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COMMONWEALTH OF KENTUCKY

BEFORE THE

KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

The Application of Duke Energy Kentucky,)
 Inc., For (1) A Certificate of Public)
 Convenience And Necessity Authorizing)
 the Acquisition of the Dayton Power &)
 Light Company's 31% Interest in the East) Case No. 2014-00201
 Bend Generating Station; (2) Approval of)
 Duke Energy Kentucky, Inc.'s Assumption)
 of Certain Liabilities in Connection with)
 the Acquisition; (3) Deferral of Costs)
 Incurred as Part of the Acquisition; and (4))
 All Other Necessary Waivers, Approvals,)
 and Relief.)

**PETITION OF DUKE ENERGY KENTUCKY, INC.
 FOR CONFIDENTIAL TREATMENT OF INFORMATION CONTAINED
 IN ITS RESPONSES TO ATTORNEY GENERAL'S FIRST SET OF
 DATA REQUESTS**

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in its responses and attachments to Data Request Nos. 1, 8, 12, 13, 17, 25, 26, and 28 as requested by the Attorney General (AG) in this case on July 28, 2014. The information that the AG seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information) shows sensitive economic information regarding the future operational costs, including estimates of forecasted maintenance expense and environmental compliance, confidential inspections report describing critical utility infrastructure, and analysis of bids considered as

part of the request for proposal (RFP) process that ultimately lead to the decision of pursuing the purchase of the Dayton Power and Light Company's (DP&L) 31% interest in the East Bend Unit 2 Generating Station (East Bend). Specifically, Duke Energy Kentucky is requesting confidential treatment of the following:

- a) AG-DR-01-01 Attachment E detailing future maintenance expenditures;
- b) AG-DR-01-08 Response providing estimates of future SCR system upgrades;
- c) AG-DR-01-12:
 - i. Response to (a) detailing projected costs for dry bottom ash handling;
 - ii. Attachment AG-DR-01-12A recent inspection reports of the East Bend ash pond;
 - iii. Attachments AGDR-01-12B, C, and D detailed third-party engineering studies and stability analysis;
- d) AG-DR-01-13 Response providing cost estimates of potential waste water treatment;
- e) AG-DR-01-17 Attachments depicting insurance coverage and invoices;
- f) AG-DR-01-25 Analysis of specific assets bid into the RFP;
- g) AG-DR-01-26 Describing details of the Company's hedging strategy, including information related to a specific bilateral capacity transaction; and
- h) AG-DR-01-28 Attachment B depicting RFP analysis of costs.

This information would allow potential competitors and possible vendors to have access to the Company's estimated maintenance costs and environmental compliance costs that they could then use to anticipate the Company's future performance, including outage timing, costs of compliance and equipment needs. The engineering studies provide proprietary

business information regarding the condition of the Company's waste disposal sites and that is not otherwise publicly available. The insurance invoices depict the levels and cost of coverage for the Company which is not otherwise publicly available. Releasing this information will place the insurance company at a competitive disadvantage in that its rates and types of coverage will be known to its competitors, thereby hindering its ability to compete, and in turn, Duke Energy Kentucky's ability to negotiate as other providers will have access to what the Company's current costs and coverage are. In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878(1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. Disclosure of the factors underlying Duke Energy Kentucky's forecasted costs of maintenance projects, including likelihood of timing of outages will grant vendors and other market participants a distinct advantage in that they would be able to anticipate the economic dispatch of East Bend in the future. Duke Energy Kentucky submits that the information contained in AG-DR-01-01 Attachment E, AG-DR-01-08, AG-DR-01-12(a), AG-DR-01-12 Attachments A-D, AG-DR-01-13 if openly disclosed, would give its vendors and competitors (specifically other PJM participants), access to competitively sensitive, confidential information, which in turn could cause energy and capacity prices to consumers to be above competitive rates, and would permit competitors of Duke Energy Kentucky to

gain an unfair competitive advantage in the marketplace. Competitors and vendors could use this information to anticipate the Company's future costs and equipment needs and even outage timing to make decisions regarding pricing that they may not otherwise make in the absence of this information. If, for example, potential vendors had the knowledge of what Duke Energy Kentucky anticipated to spend on a particular compliance or maintenance project, Duke Energy Kentucky would lose its ability to negotiate and try to manage its costs.

3. The response to AG-DR-01-12(a) and the Attachments A through D estimated costs for environmental upgrades and inspection reports and detailed structural engineering studies of utility infrastructure including generator waste disposal locations and construction thereof that is not otherwise publically available. The estimated costs of compliance for dry bottom ash handling, if disclosed would provide the company's vendors and possible competitors with the Company's forecasts of compliance strategies and likely financial impact to the Company. If publicly available, this information would place Duke Energy Kentucky at a competitive disadvantage in terms of its ability to negotiate and manage its costs. Potential counterparties would have insight into what Duke Energy Kentucky would anticipate to spend on such projects and thereby place the Company at a disadvantage in its ability to negotiate and manage its costs.

The information contained in Attachments A through D is considered to include and contain confidential utility infrastructure which is protected for security reasons. If publicly released, this information would provide details regarding utility infrastructure that, in the wrong hands, could be exploited and used in ways that could create a homeland security and potential public safety risk. Therefore this information should remain confidential.

4. The response to AG-DR-01-17 (Attachments) includes details of the Company's insurance coverage and costs. This information is considered proprietary trade secret information. If made public, this information would place both Duke Energy Kentucky and its insurance carrier at a competitive disadvantage. The insurance carrier's coverage details and costs would become available to its competitors thereby making it difficult to compete. Moreover, if the costs and coverage Duke Energy Kentucky currently has becomes publicly known, the Company may be disadvantaged in future negotiations for insurance products as other potential carriers would know what the Company currently pays and has covered. This information is not otherwise known outside Duke Energy Corp., and is only known to those employees who have a need to know. For these reasons this information should be kept confidential.

5. The response to AG-DR-01-25 and AG-DR-01-28 contains the Company's analysis of a specific assets (environmental specifications and costs, respectively) bid into the RFP and why they were not selected. The identity of assets bid into the RFP are not publicly known and if the Company's analysis is disclosed publicly, it would give potential competitors information related to those specific asset(s) and the Company's decisions not to pursue such alternative(s). The information submitted in response to the RFP was done so with the expectation that the bids would remain confidential. Releasing the information in these responses, and specifically the reasoning why a particular bid was not selected would undermine the confidential RFP process and may make the Company's ability to conduct successful RFP's difficult in the future. Potential future RFP participants may be unwilling to submit a proposal if there is a risk that their information will not remain confidential. Cost information of an asset would place that asset at a competitive disadvantage to other assets

within the PJM footprint as market participants would have knowledge of the economics of a particular unit thereby allowing them to make decisions they may not otherwise make so to impact price.

6. The response to AG-DR-026 contains detailed information regarding the Company's capacity hedging strategy and costs to meet reliability obligations. The information contains specific information regarding a bilateral transaction the Company entered into with a third party and the price the company was able to obtain for unit-specific capacity. If this information became publicly available, the Company would be at a competitive disadvantage in future negotiations with counter parties as they would know what the Company has previously paid for a type of product, including, but not limited to, the type of product, counter-party, price, and how the Company valued the product against the market at the time. If disclosed, potential future counter parties could make decisions regarding their offers that they may not have otherwise made thereby impacting the price the Company may be able to negotiate.

7. The Confidential Information described herein was developed internally by Duke Energy Corporation and Duke Energy Kentucky personnel or on its behalf, is not on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. The aforementioned Confidential Information in these responses is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

8. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement,

the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

9. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, Ky., 904 S.W.2d 766, 768 (Ky. 1995).

10. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the Company is filing one copy of the Confidential Information separately under seal, and one copy without the confidential information included.

11. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of *ten* years. The Information considered to be critical utility infrastructure contained in attachments to AG-DR-01-12 should remain confidential for so long as the station is operational. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests of the Company or its customers if publicly disclosed.

12. To the extent the Confidential information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

WHEREFORE, Duke Energy Kentucky, Inc., respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



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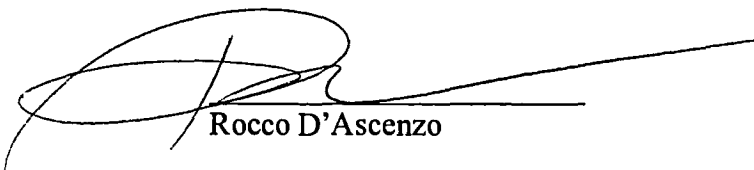
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via
overnight mail, this 6th day of August 2014:

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