COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application Of Kentucky Power Company For: (1) An Order Approving The Terms And Conditions Of The Electronic Service Agreement Between Kentucky Power Company And DB Long Hunts Data LLC, A Subsidiary Of TeraWulf, Inc. Pursuant To Tariff I.G.S.; (2) Authorization To Enter Into The Agreement; (3) And All Other Required Approvals And Relief	))))))))	Case No. 2026-00323

APPLICATION

Kentucky Power Company ("Kentucky Power" or the "Company") applies to the Public Service Commission of Kentucky (the "Commission") pursuant to KRS Chapter 278, including KRS 278.040(2), KRS 278.160, and 807 KAR Chapter 5, including 807 KAR 5:011, Section 13, for an Order: (1) approving the terms and conditions of the Amended and Restated Electric Service Agreement (Tariff I.G.S.) by and between Kentucky Power and DB Long Hunts Data LLC[1] dated November 4, 2026 (the "TeraWulf ESA")[2]; (2) granting Kentucky Power the authority to enter into the TeraWulf ESA; and (3) granting all other required approvals and relief.

In support of its Application, Kentucky Power states:

APPLICANT

1. **Name and Address:** The Applicant's full name and post office address is Kentucky Power Company, 1645 Winchester Avenue, Ashland, Kentucky 41101. The Company's electronic mail address is kentucky_regulatory_services@aep.com.

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[1] DB Long Hunts Data LLC is a wholly owned subsidiary of TeraWulf Inc. ("TeraWulf"). Throughout this Application, the customer taking service under the TeraWulf ESA is referred to as "TeraWulf."

[2] Copies of the TeraWulf ESA and the Letter of Agreement between Kentucky Power and DB Long Hunts Data LLC are provided as Exhibits AJE-1 and AJE-2 to Company Witness Elliott's Direct Testimony.

2. **Incorporation:** Kentucky Power is a corporation organized on July 21, 1919 under the laws of the Commonwealth of Kentucky.[3] The Company is in good standing in Kentucky.[4]

3. **Business:** Kentucky Power is a public utility as defined in KRS 278.010(3)(a) that is primarily engaged in the generation, purchase, transmission, distribution, and sale of electric power to Kentucky consumers. The Company serves approximately 162,000 customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan.

APPLICATION SUMMARY

4. Through this Application, the Company seeks all necessary approvals to enter into the TeraWulf ESA with an effective date of December 13, 2026.

5. Through a separate application (Case No. 2026-00324), Kentucky Power seeks all necessary approvals for:

- a new natural gas-fired, combined-cycle generating facility to be located at the site of the Company's existing Big Sandy Plant in Louisa, Lawrence County, Kentucky ("the Combined-Cycle Generation Project");
- a capacity purchase agreement between Kentucky Power and AEP Generation Resources Inc. (the "Bridge Capacity Agreement"); and
- a new 765/345kV substation in Boyd County, Kentucky (the "Venator Substation Project").

[3] A certified copy of the Company's Articles of Incorporation and all amendments thereto was attached to the Joint Application in *In the Matter Of: The Joint Application of Kentucky Power Company, American Electric Power Company, Inc. And Central and Southwest Corporation Regarding a Proposed Merger*, Case No. 1999-00149 (Ky. P.S.C.).

[4] Kentucky Power's November 13, 2026 Certificate of Good Existence is attached as **Exhibit 1** to this Application.

6. The Combined-Cycle Generation Project, the Venator Substation Project, and the Bridge Capacity Agreement are necessary for Kentucky Power to comply with its obligation to serve TeraWulf's Muskie Data Campus facility to be constructed in Boyd and Greenup Counties, Kentucky ("Muskie Data Campus") under the TeraWulf ESA. The customer benefits provided by the TeraWulf ESA, and described in more detail below, are predicated upon the requests being approved together without significant modification.

THE MUSKIE DATA CAMPUS

7. Kentucky Power has been vigorously engaged in economic development efforts over the course of the last decade to showcase Eastern Kentucky's strengths and attract investment. The TeraWulf ESA, represents a major milestone in those efforts. Under the TeraWulf ESA, the Company will provide capacity and energy to the Muskie Data Campus. TeraWulf, or its future end-user(s), will be the only customer served under the TeraWulf ESA at the Muskie Data Campus.

8. The Muskie Data Campus will inject billions of dollars directly into the Company's service territory. The Muskie Data Campus is expected to bring approximately $8.5 billion of investment, about 3,500 construction jobs, 350 to 500 permanent jobs between TeraWulf and its end-user, and more than $200 million annually in state and local taxes once fully operating, totaling about $4.8 billion in state and local taxes through construction and its first 20 years of operation. These estimates do not include the billions of dollars of additional investment in computing equipment and chip hardware that TeraWulf's end-user tenant will install. Importantly, TeraWulf has not sought any tax incentives in connection with the Muskie Data Campus.

THE TERAWULF ESA

9. To meet its obligation to serve new large loads that locate within its service territory while also protecting existing customers, the Company updated Tariff I.G.S. in Case No. 2024-

00305 to include the following additional requirements for customers adding new or incremental loads of 150 MW or more:

- a 20-year contract term with a five-year notice period for termination;
- a minimum monthly billing demand of at least 90% of the customer's highest established demand;
- a requirement to provide collateral equal to 24 times the customer's previous maximum monthly non-fuel bill, subject to review and adjustments;
- a one-time payment equal to five years of minimum billing in the event of permanent closure before the contract term expires; and
- a five-year notice requirement for reducing contract capacity, with exceptions for mutual agreement.

10. Kentucky Power and TeraWulf began discussing a possible data center development in the Company's service territory in March 2026. Based on those discussions, Kentucky Power initiated a transmission study to assess available transmission capacity. In May 2026, following negotiations, TeraWulf and Kentucky Power executed an initial Electric Service Agreement under which Kentucky Power would initially serve 500 MW of load. The terms of the initial ESA mirrored the updated large-load provisions of Tariff I.G.S. The initial 500 MW will begin with a load ramp of 100 MW in October 2028.

11. In August 2026, TeraWulf and Kentucky Power began further negotiations to increase the load by an additional 500 MW load. The TeraWulf ESA is the result of those additional negotiations and fully incorporates the terms of the initial ESA. The TeraWulf ESA is a special contract that enhances the large load provisions already found in Tariff I.G.S. thus providing additional protections and benefits to the Company's existing customers.

12. Under the TeraWulf ESA, Kentucky Power will provide capacity and energy to the Muskie Data Campus. The TeraWulf ESA will take effect in two phases. Phase One will be for a

term of 20 years and 500 MW. The load ramp period will begin no earlier than October 13, 2028, with a maximum contract capacity reached in April 2029. Phase Two will be for a term of 15 years and an additional 500 MW. The load ramp period will begin no earlier than July 31, 2029, with a maximum contract capacity reached in October 2029.

13. Under the TeraWulf ESA, TeraWulf will pay the full rate of the Company's Tariff I.G.S., with no discounts or exemptions. The TeraWulf ESA includes five provisions that differ from the standard large load provisions in Tariff I.G.S. These provisions:

- obligate TeraWulf to provide $100,000,000 in bill credits to the Company's residential customers ("Residential Bill Credits");
- obligate TeraWulf to pay up to $465,000,000 in carrying charges on costs incurred by Kentucky Power during the construction of the Combined-Cycle Generation Project;
- establish a mechanism for energy pricing from the beginning of TeraWulf facility load ramp through the date the Combined-Cycle Generation Project is placed into service;
- provide for a variance from the full 20-year term for the second phase of the TeraWulf load ramp; and
- allow for a limited capacity reduction during the term not just arising from a facility closure.

The limited provisions in the TeraWulf ESA that vary from the Tariff I.G.S. large load requirements are discussed in detail Company Witness Vaughan's Direct Testimony.

14. The TeraWulf ESA provides meaningful benefits to Kentucky Power's existing customers not seen in any previous special contract for service. In addition to the Residential Bill Credits described above, existing customers will also realize benefits through lower rate billings for surcharges that recover existing fixed costs. These surcharges include the Securitization Savings Rider ("SSR"), the Environmental Surcharge ("ES"), the Generation Rider ("GR"), and

the Decommissioning Rider ("DR").[5]. The rates for these surcharges are calculated by dividing the associated fixed costs by billing units. As the TeraWulf load ramps up and its associated billing units increase, the fixed costs associated with these surcharges will be spread over a much larger base of billing units. This is a function of the general "rate equation" where the costs in the numerator remain unchanged while the billing units in the denominator increase substantially. At maximum contract capacity, the TeraWulf load will approximately double the amount of billing units currently in the Company's system. At maximum contract capacity, the Company estimates these benefits to be:

	2029	2030	2031	2032
SSR Savings	$ 14,166,796	$ 21,383,843	$ 21,383,843	$ 21,383,843
ES Savings	$ 11,363,665	$ 17,152,701	$ 17,152,701	$ 17,152,701
GR Savings	$ 8,337,960	$ 12,997,665	$ 3,249,416	$ -
Residential Bill Credits	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000
Total Existing Customer Savings	$ 43,868,420	$ 61,534,209	$ 51,785,960	$ 48,536,544
Current Total Revenue	$ 734,884,728			
Average % Reduction to Overall Revenues *	6.0%	8.4%	7.0%	6.6%

*Class allocation has not been completed, and impacts are not to be interpreted as a specific rate decrease to a particular class of customers.

15. Other provisions in the TeraWulf ESA provide benefits above and beyond those in Tariff I.G.S. As stated previously, TeraWulf will pay up to $465 million of carrying charges during construction of the Combined-Cycle Generation Project. Had the Company capitalized those costs

[5] The DR revenue requirement recovery benefit is much lower, in the $200,000 to $300,000 range annually at full TeraWulf ESA load due to the small revenue requirement being collected in the DR. For this reason, those amounts have been left out of the rider savings tables found elsewhere in this testimony, but if more significant amounts are recovered through the DR in the future savings to existing customers from the TeraWulf ESA load growth would increase.

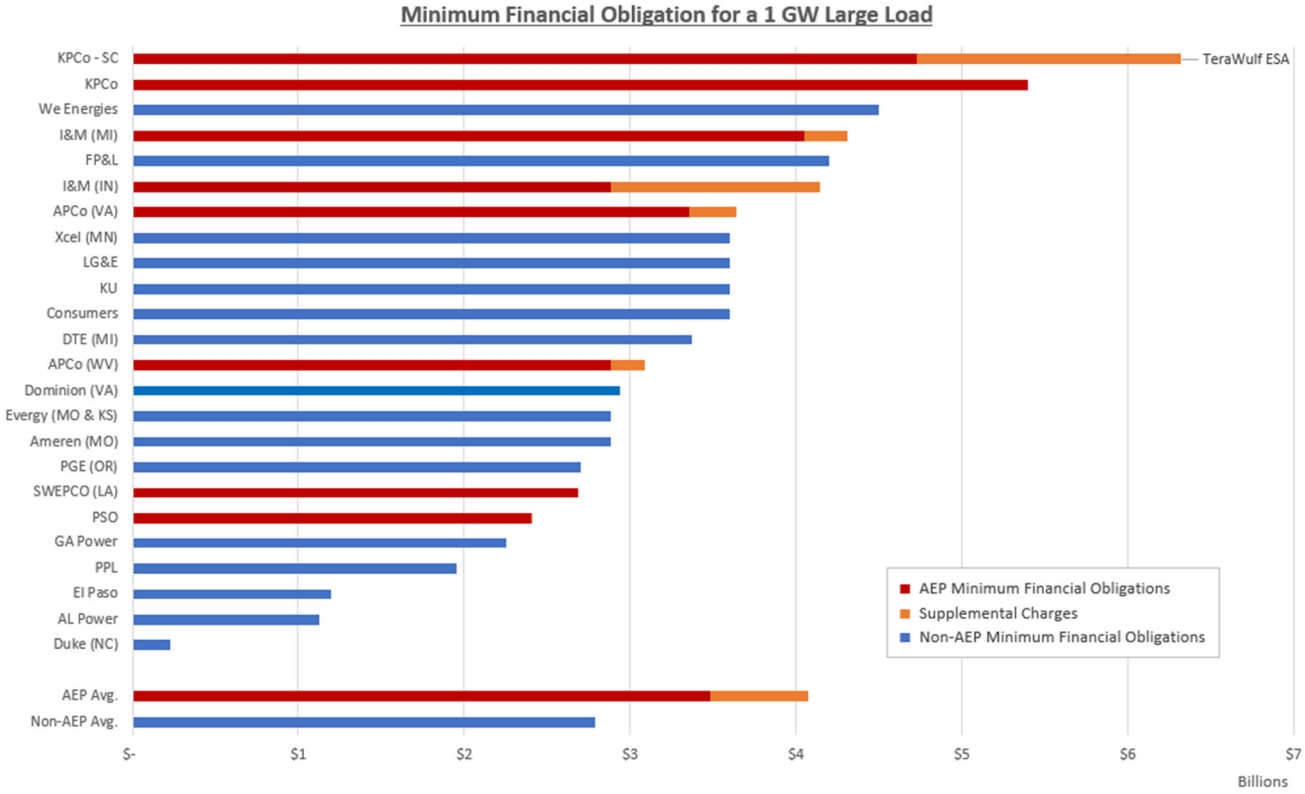
and utilized AFUDC instead of this approach, all customers would pay a share of those carrying charges over the 40-year life of the Combined-Cycle Generation Project. Avoiding the capitalization of $465 million in carrying charges via AFUDC would equate to about $1.3 billion in total cost of service revenue requirement for the Combined-Cycle Generation Project.

16. The TeraWulf ESA also includes other protections for existing customers. First, TeraWulf is committed to providing $756,013,200 in the form of a letter of credit as security under the TeraWulf ESA and the Letter of Agreement between TeraWulf and the Company regarding construction of transmission infrastructure. The amount of security is expected to increase as TeraWulf completes its load ramp. Second, the provisions regarding energy pricing from the beginning of load ramp through the date the Combined-Cycle Generation Project is placed into service ensures that the addition of the TeraWulf load during the Transition Period does not lead to increased fuel costs for existing customers in the form of additional market purchases of energy.

17. Finally, while the TeraWulf ESA includes a provision expanding the rights of TeraWulf to reduce capacity in excess of what is provided in the tariff, that right is conditioned upon protecting existing customers. First, TeraWulf cannot utilize the expanded reduction rights during the first 10 years of the term. Second, TeraWulf must provide at least 42 months' notice prior to a reduction. Finally, TeraWulf must pay an exit fee associated with any capacity reduction.

18. The TeraWulf ESA expands upon the industry-leading financial commitments and protections found in the large load provisions of Tariff I.G.S. A comparison of the TeraWulf ESA

(labeled "KPCo-SC") against the minimum financial obligations under the terms[6] of other approved large load tariffs across the country is provided below:



19. The combination of the surcharge rate benefits described above, and the other terms included in the TeraWulf ESA produces the following expected benefits for residential customers over the life of the agreement:

[6] The analysis in the table utilizes the approved terms in the various tariff offerings for each identified utility and the same assumed incremental cost to serve 1GW of large load growth to put the approved tariff terms on an apples to apples basis from a cost perspective.

TeraWulf ESA Provisions	Life of Contract $	
Avoided Return on and of CC Financing Charges	$	1,302,095,123
Residential Bill Credits	$	100,000,000
Transitional Energy - Fuel Cost Savings	$	195,246,237
Total TeraWulf ESA Additional Benefits	$	1,597,341,360
Standard Tariff Items		
SSR Savings	$	334,924,435
ES Savings	$	200,043,381
Total Standard Benefits	$	534,967,816
Total Customer Benefits	**$**	**2,132,309,176**

LEGAL STANDARD

20. In reviewing a proposed special contract, the Commission evaluates whether the rates, terms, and conditions of service are consistent with KRS Chapter 278, adequately protect existing customers from unreasonable costs or risks, and provide for adequate, efficient, and reasonable utility service. The Commission also considers whether the proposed agreement results in unreasonable discrimination or an undue preference among similarly situated customers.[7]

21. The TeraWulf ESA meets the standards for Commission approval of a special contract.

22. The evidence provided in conjunction with this Application demonstrates that the TeraWulf ESA adequately protects existing customers from unreasonable costs or risks through measures including TeraWulf's obligation to post security, TeraWulf's commitment to fund $100,000,000 in Residential Bill Credits, TeraWulf's commitment to pay carrying charges during

[7] Order at 7–8, *In the Matter of: Electronic Tariff Filing Of Big Rivers Electric Corporation Of A Retail Electric Service Agreement With Justified Datapower LLC, A Subsidiary Of TeraWulf Inc.*, Case No. 2026-00115 (Ky. P.S.C. Aug. 21, 2026).

the construction period of the Combined-Cycle Generation Project; the transitional energy pricing mechanism; and the limitations on TeraWulf's ability to reduce contracted capacity.

23. The TeraWulf ESA and the Company's generation and transmission plan to serve TeraWulf (Case No. 2026-00324) will result in the provision of adequate, efficient, and reasonable utility service and will not result in unreasonable discrimination amount similarly situated customers.

TESTIMONY

24. Kentucky Power supports its requests in this Application with the verified testimony and exhibits of the following persons.

- Amy J. Elliott, Vice President, Regulatory Services and External Affairs, Kentucky Power Company
- Alex E. Vaughan, Vice President, Regulated Pricing – Strategic Transactions, American Electric Power Service Corporation

COMMUNICATIONS

25. The Company respectfully requests that the Commission and parties address communications in this matter to the e-mail addresses identified on the Company's October 30, 2026 Notice of Election of Use of Electronic Filing Procedures.

WHEREFORE, Kentucky Power Company respectfully requests that the Commission issue an Order by December 13, 2026:

(1) Approving the terms and conditions of the TeraWulf ESA;

(2) Granting Kentucky Power the authority to enter into the TeraWulf ESA; and

(3) Granting Kentucky Power all additional relief to which it may be entitled.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER COMPANY

EXHIBIT 1

Certificate of Existence

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Existence

Authentication number: 384282
Visit https://sosbes.sos.ky.gov/BusSearchNProfile/CertValidate.aspx to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KENTUCKY POWER COMPANY

KENTUCKY POWER COMPANY is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is July 21, 1919 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State; and is therefore in good standing.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 13th day of November, 2026, in the 235th year of the Commonwealth.

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
384282/0028317