

# STITES & HARBISON PLLC

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February 20, 2014

RECEIVED

FEB 20 2014

PUBLIC SERVICE  
COMMISSION

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## HAND DELIVERED

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

**RE: Case No. 2013-00475**

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of the Company's responses to Staff's February 4, 2014 data requests, and the Company's public responses to Sierra Club's February 5, 2014 data requests.

Also enclosed is the Company's motion for confidential treatment and attached confidential portions of the Company's responses to Sierra Club data requests 1-2, 1-3, 1-14, 1-21, and 1-24.

Copies of the responses and the motion are being served by overnight delivery today on the persons listed below.

Very truly yours,

  
Mark R. Overstreet

MRO

cc: Michael L. Kurtz  
Kristin Henry  
Shannon Fisk  
Joe F. Childers

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 20 2014

PUBLIC SERVICE  
COMMISSION

In the Matter of:

INTEGRATED RESOURCE PLANNING REPORT )  
OF KENTUCKY POWER COMPANY TO THE )  
KENTUCKY PUBLIC SERVICE COMMISSION, ) CASE NO. 2013-00475  
DECEMBER 20, 2013 )

\* \* \* \* \*

**MOTION OF KENTUCKY POWER COMPANY**  
**FOR CONFIDENTIAL TREATMENT**

Kentucky Power Company ("Kentucky Power" or "Company") moves the Commission pursuant to 807 KAR 5:001, Section 13(2), for an Order granting confidential treatment for portions of the attachments provided by the Company in response to the following Sierra Club

Data Requests:

- (a) SC 1-2;
- (b) SC 1-3;
- (c) SC 1-14;
- (d) SC 1-21: and
- (e) SC 1-24.

Pursuant to 807 KAR 5:001, Section 13, Kentucky Power is filing under seal those portions of the attachments to its response to Sierra Club Data Requests SC 1-21 and SC I-24 for which confidential treatment is sought with the confidential portions highlighted in yellow. Kentucky Power is also filing the original and ten copies of the redacted version of the same. Kentucky Power is filing in electronic format the attachments to its responses to SC 1-2, SC I-3, and SC 1-14. Kentucky Power will notify the Commission when it determines the information

for which confidential treatment is sought is no longer confidential. In support of its motion, Kentucky Power states as follows.

**I. Motion for Confidential Treatment**

**A. The Requests and the Statutory Standard.**

The identified portions are required to be excluded from the public record and public disclosure. KRS 61.878(1)(c)(1) excludes from the Open Records Act:

"[r]ecords confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would present an unfair commercial advantage to competitors of the entity that disclosed the records.

Further, KRS 61.878(1)(m)(1)(f) exempts records from public inspection that would have a reasonable likelihood of threatening the public safety by exposing a vulnerability in preventing, protecting against, mitigating, or responding to a terrorist act, including:

Infrastructure records that expose a vulnerability referred to in this subparagraph through the disclosure of the location, configuration, or security of critical systems, including public utility critical systems. These critical systems shall include but not be limited to information technology, communication, electrical, fire suppression, ventilation, water, wastewater, sewage, and gas systems;

Finally, KRS 61.878(1)(k) exempts "all public records or information the disclosure of which is prohibited by federal law or regulation" from disclosure under the Open Records Act.

**(a) Sierra Club Data Request SC 1-2.**

Sierra Club Data Request SC 1-2 seeks an electronic copy of Kentucky Power's entire 2013 IRP filing, including all exhibits and appendices. On December 20, 2013, concurrent with the filing of the 2013 IRP report with the Commission, Kentucky Power sought confidential treatment of the following portions of the report:

<b>Item No.</b>	<b>Exhibit Number or Type of Document</b>	<b>Description of Confidential and Proprietary Information</b>	<b>Statutory Basis for According Confidential Treatment</b>
1	Chapter 2 Confidential Appendix	Sensitive Customer Account Data and forecast electricity prices	KRS 61.878(1)(c)(1)
2	Exhibit 4-4	Projected Average Fuel Costs through 2028 Projected Variable Production Costs through 2028 Projected Non-fuel O&M through 2028	KRS 61.878(1)(c)(1)
3	Exhibit 4-6	Projected Capacity Factors (steam) through 2028 Projected Availability Factors (steam) through 2028 Projected Average heat Rates through 2028	KRS 61.878(1)(c)(1)
4	Exhibit 4-9	Key Supply Side Resource Option Assumptions (new generation technologies)	KRS 61.878(1)(c)(1)
5	Exhibit 4-16	American Electric Power System (generation and transmission detail)	KRS 61.878(1)(m)(1)(g) KRS 61.878(1)(k)
6	Exhibit 4-17	Kentucky Power Transmission Line Network	KRS 61.878(1)(m)(1)(g) KRS 61.878(1)(k)

Kentucky Power's December 20, 2013 Motion for Confidential Treatment remains pending before Commission. Because Sierra Club Data Request SC 1-2 simply asks for Kentucky Power's 2013 IRP filing in electronic format, Kentucky Power is seeking confidential treatment for the same information it sought confidential treatment for in its December 20, 2013 Motion for Confidential Treatment. Kentucky Power incorporates by reference its December 20, 2013 Motion for Confidential Treatment into this motion.

Kentucky Power seeks confidential treatment of the information identified as Items 1-4 in the table above until such time as it files its next IRP Report at which time the information will be out of date. Kentucky Power seeks confidential treatment of the information identified in

Items 5-6 for the life of the identified facilities. Once the facilities are retired, they will no longer be considered critical energy infrastructure information.

**(b) Sierra Club Data Request SC 1-3.**

Kentucky Power's response to Sierra Club Data Request SC 1-3 includes confidential and proprietary information, the disclosure of which is likely to provide an unfair competitive advantage. Kentucky Power's response to Sierra Club Data Request SC 1-3 includes electronic versions of modeling files used in developing the 2013 IRP Report. These modeling files include information regarding the projected fuel costs, unit specific energy generation, variable production costs, and non-fuel O&M of generation through the year 2028. Because the confidential information contained in the modeling files is intrinsically interrelated to the modeling outputs, Kentucky Power cannot produce a redacted version of the attachments without significantly altering all of the files.

Although its retail rates are regulated by this Commission, Kentucky Power makes substantial sales through PJM Interconnection, LLC of electric energy into the extremely competitive interstate wholesale electricity market. The disclosure of the cost and capacity values and projections in the modeling files would permit an unfair commercial advantage to Kentucky Power's competitors and suppliers. Public disclosure of such cost data and capacity information injure the Company's current and future ability to compete in these marketplaces, and would place Kentucky Power at a significant disadvantage. If Kentucky Power's costs are publicly known, competitors and suppliers can formulate competitive bidding strategies that will hamper the Company's ability to compete against them, cause Kentucky Power's units to operate/sell less, and ultimately cost more to operate resulting in higher costs for the Company's customers. Such information might permit a competitor to underbid Kentucky Power based on

an unfair commercial advantage; a result which would be detrimental not only to Kentucky Power but to the marketplace as well.

Finally, Kentucky Power derives independent economic value from the subject information not being generally known to, and not being readily ascertainable by other persons who can obtain economic value from its disclosure or use. Accordingly, disclosure would place Kentucky Power at a competitive disadvantage vis-à-vis other electric utilities buying and selling in the wholesale market. Kentucky Power seeks confidential treatment of the identified information until such time as it files its next IRP Report at which time the information will be out of date.

**(c) Sierra Club Data Request 1-14.**

Attachment I to Kentucky Power's response to Sierra Club Data Request I-14 contains customer-specific usage data for certain customers of Kentucky Power's affiliated operating companies. The information is identified by both customer name and account number. The cost of electricity constitutes a material part of the cost structure of many of the Company's and its affiliates' larger customers. It is Kentucky Power's understanding that such information is routinely protected by its customers from public disclosure because of the competitive disadvantage resulting from such disclosure. It is further the Company's belief that each of these companies is a private entity whose cost of operation or cost of production is not regulated by this Commission or any other government body. Kentucky Power seeks confidential treatment of the identified information until such time as it files its next IRP Report at which time the information will be stale.

**(d) Sierra Club Data Request 1-21.**

Kentucky Power seeks confidential treatment for Attachment 1 to its response to Sierra Club Data Request 1-21. Attachment 1 to SC 1-21 includes all of the responses the Company received to its October 18, 2013 request for information for 100 MW of wind energy (“RFI”). Attachment 1 to SC 1-21 contains information relating to bidder identification, the identity of the assets or arrangements being offered, transaction costs, and pricing terms. Disclosure of this information could put Kentucky Power at a competitive disadvantage in future contract negotiations to the detriment of the Company and its customers.

Further, Section 9.1 of the RFI requires AEPSC, as agent for Kentucky Power, to “take all reasonable precautions and use reasonable efforts to maintain the confidentiality of all Responses submitted.” As such, but the protections afforded by confidential treatment are required by the representations made in the RFI. Failure to maintain this information as confidential could discourage potential bidders in future Kentucky Power and AEPSC RFIs or requests for proposals from responding to future requests.

The confidential information should be kept confidential for five years, unless the Company enters into a final agreement with one of the respondents to the RFI. In that case, the Company requests that the information remain confidential until two years after the termination of the final agreement. After these time periods (the term of final agreement plus two years or five years if there is no final agreement), developments within the power markets will render the information outdated. Prior disclosure will adversely affect the Company’s ability to negotiate future purchased power agreements.

(e) **Sierra Club Data Request SC 1-24.**

Kentucky Power seeks confidential treatment of the identified information in Attachment 2 to its response to Sierra Club Data Request SC 1-24. Attachment 2 to SC 1-24 includes information regarding Kentucky Power's evaluations of its upcoming decision of whether to participate in the PJM market as a FRR or RPM entity for the 2017/2018 planning year. Kentucky Power's participation as an FRR or RPM entity, and its exact UCAP position can help the Company's competitors determine their offer price and capacity amount strategies. Public disclosure of this information could change the bidding strategies of those participating as RPM entities. For example, these entities could make higher or lower offers or change the quantity offered creating either unduly high, or unduly low clearing prices for the 2017/2018 planning year base residual option. As the clearing price increases, AEP's financial position also improves, potentially reducing borrowing costs. A financially stronger AEP can also better position the Company with its suppliers, potentially creating opportunities for lower procurement costs with benefits flowing to all operating companies including Kentucky Power.

Kentucky Power seeks confidential treatment of the information in Attachment 2 to its response to Sierra Club Data Request SC 1-24 until the close of the Base Residual Auction for the 2017/2018 planning year on May 16, 2014 at 5:00 PM Columbus, Ohio prevailing time.

B. **The Identified Information is Generally Recognized As Confidential and Proprietary and Public Disclosure Of It Will Result In An Unfair Commercial Advantage or Will Threaten the Public Safety.**

The identified information required to be disclosed by Kentucky Power in response to Sierra Club Data Requests SC 1-2, SC 1-3, SC 1-14, SC 1-21, and SC 1-24 is confidential and not generally known or readily ascertainable by other parties through normal or proper means. No reasonable amount of legitimate independent research could yield this confidential information to other parties. Dissemination of the information for which confidential treatment



is being requested is restricted by Kentucky Power, its affiliated operating companies, AEP, and AEPSC (the "AEP Entities"). The AEP Entities take all reasonable measures to prevent its disclosure to the public as well as persons within the AEP Entities who do not have a need for the information. The information is not disclosed to persons outside the AEP Entities. 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 Commission's Order 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.

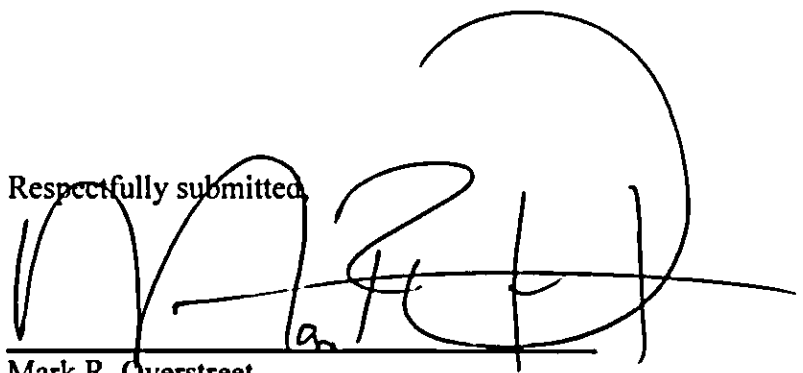
WHEREFORE, Kentucky Power Company respectfully requests the Commission to enter an Order:

1. According confidential status to and withholding from public inspection the identified portions of the attachments provided by the Company in response to Sierra Club Data Requests:

- (a) SC 1-2;
- (b) SC 1-3;
- (c) SC 1-14;
- (d) SC 1-21; and
- (e) SC 1-24.

2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,

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

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COUNSEL FOR KENTUCKY POWER  
COMPANY

**CERTIFICATE OF SERVICE**

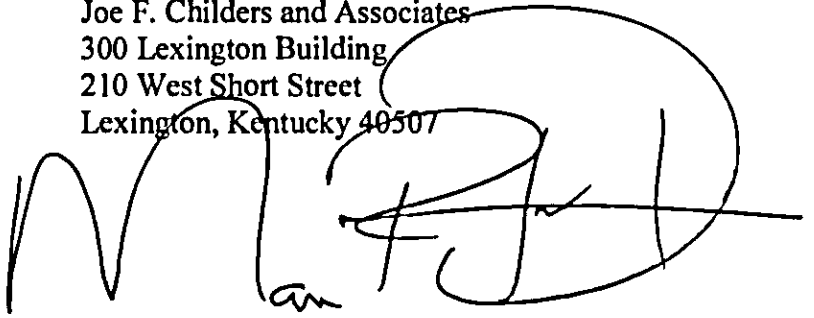
I hereby certify that a copy of the foregoing was served by overnight delivery, this 20<sup>th</sup> day of February, 2014.

Michael L. Kurtz  
Kurt J. Boehm  
Jody Kyler Cohn  
Boehm, Kurtz & Lowry  
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A large, stylized handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line. The signature is highly cursive and somewhat abstract.

Mark R. Overstreet

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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INTEGRATED RESOURCE PLANNING REPORT )  
OF KENTUCKY POWER COMPANY TO THE ) CASE NO. 2013-00475  
KENTUCKY PUBLIC SERVICE COMMISSION )

**CONFIDENTIAL**

**CONFIDENTIAL PORTIONS TO  
KENTUCKY POWER COMPANY'S RESPONSES  
TO BEVERLEY MAY, ALEXANDER DESHA AND SIERRA CLUB'S  
INITIAL SET OF DATA REQUESTS**

**CONFIDENTIAL**