources.

By owning reliable power plant capacity and participating in an RTO, EKPC is ensuring reliable, competitively priced service for Kentucky's homes and businesses while maintaining flexibility to meet unique needs of large loads.

EKPC and PJM

EKPC is a member of PJM Interconnection, an independent, non-profit RTO that coordinates the flow of electricity in 13 states and the District of Columbia. PJM's top priority is maintaining grid reliability. It strives to do that using competitive market tools.

The power plants and power lines are owned by EKPC and by similar entities throughout the region. PJM coordinates the generation and movement of electrons. When a new power plant or large new consumer is planned, PJM conducts studies to identify transmission constraints, and requires upgrades when necessary.

PJM also operates electricity markets where EKPC and hundreds of other organizations buy and sell energy and power plant capacity. Because PJM is the largest power market in the U.S., and its footprint encompasses major population and commercial centers in the mid-Atlantic region, data center developers want to be located in the region.

PJM does not set rates. It provides access to a market, where prices are established based on supply and demand. Because EKPC owns enough reliable power plant capacity to cover all of its members' needs under most circumstances, it is rarely exposed to unhedged market prices. In fact, EKPC is a net seller of capacity in PJM, while many other states must purchase their capacity. Those states that pursued policies to shut down reliable power plants and expose their citizens to the market now are complaining the loudest about high prices in PJM.

As long as our policy-makers continue supporting reliable power plant capacity here in Kentucky, and data centers are willing to pay their way, EKPC and our 16 owner-members can serve the energy needs of these facilities while ensuring continued low rates for Kentucky's homes and businesses.

Maintaining local control – and winning!

Data centers will be built. If they are not built here in Kentucky, then they will go to nearby states. When that happens, the value they can provide to our communities goes with them. The transmission grid improvements and new locally built generation go, along with the benefit of increased reliability of Kentucky's electric grid.

Surprisingly, Kentucky's electric customers could see costs if the data centers go to a nearby state. Electrons flow in ways that can create congestion on our electric grid. Under PJM's federally approved transmission tariff, the costs of new transmission infrastructure can be spread to adjacent transmission owners like EKPC. If the facility is not located in Kentucky's electric cooperative territory, then it is not subject to EKPC's rate schedule, which would assign those costs to the data center. So Kentucky residents could be left paying a portion of the transmission costs while the value goes to other states. As a result, data centers' transmission investments and siting new generation outside of Kentucky can create unpredictable and significant costs that we cannot control.

Local control is indeed important.

Kentucky is the proud home of winners. Whether on the basketball court, or at Churchill Downs and Keeneland, Kentucky is home to winners. Serving and hosting data centers, if done prudently and wisely as EKPC is committed to, our 16 owner-members will win, bringing and

keeping value here in our communities.

Don Mosier is president & CEO of East Kentucky Power Cooperative (EKPC), which supplies electricity for 16 electric cooperatives serving 1.1 million Kentucky residents across 89 counties.

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Data center project is an opportunity for Maysville and for Kentucky

Op-ed by Don Mosier

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Don Mosier
President & CEO of EKPC

Working alongside our 16 owner-member cooperatives, EKPC has a long history of supporting economic development projects across the 89 counties we serve. As not-for-profit cooperatives, we strive to protect and improve the quality of life for all cooperative members.

New and expanding businesses bring new jobs, investment, tax base and opportunities. For the rural communities we serve, especially those in Eastern Kentucky, economic development projects are essential to sustaining our communities for future generations by supporting jobs and basic services to keep people in the area.

A company is considering locating a large data center near Maysville. Like most economic development prospects considering potential project sites, this company requires confidentiality.

EKPC supports this project. The company is a well-known global brand with considerable resources. The company has stated their intention to build, own and operate the data center facility over its lifespan, which I believe will prove very beneficial for the community.

For the local community, for the region, and for Kentucky, this project will provide jobs, tax base and opportunity.

For members of electric cooperatives served by EKPC, this project will provide rate stability due to the data center's relatively large contribution to electric co-ops' bottom lines. Additional electric infrastructure will strengthen the regional grid.

EKPC has been engaged in discussions with this company for over a year now. Over that period, we have considered a number of configurations, with a range of potential energy requirements. This project would consume large amounts of electricity, perhaps more than the capacity of EKPC's Spurlock Station power plant in Maysville. The project likely will mean adding very expensive new infrastructure such as generating units, high-voltage transmission lines, substations, etc.

Cost and reliability of electric service are top priorities for all cooperative members. EKPC and our owner-member cooperatives maintain a careful balance, providing reliable, cost-competitive and increasingly sustainable electricity. We work hard to treat all cooperative members fairly, and to ensure each pays their fair share of the overall cost of making and delivering the electricity they consume.

EKPC and its 16 owner-member cooperatives recognize the risk of data centers shifting costs to other cooperative members. For well over a year, our staff worked to develop a best-in-class data center rate schedule to ensure those companies pay their fair share if they choose to come to Kentucky. We observed and learned from the experiences of electric utilities in Northern Virginia, Columbus, Ohio, and other areas where data centers have concentrated, and we applied

those lessons. The Kentucky Public Service Commission has reviewed and approved this new rate schedule.

The cooperative data center rate schedule establishes guidelines to identify costs and risks of serving large data centers, and to provide strong protections to ensure data centers bear all of the costs and risks they cause; that they provide cash flow in advance for extreme expenses associated with consuming large amounts of electricity; and that other cooperative members are not left to pay for expensive upgrades if a data center leaves early. Importantly, large projects requiring more than 250 megawatts of electricity must secure dedicated resources to serve them. They cannot simply rely on buying power in the wholesale electricity market and assume the power will be available.

EKPC is striving to protect cooperative members while managing the needs and impacts of data centers. We want the communities we serve to have a competitive opportunity to welcome a data center project, if they wish. At the same time, we are mindful that, if a data center chooses to build in a location served by our owner-member cooperatives, then we are required by law to provide electric service. We must be prepared.

As it stands, there is sufficient available excess capacity on the regional transmission grid to accommodate a large load in the Maysville region with moderate additions of high-voltage transmission infrastructure. The data center would be responsible for paying all of those costs.

EKPC is a member of the PJM regional transmission organization (RTO), which spans 13 states plus the District of Columbia. Our high-voltage electric transmission lines, along with power plants like Spurlock Station, operate within that RTO.

EKPC's extra transmission capacity likely will disappear if a data center locates elsewhere in this portion of the RTO, such as southern Ohio. If that happens, cooperative members here in Kentucky will see no benefits from rate stabilization, nor from local jobs, tax base, etc. Plus, the next prospective large load in our region would face much more expensive transmission upgrades to site their project. It also would mean new generation for the data center likely would be built outside of Kentucky, moving those jobs and local opportunities, including grid reliability benefits, to another state.

This project is an exceptional opportunity for the local community, for the region and for the entire state of Kentucky. EKPC is doing all it can to ensure this project's energy needs can be met with competitive rates and reliability, while our current cooperative members are protected from the costs and risks.

Don Mosier is president & CEO of East Kentucky Power Cooperative (EKPC), which supplies electricity for 16 electric cooperatives serving 1.1 million Kentucky residents across 89 counties.

