

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF KENTUCKY)	
POWER COMPANY FOR APPROVAL OF A)	CASE NO.
SPECIAL CONTRACT WITH EBON)	2022-00387
INTERNATIONAL, LLC)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on December 28, 2022. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if Kentucky Power obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Brian. K. West (West Testimony), page 6, lines 1-3. Explain whether Ebon International, LLC (Ebon) has negotiated or anticipates receiving any incentives from Lawrence County or Kentucky.

2. Refer to the West Testimony, page 6, lines 3-6 and to the Application, Exhibit 1, paragraph 10, page 2. Provide a map of the anticipated locations of Ebon's facility in relation to the Big Sandy Generation station and the substation.

3. Refer to the West Testimony, page 6, lines 9-13. The cryptocurrency markets are highly volatile and risky.

a. Explain the degree to which Ebon's business depends on cryptocurrency mining.

b. In the case of default or bankruptcy, explain whether Kentucky Power is requiring Ebon to post a bond or any other form of assurance that Kentucky Power's other customers will not bear any of the cost incurred to serve Ebon.

4. Refer to the West Testimony, page 7, lines 13-18 and page 8, lines 8-12. Provide a schedule of Kentucky Power's forecasted winter and summer peak load, the supply resources by generation type (including the Bridge Power Coordination Agreement and any other anticipated capacity purchases) that will be utilized to satisfy that load, and the reserve margin for the years 2023-2043. Include in the response known and anticipated supply resource retirements and additions as well as known or anticipated load additions. Include in the response whether Ebon's 250 MW total capacity reservation is modeled as 250 MW or 25 MW of capacity.

5. Refer to the West Testimony, page 7, lines 13-18. Kentucky Power is traditionally a winter peaking utility.

a. Explain how Kentucky Power will satisfy its capacity requirements if it is capacity short during the winter months for the period 2023-2043.

b. Explain whether Kentucky Power views capacity purchases as a viable way to satisfy at least a part of its capacity requirements.

6. Refer to the West Testimony, page 7, lines 18-22 and page 8, lines 1-5. Explain whether Kentucky Power anticipates having to purchase capacity during the

2024-2025 PJM Planning Year. If not, explain how Kentucky Power anticipates fulfilling its winter and summer capacity requirements.

7. Refer to the West Testimony, page 9, lines 8-12.
 - a. Explain the number of times PJM declared an event that required interrupting customers on the Rider Demand Response Service (D.R.S.).
 - b. Explain whether Kentucky Power has ever interrupted customers taking service under Rider D.R.S. and if so, the amount of power interrupted, duration, and the circumstances requiring each interruption.
8. Refer to the West Testimony, page 8, lines 8-12. Explain whether PJM is always the entity calling for an interruption or whether Kentucky Power can call for an interruption.
9. Refer to the West Testimony, page 9, lines 11-19. A marginal cost study is not the same thing as a fully distributed cost of service study for rate making purposes.
 - a. Provide the incremental cost of generation in the marginal cost study.
 - b. Refer also to WKW-Exhibit 2. Provide the supporting workpapers and an explanation of each step in the marginal cost study. Provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.
 - c. Since Kentucky Power is purchasing capacity through the Bridge Power Coordination Agreement and paying the PJM Base Residual Auction clearing prices for the 2022-2023 and 2023-2024 years, explain why these clearing prices would not be appropriate for the incremental generation cost to be used in the marginal cost study.

d. In Kentucky Power's recent net metering case, the Commission outlined several system elements quantifying system benefits from customer net metering. In the case of new generation, there would be incremental costs to the system. Explain why these system elements would not also apply in a marginal cost study for Ebon.

e. Provide a cost benefit analysis of the proposed Ebon contract over the life of the 10-year contract. Provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

f. Provide a cost benefit analysis of the proposed Ebon contract over the life of the 10-year contract, which includes capacity costs. Provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

10. Refer to the Application, Exhibit 1, paragraph 10 and Article 1.1(U). If the substation is to be constructed after the first two years of operation, explain how Kentucky Power will provide service to Ebon for the first two years.

11. Refer to the Application, Exhibit 1, Article 5.1(B). Explain how the Floor Prices were determined.

12. Refer to the Application, Exhibit 1, Articles 5.1(B) and 5.1(C) and Confidential Exhibit 1, Floor Price Bank Example. Provide a narrative description of the Floor Price mechanism and its intended purpose.

13. Refer to the Application, Exhibit 1, Article 5.1(D). Explain whether the terms of this section will set rates sufficient to cover the variable cost of service and make a contribution to fixed costs.

14. Explain how the energy usage and payments of Ebon will be factored into Kentucky Power's Fuel Adjustment Clause.



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DATED DEC 09 2022

cc: Parties of Record

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