

February 20, 2012

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

FEB 20 2012
PUBLIC SERVICE
COMMISSION

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

RE: Case No. 2011-00401

Dear Mr. Derouen:

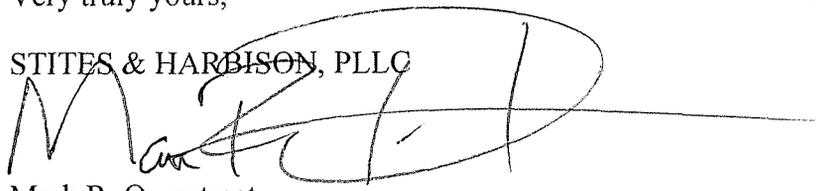
Enclosed please find and accept for filing the following documents:

- (a) Kentucky Power Company's Petition for Confidential Treatment;
- (b) Kentucky Power Company's Motion for Leave to Deviate;
- (c) Kentucky Power Company's Responses to the Data Requests propounded by Commission Staff, the Attorney General, Kentucky Industrial Utility Customers, Inc. and the Sierra Club.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

STITES & HARBISON, PLLC


Mark R. Overstreet

MRO

cc: Counsel of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

**APPLICATION OF KENTUCKY POWER
COMPANY FOR APPROVAL OF ITS
2011 ENVIRONMENTAL COMPLIANCE
PLAN, FOR APPROVAL OF ITS
AMENDED ENVIRONMENTAL COST
RECOVERY SURCHARGE TARIFF, AND
FOR THE GRANTING OF A
CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY FOR
THE CONSTRUCTION AND
ACQUISITION OF RELATED
FACILITIES**

CASE NO. 2011-00401

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PUBLIC SERVICE
COMMISSION

PETITION FOR CONFIDENTIAL TREATMENT

Kentucky Power Company (“Kentucky Power”) moves the Commission pursuant to 807 KAR 5:001, Section 7, KRS 61.878(1)(c)(1), KRS 61.878(1)(a) (AG 2-1 only), and KRS 61.878(1)(m) (Sierra Club 2-43 only) for an Order granting confidential treatment for the identified portions of Kentucky Power’s responses to the following Data Requests or identified portions thereof:

A. The Requests And The Statutory Standard.

With the exception of its responses to Sierra Club 2-34(a) and Sierra Club 2-35(b), which the Company is contractually precluded from filing or making public except to other licensees, Kentucky Power does not object to filing the identified information for which it is seeking confidential treatment, but requests that the identified portions of the responses be excluded from the public record and public disclosure. The Company does not object to providing the identified

information to those parties to this proceeding who execute an appropriate confidentiality agreement.

KRS 61.878(1)(c)(1) excludes from the Open Records Act:

Upon and after July 15, 1992, records confidentially disclosed to an agency or required to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

This exception applies to the information for which Kentucky Power is seeking confidential treatment.

KPSC Data Requests.

KPSC 2-17

The text of the response contains and comments upon confidential information contained in the Company's Response to Attorney General 1-22 and Attorney General 1-23. The requested information is the subject of a non-disclosure agreement between American Electric Power Service Corporation and LS Equity Advisors, LLC. Such confidentiality agreements are common in the electric utility industry and are fundamental prerequisites to most strategic business transactions. If the identified information is required to be publicly disclosed in contravention of the non-disclosure agreement Kentucky Power (and its affiliates) likely will be unable to engage in those strategic business transactions where the counter-party requires the execution and adherence to a non-disclosure agreement. The inability to engage in such transactions is a clear competitive disadvantage to Kentucky Power and its customers.

KIUC Data Requests:

KIUC 2-2(a)

Kentucky Power seeks confidential treatment of the following files:

- (a) File BS2 and NEW RESOURCE ALTERNATIVES.PDF provides the assumptions made for the four Big Sandy alternatives and any capacity addition alternatives utilized in the Strategist analysis.
- (b) File FT-CSAPR BASE GAF.PDF provides the Company's generation, transaction and market assumptions for the FT-CSAPR ('BASE') commodity price forecast.
- (c) File FT-CSAPR EARLY CARBON GAF.PDF provides the Company's generation, transaction and market assumptions for the FT-CSAPR EARLY CARBON commodity price forecast.
- (d) File FT-CSAPR HIGHER BAND GAF.PDF provides the Company's generation, transaction and market assumptions for the FT-CSAPR HIGHER BAND commodity price forecast.
- (e) File FT-CSAPR LOWER BAND GAF.PDF provides the Company's generation, transaction and market assumptions for the FT-CSAPR LOWER BAND commodity price forecast.
- (f) File FT-CSAPR NO CARBON GAF.PDF provides the Company's generation, transaction and market assumptions for the FT-CSAPR NO CARBON commodity price forecast.
- (g) File LOAD FORECAST.PDF provides the Company's load forecast assumptions used in the Strategist analysis.

Redacted from the files is information concerning heat rate, delivered fuel costs, reliability, and outage data. This information will permit Kentucky Power's competitors in the wholesale power

market to estimate with greater accuracy Kentucky Power's costs and shape their competing offers accordingly. Information concerning likely Big Sandy outage dates also will permit sellers of energy to design their competing offers to other purchasers in light of Kentucky Power's lack of generation.

KIUC 2-4

Kentucky Power seeks confidential treatment for the August 12, 2011 "Big Sandy Unit 2 Health Report" attached to its Response as Attachment 1. The Report contains detailed information regarding the operating history of individual unit components, as well as projected maintenance through 2023 for Big Sandy Unit 2. Also included are outage probabilities for Big Sandy Unit 2 through 2023. Such information, along with publicly available information, could be used to determine with greater accuracy the unit's costs. In addition, the information could be directly used to predict when the Company may be in the market to purchase power.

Unit cost information would allow counter-parties to wholesale transactions to tie any offer to purchase power more closely to Kentucky Power's costs. Any such reduction would limit Kentucky Power's margin on such transactions to the injury of ratepayers. Knowledge of when Kentucky Power may be in the market for energy because of a unit outage would permit sellers to raise their offers to the detriment of ratepayers.

KIUC 2-6(b)

Kentucky Power seeks confidential treatment of the identified portions of Attachment 2. The attachment is a spreadsheet that details the estimated impact of the "replacement pool." Contained within the estimate is confidential information regarding, *inter alia*, the capacity positions and obligations of the member company units, as well as projections regarding other aspects of the member companies' operations. The information could be used by the member

companies' competitors, including First Energy Solutions and all PJM power providers, to determine the company's financial strategy with respect to their generation portfolio, and to displace member company generation in the wholesale capacity and energy markets administered by RTO.

Sierra Club Data Requests

Sierra Club 2-14(d)

Kentucky Power seeks confidential treatment of two attachments to the Response. the” Attachment 1 to the Response is the December 1, 2010 “Technical Report on Big Sandy Fuel Flexibility Evaluation.” The redacted information identifies which of the surveyed mines is deemed capable of providing coal for use in Big Sandy Unit. Such information would permit the identified mines to raise their offer price for coal and thereby limit Kentucky Power's ability to obtain the lowest price coal.

Attachment 2 is a technical report prepared by Foster Wheeler North America Corporation (“FWNAC”), entitled “High Sulfur Coal Fuel Switch Study for American Electric Power Big Sandy Unit No. 2,” and addressing the fuel switching capability of Big Sandy Unit 2. The report was provided confidentially to Kentucky Power with the understanding that Kentucky Power would keep the identified portions confidential. The identified portions could be used to discern FWNAC's confidential and proprietary techniques and methodologies. The information has value to FWNAC in part because it is not available for use by its competitors, including but not limited to Babcock & Wilcox Company. Making such information public for use by other industry boiler and related equipment providers would mean the loss of the confidential and proprietary nature of such information to the commercial disadvantage of FWNAC.

The competitive injury to Kentucky Power would result from the consequent hesitancy of service providers such as FWNAC to bid on, or otherwise seek to provide services to Kentucky Power, in light of the risk of their confidential and proprietary methodologies and other practices becoming public. A reduction in the pool of bidders for such work could result in higher prices and less flexibility in choosing service providers.

Sierra Club 2-34(a)

Kentucky Power seeks confidential treatment for five Excel files containing information regarding Big Sandy heat rate, delivered fuel cost, and reliability and outage data. Information concerning heat rate, delivered fuel costs, reliability, and outages will permit Kentucky Power's competitors in the wholesale power market, including most other generating entities within PJM, to estimate with greater accuracy Kentucky Power's costs and shape their competing offers accordingly. Information concerning likely Big Sandy outage dates also will permit sellers of energy to design their competing offers to other purchasers in light of Kentucky Power's planned generation capabilities.

Kentucky Power is providing the information in modified file format

Sierra Club 2-35(b).

The Company is providing the following output files:

1. IRP_XMP_DGTool_KPCO_BS1_Repower.xlsx
2. IRP_XMP_DGTool_KPCO_BS2_Retrofit.xlsx
3. IRP_XMP_DGTool_KPCO_NGCC_Replacement.xlsx
4. IRP_XMP_DGTool_KPCO_BS_Retirement.xlsx

These files correspond to the following output files:

1. IRP_XMP_DGTool_V1.3_KPCO_BS1_Repower_Nov3.xlsm
2. IRP_XMP_DGTool_V1.3_KPCO_BS2_Retrofit_Nov3.xlsm

3. IRP_XMP_DGTool_V1.3_KPCO_NGCC_Replacement_Nov3.xlsm

4. IRP_XMP_DGTool_V1.3_KPCO_BS_Retirement_Nov3.xlsm

Changes made to these files which make them different from the original files include:

1. Removal of macros (vba code)
2. Removal of raw data sheets
3. Removal of formulas that would have produced an error due to removal of the raw data sheets.

These changes are required to comply with AEP's confidentiality and license agreement with EPIS, Inc., the owner of the AURORAxmp modeling software. The macros and raw data sheets would have revealed the proprietary structure of the model output database files. As was the case with the Strategist files, Kentucky Power will provide the requested files to a authorized licensee upon confirmation by EPIS, Inc. that it is authorized to release the information.

Sierra Club 2-43.

The Company seeks confidential treatment of Attachment 1 and Attachment 2 to its Response. Attachment one is a three-page letter from American Electric Power Service Corporation to PJM regarding PJM's request for information concerning possible curtailments of generating units in light of EPA regulations. Attachment 2 consists of six tables and constitutes AEP's "Compliance Plan." The information for which confidential treatment is being sought projected outage information, blackstart information, projected curtailments, allowance data and unit retirement information.

- PJM is expected to use the unit retirement information in establishing it planning parameters for its 2015-2016 capacity auction. As such, it could affect the potential market clearing price. In addition, it could adversely affect the negotiating position of Kentucky Power (and the other identified AEP companies) in replacing any retired unit through bi-lateral contracts.

- Blackstart units are considered NERC Critical Assets. The disclosure of such information poses the reasonable probability of threatening public safety by identifying a

vulnerability in the electrical infrastructure. Such information is protected by KRS 61.878(1)(m).

- Planned unit and transmission outage dates; projected emissions and available allowance information could be used by the trading community to raise the price at which Kentucky Power (and the other identified AEP operating companies) could obtain replacement energy or allowances.
- Projected emissions and available allowance information could be used by the trading community to raise the price at which Kentucky Power (and the other identified AEP operating companies) could obtain allowances or replacement energy in case units are curtailed.
- Information regarding retrofit technology in many instances is preliminary and subject to change. Such information typically is not released because of its preliminary nature and possible effect on the financial markets.

Attorney General Data Requests

AG 2-1.

Kentucky Power seeks confidential treatment for identity of the purchasers of notes through the 2009 private placement, the amount of the notes purchased by each purchaser, along with certain bank account and other identifying information regarding the purchasers. The notes are sold by Kentucky Power on the condition that the identity of the purchasers and related information will remain confidential. The publication of the information for which confidential information is being sought may reduce the market for the Company's notes among those purchasers wishing to maintain the confidentiality of their purchases. A reduced market for the Company's notes could result in increased costs to the Company and its ratepayers. In addition, the banking and other information is exempt from disclosure under KRS 61.878(1)(a).

- B. The Identified Information is Generally Recognized As Confidential And Proprietary and Public Disclosure Of It Will Result In An Unfair Commercial Advantage for Kentucky Power's Competitors.

The identified information required to be disclosed by Kentucky Power in response to the data requests at issue is confidential. Dissemination of the information for which confidential

treatment is being requested is restricted by Kentucky Power, AEP, and AEPSC. The Company, AEP and AEPSC take all reasonable measures to prevent its disclosure to the public as well as persons within the Company who do not have a need for the information. The information is not disclosed to persons outside Kentucky Power, AEP or AEPSC. Within those organizations, the information is available only upon a confidential need-to-know basis that does not extend beyond those employees with a legitimate business need to know and act upon the identified information.

C. The Identified Information Is Required To Be Disclosed To An Agency.

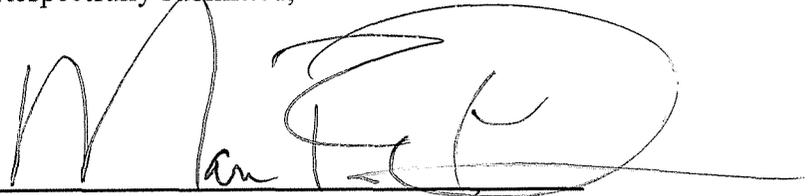
The identified information is by the terms of the Data Requests and Commission practice required to be disclosed to the Commission. The Commission is a “public agency” as that term is defined at KRS 61.870(1). Any filing should be subject to a confidentiality order and any party requesting such information should be required to enter into an appropriate confidentiality agreement.

Wherefore, Kentucky Power Company respectfully requests the Commission to enter an

Order:

1. According confidential status to and withholding from public inspection the identified information; and
2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', written over a horizontal line.

Mark R. Overstreet
R. Benjamin Crittenden
STITES & HARBISON PLLC
421 West Main Street
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Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477

COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

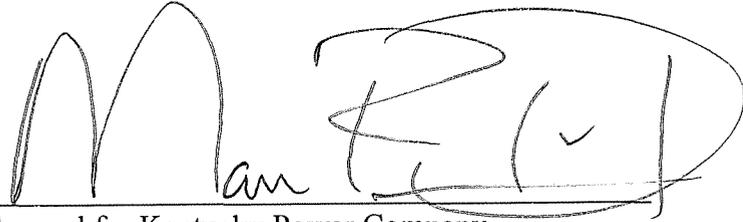
I hereby certify that a copy of the foregoing was served by hand delivery or overnight delivery, upon the following parties of record, this 20th day of February, 2012.

Michael L. Kurtz
Boehm, Kurtz & Lowry
Suite 1510
36 East Seventh Street
Cincinnati, Ohio 45202

Joe F. Childers
Joe F. Childers & Associates
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201 West Short Street
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Dennis G. Howard II
Lawrence W. Cook
Assistant Attorney General
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Sierra Club
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Counsel for Kentucky Power Company

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

APPLICATION OF KENTUCKY POWER COMPANY FOR APPROVAL OF ITS 2011 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, AND FOR THE GRANTING OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE CONSTRUCTION AND ACQUISITION OF RELATED FACILITIES

CASE NO. 2011-00401

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PUBLIC SERVICE
COMMISSION

MOTION OF KENTUCKY POWER COMPANY FOR LEAVE TO DEVIATE FROM FILING REQUIREMENTS WITH RESPECT TO FILINGS

Kentucky Power Company ("Kentucky Power"), moves the Public Service Commission of Kentucky ("Commission") pursuant to 807 KAR 5:001, Section 14 for leave to deviate from the filing requirements in this proceeding. Kentucky Power requests that it be excused from filing paper copies of certain of its responses and attachments because of their voluminous nature. In support of its motion, Kentucky Power states:

1. Pursuant to the Commission's January 13, 2012 Order in this matter, Kentucky Power is required to file an original and 12 copies of all data responses and attachments, along with a service copy to all parties of record. Certain of the responses and attachments to the responses are voluminous.

Kentucky Power requests permission to deviate from the Commission's Order and other filing requirements as follows:

(1) A paper original and 12 paper copies will be filed of all documents less than 100 pages;

(2) A paper "original" will be filed of all documents 100-499 pages in size, The remaining copies will be provided as electronic files.

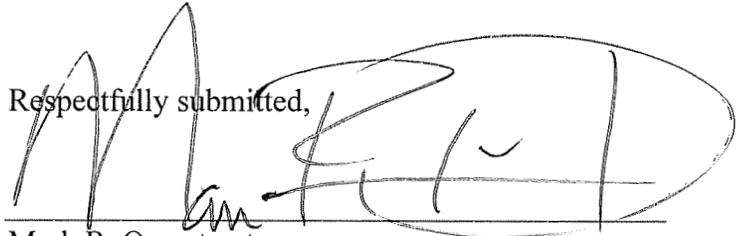
(3) Electronic originals and copies will be filed of all copies 500 pages or larger.

Kentucky Power also requests leave to serve electronic copies of those documents being provided electronically to the Commission.

WHEREFORE, Kentucky Power requests leave to file electronic copies of its responses to the data requests in the manner set forth above.

This the 20th day of February, 2012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line. The signature is stylized and somewhat cursive.

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COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by overnight or hand delivery, upon the following parties of record, this 20th day of February, 2012.

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