

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 UNDER ITS ECONOMIC)	2022-00424
DEVELOPMENT RIDER AND DEMAND)	
RESPONSE SERVICE TARIFFS WITH CYBER)	
INNOVATION GROUP, LLC)	

ORDER

On November 16, 2022, Kentucky Power Company (Kentucky Power) filed, through the Commission’s electronic tariff filing system, a special contract under its Economic Development Rider Tariff (EDR Tariff) and Demand Response Service Tariff (Tariff DRS) with Cyber Innovation Group, LLC (Cyber Innovation) (Special Contract) to provide service to an asset and data center facility in Pike County, Kentucky. The Special Contract states that the effective date will be the first day of the first billing month following the later of: (a) approval of the Special Contract by the Commission, or (b) the date on which the facility begins full operations. KRS 278.180(1) requires a utility to provide the Commission with 30 days’ notice before making changes to any rate. Therefore, the earliest possible effective date for the Special Contract is December 16, 2022, which is 30 days after the filing date.

On December 6, 2022, the Kentucky Resources Council, Inc., Kentucky Conservation Committee, Kentuckians for the Commonwealth, Mountain Association, Apogee-Climate & Energy Transitions/Earth Tools, Appalachian Citizens’ Law Center, and Sierra Club (Joint Commenters) submitted comments regarding the proposed special contract and requested that the Commission open an investigation to formally review the

proposed Special Contract. Specifically, the Joint Commenters stated that (1) Kentucky Power did not provide adequate evidence backing its claimed economic development opportunities; (2) Cryptocurrency mining operations are risky; and (3) the Commission should require additional collateral and protections to ensure ratepayers are not forced to bear the costs associated with providing service to a cryptocurrency operation. The Joint Commenters also requested that the Commission consolidate the investigation on the proposed Special Contract with Case No. 2022-00387¹ due to the similarity of the issues involved in both proceedings. The Joint Commenters comments are included in Appendix B to this Order.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having reviewed the proposed Special Contract and being otherwise sufficiently advised, the Commission finds that an investigation is necessary to determine the reasonableness of the proposed Contract and that such investigation cannot be completed by December 16, 2022. The Commission's investigation will include, but not be limited to, a review of whether the marginal cost analysis captures the true cost to Kentucky Power and the issues addressed by the Joint Commenters. Ensuring that a customer served under an EDR contract pays their marginal costs is instrumental to ensure that particular customer is not being subsidized by other customers, which has been a requirement of Economic Development Rates for over 30 years.² Pursuant to KRS 278.190(2), the Commission

¹ Case No. 2022-00387, *Electronic Tariff Filing of Kentucky Power Company for Approval of a Special Contract with Ebon International, LLC*.

² Administrative Case No. 327, *An Investigation Into the Implementation of Economic Development Rates by Electric and Gas Utilities* (Ky. PSC September 24, 1990), Order at 8 ("The Commission finds that variable cost recovery is a fundamental requirement of EDRs. Therefore, each time an EDR contract is submitted for approval, utilities should demonstrate that the discounted rate exceeds the total short-run

will suspend the effective date of the proposed Special Contract for five months, up to and including May 15, 2023. Regarding the Joint Commenter's request that this investigation be consolidated with Case No. 2022-00387, the Commission will decline such request due to the different procedural schedules and the differences in the proposed contracts.

The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085³ in which the Commission mandated the use of electronic filing procedures listed in 807 KAR 5:001, Section 8. The Commission finds that electronic filing procedures are to be used, consistent with the filing procedures set forth in Case No. 2020-00085. The Commission further finds that a procedural schedule is established to review the reasonableness of the proposed Special Contract. The procedural schedule is attached as Appendix A to this Order and is incorporated herein.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of the proposed Special Contract.
2. Kentucky Power's proposed Special Contract is suspended for five months from December 16, 2022, up to and including May 15, 2023.
3. Kentucky Power shall, by counsel, enter an appearance in this proceeding within seven days of the date of service of this Order. The entry of appearance shall

marginal (variable) costs associated with serving that customer for each year of the discount period. Short-run marginal costs will include both marginal capacity costs and marginal energy costs.”)

³ 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).

include the name, address, telephone number, fax number, and electronic mail address of counsel.

4. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to service and electronic filing of papers shall be followed in this proceeding.

5. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of service of this Order, Kentucky Power shall file by electronic means a written statement that it waives any right to service of Commission Orders by United States mail and that it or its authorized agent possess the facilities to receive electronic submissions.

6. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of service of an order of the Commission, granting intervention, file with the Commission a written statement that:

(1) It or its authorized agent possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding shall be served.

7. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

8. The procedural schedule set forth in Appendix A to this Order shall be followed.

9. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest. In addition, any motion to intervene after the date established in the procedural schedule shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

10. Kentucky Power shall give notice of the hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of the hearing shall include the following statements: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov"; and "Public comments may be made at the beginning of the hearing. Those wishing to make oral public comments may do so by following the instructions listed on the PSC website, psc.ky.gov." At the time publication

is requested, Kentucky Power shall forward a duplicate of the notice and request to the Commission.

11. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

12. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.


13. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of times with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

14. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

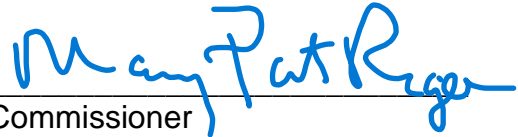
15. The Executive Director shall serve a copy of this Order on the Joint Commenters.

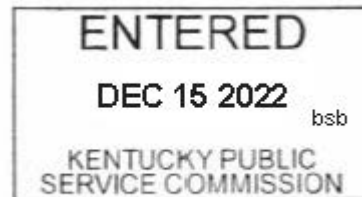
16. Nothing contained in this Order shall prevent the Commission from entering further Orders in this matter.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00424 DATED DEC 15 2022

Requests for intervention shall be filed no later than 12/22/2022

Initial requests for information to Kentucky Power
shall be filed no later than 01/13/2023

Kentucky Power shall file responses to
initial requests for information no later than.....01/27/2023

All supplemental requests for information to Kentucky Power
shall be filed no later than 02/10/2023

Kentucky Power shall file responses to supplemental requests
for information no later than02/24/2023

Intervenor testimony, if any, in verified prepared
form shall be filed no later than..... 03/03/2023

All requests for information to Intervenors shall
be filed no later than..... 03/17/2023

Intervenors shall file responses to requests for
information no later than..... 03/31/2023

Kentucky Power shall file, in verified form, its rebuttal
testimony no later than.....04/07/2023

Kentucky Power or any Intervenor shall request either a
hearing or that the case be submitted for decision
based on the record no later than.....04/14/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00424 DATED DEC 15 2022

SEVEN PAGES TO FOLLOW



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December 6, 2022

Linda C. Bridwell, P.E., Executive Director
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Submitted via email to dehinton@ky.gov

Submitted via email to psc.tariffs@ky.gov

RE: *Kentucky Power Company's Special Contract for Economic Development Rider Discount with Cyber Innovation Group LLC, Case No. TFS2022-00555*

Dear Ms. Bridwell:

The Kentucky Resources Council, Inc., Kentucky Conservation Committee, Kentuckians for the Commonwealth, Mountain Association, Apogee-Climate & Energy Transitions/Earth Tools, Appalachian Citizens' Law Center, and Sierra Club (collectively, "Joint Commenters") respectfully submit the below comments on Kentucky Power Company's ("KPCO") proposed Special Contract for an Economic Development Rider ("EDR") Discounted Rate with Cyber Innovation Group LLC ("CIG"), filed via the Commission's electronic tariff filing system on November 16, 2022. Joint Commenters respectfully request that the Kentucky Public Service Commission ("Commission") open a formal proceeding to investigate whether the proposed special contract ("KPCO-CIG Contract") is reasonable and satisfies the requirements of the Commission's prior orders, including the September 24, 1990 *Order* in Administrative Case No. 327 requirements for Economic Development Rates.

The Commission should open a formal proceeding here for further investigation because KPCO's filing fails to demonstrate the reasonableness and full impacts of the proposed special contract on existing customers.

I. The Commission Should Open a Formal Proceeding to Ensure the Proposed Special Contract Adequately Protects Ratepayers.

In Administrative Case No. 327, the Commission found that EDR agreements can provide important incentives to large commercial and industrial customers to either locate or expand their facilities in Kentucky, bringing jobs and capital investment to the Commonwealth. However, the proposed KPCO-CIG Contract to support a new 7 MW cryptocurrency mining facility (“Rockhouse Facility”) differs in important ways from past EDR proposals that this Commission has approved. One major shortcoming of this application is that the proposed economic benefits and prospective jobs are asserted without any supporting substantive evidence. Another is that cryptocurrency mining operations, such as the proposed Rockhouse Facility, carry heightened risks that require further investigation into the reasonableness of the contract to ensure that ratepayers are adequately protected. As discussed below, KPCO has failed to meet its burden to show the reasonableness and full impact of the proposed special contract.

A. KPCO and CIG’s proposal does not provide adequate evidence backing its claimed economic development opportunities.

The KPCO-CIG Contract proposes to operate a 7 MW “data center facility” at 379 Rockhouse Fork in the town of Hatfield in Pike County, Kentucky.¹ The contract claims to make a total capital investment of over \$3.5 million over two phases,² but fails to include evidence or calculations supporting this projection. KPCO’s filing also lacks descriptions related to how much of the projected spending will be directly invested in the local area or will be subject to local and state taxation.

In terms of job creation, the KPCO-CIG Contract proposes to create ten new full-time jobs,³ but CIG states that it will only create five new jobs in its application.⁴ Specifically the jobs will be “mining technician positions”⁵ including “troubleshooting, minor repairs, site monitoring, and a variety of maintenance roles” with a starting pay of \$23/hr., but do not specify whether they will be full-time.⁶ The contract fails to provide needed clarity on: (1) how many of these positions will truly be full-time versus part time, (2) whether there are people available locally who can fulfill these roles and if so, how many, and (3) how many jobs will be permanent versus temporary during the initial establishment of the Rockhouse Facility. Without answers to these questions, and with the disparity in the number of claimed new jobs between the application and contract, there is no guarantee that the Rockhouse facility will stimulate the local economy, particularly after construction of the facility is completed; on the contrary, it could very well have a minimal impact.

¹ KPCO-CIG Contract, at 1.

² Kentucky Power Co. Application for Economic Development Rider Discount, at 2.

³ KPCO-CIG Contract, at 1.

⁴ Kentucky Power Co. Application for Economic Development Rider Discount, at 2.

⁵ *Id.*

⁶ *Id.*

Although job creation is not a formal eligibility requirement, the notably uncertain job benefits of CIG's operation must be a factor in evaluating the reasonableness of the contracted rate, especially considering that cryptocurrency mining operations generally tend to create minimal jobs. As a Berkeley Haas professor observed: "These are warehouses full of computers and they only require one or two IT people to run the whole operation, so it's unlikely that it brings jobs or stimulates the economy."⁷

There is also no guarantee that the estimated number of jobs that CIG proposes to create will come to fruition, as seen with other cryptocurrency mining facilities. For example, in Rockdale, Texas, during the BTC boom of 2017, a cryptocurrency mining company promised to build the largest cryptocurrency mining facility in the world—one that could eventually be used for other data-driven applications and create more than 300 jobs. In reality, the facility only generated 14 of 350 promised jobs and was quickly scaled back.⁸

Before acting on the proposed special contract, the Commission should open a formal proceeding to investigate the reasonableness of the contract, including by requiring submissions of more accurate and complete cost estimates fully addressing the contract rates, job creations, and impact on the local community. Without that foundation, KPCO cannot offer a credible claim regarding economic development, and should not be allowed to avoid requirements that it do so. The Commission should ensure that CIG will in fact provide some appreciable worthwhile benefit to the economic development of the Commonwealth and to Pike County before approving any discounted rates or this special contract.

B. Cryptocurrency mining operations are especially risky.

Additionally, the filing fails to provide a description of the facility itself or its permanency, which is concerning given cryptocurrency mining operations represent a high risk to other customers because operations can be moved easily and the potential for default places other ratepayers at risk of being forced to pay for energy, capacity, infrastructure, or other purchases made for the benefit of the special contract customer that are not fully covered by the customer during its contract term.

Cryptocurrency mining operations are not tethered to any particular geography, but rather seek cheap energy, speed to market, and flexibility. For example, multiple companies offer mining equipment in shipping containers to chase the best prices,⁹ and when prices fluctuate,

⁷ Laura Counts, *Power-hungry cryptocurrency miners push up electricity costs for locals*, Berkeley Haas (Aug. 3, 2021), <https://newsroom.haas.berkeley.edu/research/power-hungry-cryptominers-push-up-electricity-costs-for-locals/> (quoting Assistant Professor Giovanni Compiani, one of the co-authors of Matteo Benetton *et al.*, *When Cryptocurrency Comes to Town: High Electricity-Use Spillovers to the Local Economy*, SSRN, at 3 (Aug. 2022), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3779720).

⁸ U.S. House of Representatives, Committee on Energy & Commerce Staff, *Memorandum, Hearing on "Cleaning Up Cryptocurrency: The Energy Impacts of Blockchains"* (Jan. 17, 2021), https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/Briefing%20Memo%20OI%20Hearing_2022.01.20.pdf.

⁹ See, e.g., EZ blockchain, *EZ Smartbox Mobile Mining Container*, <https://ezblockchain.net/smartbox/> (last visited Oct. 24, 2022).

mining facilities can migrate quickly. Cryptocurrency operations prioritize seeking out utilities where industrial electricity rates are low or discounted as in the present proposal.

The nature of cryptocurrency mining is also extremely volatile. The market value of cryptocurrency, in its short history, has fluctuated significantly regardless of the type of cryptocurrency being mined. The value of cryptocurrency influences the level of mining activity, as miners need the value of the currency to outweigh the mining costs to create profit. There has been a huge variance in price (as seen, for example, over the past 5 years), for two of the major cryptocurrencies (Bitcoin and Ethereum).¹⁰ If this price variance continues, it will likely influence the level of mining, and subsequently the electric load of the Rockhouse facility. Any further drop in value of the cryptocurrencies mined by the Rockhouse facility could also affect its viability and ability to make any necessary debt payments.

The impacts on other ratepayers from discounted electricity rates provided to cryptocurrency operations can be severe. Cryptocurrency mining operations both increase the total quantity of electricity needed on the grid and introduce specific risks that are attributable to the intensity, portability, and extreme time-sensitivity of cryptocurrency mining operations. Cryptocurrency operations frequently demand the construction of transmission and distribution lines, substation upgrades, or other infrastructure to facilitate the delivery of electricity to energy intensive mining rigs.¹¹ Ratepayers may be left on the hook for these investments if and when a cryptocurrency operation abruptly leaves (as they are generally capable of doing) or collapses.¹² Although the KPCO-CIG Contract does include provisions that make CIG responsible for the costs of infrastructure “required to take delivery of the electric service to be provided by the [KPCO] under this Contract at the voltage and at the Delivery Point”¹³ for the electric service, KPCO may incur additional costs that are not covered by this provision. For example, the Commission recently approved \$12.7 million in transmission upgrades for Big Rivers Electric Corporation to service new cryptocurrency operations in Paducah, the costs of which will be allocated across a broader pool of Big Rivers’ customers.¹⁴ The Commission here should

¹⁰ Google Finance, Bitcoin and Ethereum Value, Most Recent 5 Years (last visited Nov. 16, 2022).

¹¹ For example, in Idaho, investor-owned utility Idaho Power requested that cryptocurrency miners prepay for required infrastructure upgrades to prevent stranded assets on remaining ratepayers when the economics of cryptocurrency mining change. Idaho Pub. Utils. Comm’n, *Application of Idaho Power Co. for Authority to Establish a New Schedule to Serve Speculative High-Density Load Customers*, at 13-14, Case No. IPC-E-21-27 (Nov. 4, 2021), <https://puc.idaho.gov/Fileroom/PublicFiles/ELEC/IPC/IPCE2137/CaseFiles/20211104Application.pdf>; see also Justine Calma, *Texas’ Fragile Grid Isn’t Ready for Crypto Mining’s Explosive Growth*, The Verge (July 14, 2022), <https://www.theverge.com/2022/7/14/23206795/bitcoin-crypto-mining-electricity-texas-grid-energy-bills-emissions> (“Unfortunately, the costs for building out all this infrastructure are often passed on to consumers — particularly if it’s done at a huge scale under a rushed timeline as crypto mining might demand.”).

¹² Naureen S. Malik & Michael Smith, *Crypto Mania in Texas Risks New Costs and Strains on Shaky Grid*, Bloomberg (Mar. 15, 2022), <https://www.bloomberg.com/news/articles/2022-03-15/crypto-mania-in-texas-risks-new-costs-and-strains-on-shaky-grid>.

¹³ KPCO-CIG Contract, at 5.

¹⁴ Order, *In re: Elec. App’n of Big Rivers Elec. Corp. for a Certificate of Pub. Convenience & Necessity to Construct a 161 kV Transmission Line in McCracken Cty., Ky.*, Case No. 2021-00275, at 7 (Ky. P.S.C. Jan. 14, 2022) (noting that the construction costs for transmissions upgrades “will be included in the rates for transmission service under BREC’s Open Access Transmission Tariff”).

formally investigate whether the proposed special contract would result in any increased costs for grid and infrastructure upgrades being passed on to existing customers. The Commission should also ensure these investments in cryptocurrency mining operations are not made in lieu of long-overdue infrastructure upgrades that would benefit ordinary ratepayers.

There is also a risk of bankruptcy, in which case unpaid costs could fall to ordinary ratepayers, in addition to any other costs not covered by CIG under the contract. For example, one cryptocurrency mining operation in Washington that declared bankruptcy in 2018 left more than \$700,000 in unpaid utility and electricity bills.¹⁵ Mining operations may leave solely because they can get a better deal on electricity somewhere else.¹⁶ Entergy Arkansas describes an incident in 2019 where a new cryptocurrency mining customer requiring significant facility upgrades opted to pay a monthly minimum for those upgrades—only to move its shipping containers “virtually overnight” “shortly after taking service . . . effectively disappearing” and leaving the utility unable to even reach the customer to recoup their upfront costs, forcing existing customers to pick up the bill.¹⁷

And lastly, cryptocurrency mining operations pose other significant climate, public health, and damaging impacts on local communities that the Commission should not ignore. The Commission should not approve proposals for new cryptocurrency mining facilities, such as this one, without critically examining whether they truly create stable, good-paying jobs; what grid and infrastructure upgrades are needed; fire and safety risks; as well as increases in local air, water, and solid waste pollution.

C. The Commission should require additional collateral and protections to ensure ratepayers are not forced to bear the costs associated with providing service to a cryptocurrency operation.

The Commission should require EDR special contract customers to secure their participation with appropriate collateral and, to protect against default, should require companies to provide security for benefits they receive through discounted rates.

KPCO must include provisions to ensure CIG will complete the full 10-year contract term. Cryptocurrency mining is an inherently volatile endeavor, and CIG has made no assurances of capital or debt positions. In addition to lack of clarity regarding protections under a default,

¹⁵ U.S. House Committee on Energy & Commerce Staff, *Memorandum re: Hearing on Cleaning Up Cryptocurrency: The Energy Impacts of Blockchains*, at 9 (Jan. 17, 2022), https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/Briefing%20Memo_OI%20Hearing_2022.01.20.pdf.

¹⁶ For example, after the New York Municipal Power Authority increased rates for supplemental electricity used by high-density load customers in Plattsburgh because the rates for local residents there skyrocketed, many cryptocurrency miners moved west to Massena, increasing electricity costs in Massena. McKenzie Delisle, *Mining operation moves out of city for winter*, Press-Republican (Nov. 11, 2019), https://www.pressrepublican.com/news/local_news/mining-operation-moves-out-of-city-for-winter/article_4c86c044-4e1e-5ad6-8e6d-0ad19b875e35.html.

¹⁷ In the Matter of the Application of Entergy Arkansas, LLC for a Proposed Tariff Regarding Large Power High-Load Density,” Direct Testimony of D. Andrew Owens, at 13 (Jul. 28, 2022), Ark. Pub. Serv. Comm’n, Docket No. 22-032-TF, http://www.apscservices.info/pdf/22/22-032-TF_16_1.pdf.

the proposed special contract fails to include any early termination clause, which means that if CIG defaults, KPCO will not be able to recover any credits through reimbursements, giving CIG an easy out if it needed to move its cryptocurrency-mining facility elsewhere, as highlighted in examples cited above.

In addition to requiring protections for KPCO if CIG terminates its contract early, the Commission should direct KPCO to require collateral upfront, potentially through a security deposit to be held in escrow, to protect against the possibility of future insolvency, especially given the volatility of the cryptocurrency industry and the lack of financial data provided for CIG. For example, to protect customers from the possibility that a cryptocurrency customer might abruptly default, Entergy Arkansas proposes the following safeguards: new cryptocurrency mining customers should be required to pay a security deposit; contribute to any construction upfront; and post a surety bond or letter of credit.¹⁸ The Commission here should require similar safeguards with upfront deposits and guarantees.

II. The Commission Should Consider Consolidating Both Recent KPCO Special Contracts with Cryptocurrency Facilities into One Proceeding.

This special contract is submitted following a previous KPCO attempt at seeking Commission approval to offer EDRs to this facility,¹⁹ for cryptocurrency mining, which it withdrew earlier this year following scrutiny from Commission staff and intervenors in Case No. 2022-00181.²⁰ On June 9, 2022, KPCO submitted an application to the Commission to amend their EDR tariff and authorize multiple special contracts for EDRs, including special contracts to 11 entities for 12 sites, totaled to be around 482.5 MW, but sited “up to 550 MW.”²¹ These contracts were mostly for “Cryptocurrency Mining/Data Centers.”²²

On June 22, 2022, the Commission on its own order, set up a procedural schedule for the processing of this case, including providing an opportunity for parties to intervene and seek

¹⁸ In the Matter of the Application of Entergy Arkansas, LLC for a Proposed Tariff Regarding Large Power High-Load Density (“Crypto Mining”), Direct Testimony of D. Andrew Owens, at 13 (Jul. 28, 2022), Ark. Pub. Serv. Comm’n, Docket No. 22-032-TF, http://www.apscservices.info/pdf/22/22-032-TF_16_1.pdf.

¹⁹ Electronic Application of Kentucky Power Company for an Order Approving the Company’s Amended Tariff E.D.R. to Increase the Capacity Available to be Served Under the Tariff and for Required Deviations from the Commission’s September 24, 1990 Order In Administrative Case No. 327, Case No. 2022-00181 (Ky. P.S.C. Jun. 9, 2022), Exhibit 2. The Rockhouse Facility is likely noted as the “7 MW Facility” in Pike County.

²⁰ Motion To Withdraw Application Without Prejudice, *In re: Electronic Application of Kentucky Power Company for an Order Approving the Company’s Amended Tariff E.D.R. to Increase the Capacity Available to be Served Under the Tariff and for Required Deviations from the Commission’s September 24, 1990 Order In Administrative Case No. 327*, Case No. 2022-00181, at 1 (Ky. P.S.C. Jul. 15, 2022). In this case, KPCO’s application included a contract with CIG for 20 MW at its Belfry Facility, but here changes it to the Rockhouse Facility.

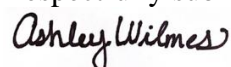
²¹ Electronic Application of Kentucky Power Company for an Order Approving the Company’s Amended Tariff E.D.R. to Increase the Capacity Available to be Served Under the Tariff and for Required Deviations from the Commission’s September 24, 1990 Order In Administrative Case No. 327, Case No. 2022-00181 (Ky. P.S.C. Jun. 9, 2022).

²² *Id.* ¶ 11, Exhibit 2.

discovery.²³ After both the Attorney General (“AG”) and Kentucky Industrial Utility Customers (“KIUC”) intervened and requested a hearing – which the Commission granted along with suspending the proposed tariff for five months²⁴ – KPCO filed a Motion to Withdraw Application Without Prejudice, stating that “it has determined it is not in the best interest of the Company to proceed with the prosecution of its application at this time.”²⁵

The Commission has already opened a proceeding investigating another KPCO Special Contract similar to another one of the contracts in Case No. 2022-00181, in that case for a proposed agreement with Ebon International LLC, Case No. 2022-00387. Many of the same issues regarding whether this KPCO-CIG Contract is just and reasonable are also under scrutiny in Case No. 2022-00387, including the volatility of cryptocurrency mining and protection of ratepayers from unjust rate spikes. Consolidating these two proceedings would lessen the burden on the Commission and participating parties by allowing the Commission to streamline its analysis of the issues at hand, including closely related issues concerning both of KPCO’s proposed special contracts, by reviewing them in a single proceeding.

Respectfully submitted,



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²³ Order, *In re: Electronic Application of Kentucky Power Company for an Order Approving the Company’s Amended Tariff E.D.R. to Increase the Capacity Available to be Served Under the Tariff and for Required Deviations from the Commission’s September 24, 1990 Order In Administrative Case No. 327*, Case No. 2022-00181 (Ky. P.S.C. Jun. 22, 2022).

²⁴ Order, *In re: Electronic Application of Kentucky Power Company for an Order Approving the Company’s Amended Tariff E.D.R. to Increase the Capacity Available to be Served Under the Tariff and for Required Deviations from the Commission’s September 24, 1990 Order In Administrative Case No. 327*, Case No. 2022-00181 (Ky. P.S.C. Jul. 8, 2022).

²⁵ Motion To Withdraw Application Without Prejudice, *In re: Electronic Application of Kentucky Power Company for an Order Approving the Company’s Amended Tariff E.D.R. to Increase the Capacity Available to be Served Under the Tariff and for Required Deviations from the Commission’s September 24, 1990 Order In Administrative Case No. 327*, Case No. 2022-00181, at 1 (Ky. P.S.C. Jul. 15, 2022).

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