

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR (1) A GENERAL)	
ADJUSTMENT OF ITS RATES FOR ELECTRIC)	CASE NO.
SERVICE; (2) AN ORDER APPROVING ITS 2017)	2017-00179
ENVIRONMENTAL COMPLIANCE PLAN; (3) AN)	
ORDER APPROVING ITS TARIFFS AND RIDERS;)	
(4) AN ORDER APPROVING ACCOUNTING)	
PRACTICES TO ESTABLISH REGULATORY)	
ASSETS AND LIABILITIES; AND (5) AN ORDER)	
GRANTING ALL OTHER REQUIRED APPROVALS)	
AND RELIEF)	

ORDER

On July 12, 2017, Kentucky Power Company (“Kentucky Power”) filed a motion, pursuant to KRS 61.878 and 807 KAR 5:001, Section 13, requesting that the Commission grant confidential protection to designated material contained in Kentucky Power’s response to Commission Staff’s First Request for Information (“Staff’s First Request”). Kentucky Power also requests a deviation from 807 KAR 5:001, Section 13(2)(a)(3), which requires a party requesting confidential treatment to file one copy of the designated information in paper medium with the confidential material redacted, and to file one unredacted copy in paper medium with the confidential material identify by underscoring or highlighting in transparent ink.¹

¹ Pursuant to 807 KAR 5:001, Section 13(2)(e), a case conducted by using electronic filing procedures, such as this proceeding, shall comply with procedures established in 807 KAR 5:001, Section 8, except that an unredacted copy of the material for which confidentiality is requested is not to be filed electronically. Therefore, although 807 KAR 5:001, Section 13(2)(a)(3), states that a party shall file ten redacted copies in paper medium of material for which confidentiality is requested, in an electronic case, the filing party would be required to file only one redacted copy in paper medium pursuant to 807 KAR 5:001, Section 8(3).

The designated materials for which confidential protection is requested are more specifically described as follows:

- Kentucky Power's response to Staff's First Request, Item 46, Attachment 1, which contains salary and compensation information for Kentucky Power's executive officers and other employees.
- Kentucky Power's response to Staff's First Request, Item 61, Attachments 1–8, which contain employee-specific salary and compensation information, and compensation and benefit studies conducted by third-party vendors evaluating the market competitiveness of Kentucky Power's compensation packages.
- Kentucky Power's response to Staff's First Request, Item 67, Attachments 1–2, which contain third-party vendor compensation and benefit studies.
- Kentucky Power's response to Staff's First Request, Item 68, Attachment 1, which contains salary, compensation, and benefit information for Kentucky Power's executive officers and other employees.
- Kentucky Power's response to Staff's First Request, Item 71, Attachment 1, which contains premium rates negotiated by Kentucky Power for life insurance provided as a benefit to its full-time employees.

In support of its motion requesting confidential treatment for compensation information contained in Kentucky Power's response to Staff's First Request, Item 46, Attachment 1; Item 61, Attachment 7; Item 67, Attachment 1; and Item 68, Attachment 1, Kentucky Power states that certain portions of that information is subject to Securities and Exchange Commission ("SEC") confidentiality regulations, and that public disclosure of the information that is not subject to SEC regulations is likely to result in a competitive

disadvantage to Kentucky Power. Kentucky Power explains that executive officer compensation contained in the response to Staff's First Request, Item 46, Attachment 1, and Item 68, Attachment 1, is publicly available through annual SEC filings made by Kentucky Power's parent company, American Electric Power Company, Inc. ("AEP"). Kentucky Power further explains that compensation information provided in annual SEC filings contains assumptions regarding forward-looking earnings-related information and stock-based information. Kentucky Power asserts that, pursuant to SEC insider information regulations,² Kentucky Power is required to maintain the confidentiality of that information until the information is filed with the SEC in public documents. For that reason, Kentucky Power requests that information regarding executive officer compensation in January 2017 and February 2017 that is contained in the response to Staff's First Request, Item 46, Attachment 1, and Item 68, Attachment 1, be held confidential until March 2018, when AEP makes its annual filings with the SEC.

In regard to the remaining compensation information contained in Kentucky Power's response to Staff's First Request, Items 46, 61, 67, and 68, Kentucky Power states that employee compensation that is not publicly available in SEC filings is kept confidential. Kentucky Power asserts that public disclosure of non-public employee compensation would be beneficial to competitors who seek to recruit Kentucky Power's key personnel and would harm Kentucky Power's ability to negotiate employee compensation. Kentucky Power further asserts that public disclosure of the information would result in greater employee compensation demands when negotiating compensation packages, which in turn would harm Kentucky Power and its ratepayers

² 17 C.F.R. 240.10b-5.

through increased costs of service. For that reason, Kentucky Power requests that compensation information for employees other than executive officers that is contained in Kentucky Power's response to Staff's First Request, Item 46, Attachment 1; Item 61, Attachment 7; Item 67, Attachment 1; and Item 68, Attachment 1, be held confidential for a period of five years.

Kentucky Power further requests confidential treatment for compensation and benefit studies performed by third-party vendors that are contained in Kentucky Power's response to Staff's First Request, Item 61, Attachments 1–4 and 7–8; and Item 67, Attachments 1–2.³ Kentucky Power explains that it commissioned third-party vendors to evaluate Kentucky Power's employee-compensation packages for market competitiveness. Kentucky Power contends that the third-party market studies are subject to non-disclosure agreements and/or intellectual property rights agreements between AEP and the third-party vendors who prepared the studies. Kentucky Power also asserts that public disclosure of the information in the studies will provide Kentucky Power's competitors with an unfair advantage in recruiting and retaining qualified employees. For the above reasons, Kentucky Power requests that the compensation and benefit studies contained in its response to Staff's First Request, Item 61, Attachments 1–4 and 7–8; and Item 67, Attachments 1–2, be afforded confidential treatment for a period of five years.

Similarly, Kentucky Power requests confidential treatment for reports summarizing third-party analysis of potential changes to Kentucky Power's compensation system

³ Kentucky Power correctly cites to its request for confidential treatment for third-party studies contained in Staff's First Request, Item 61, Attachments 1–4 and 7–8; and Item 67, Attachments 1–2, on page 2 of its motion. Kentucky Power inadvertently cites to the incorrect responses on page 5 of its motion.

contained in its response to Staff's First Request, Item 61, Attachments 5–6. Kentucky Power asserts that public disclosure of the information will provide Kentucky Power's competitors with an unfair advantage in recruiting and retaining qualified employees. For the above reasons, Kentucky Power requests that the reports summarizing third-party analysis of potential changes to its compensation system contained in its response to Staff's First Request, Item 61, Attachments 5–6, be afforded confidential treatment for an indefinite period until such time as Kentucky Power's compensation system is changed.

Last, Kentucky Power requests confidential treatment for life insurance premium rates contained in its response to Staff's First Request, Item 71, Attachment 1. Kentucky Power asserts that public disclosure of rates that Kentucky Power negotiated with its life insurance provider would hinder Kentucky Power's ability to receive the best proposals and procure the best contract terms in future negotiations. Kentucky Power further asserts that diminishing its ability to negotiate and contract for the best possible terms would harm Kentucky Power and its customers through increased costs of service. Kentucky Power requests that the life insurance premium rates contained in its response to Staff's First Request, Item 71, Attachment 1, be granted confidential treatment for a period of seven years, at which time Kentucky Power will have negotiated new life insurance premium rates and the current rates will be outdated.

In its motion to deviate from 807 KAR 5:001, Section 13(2)(a)(3), Kentucky Power requests to file its response to Staff's First Request, Item 61, Attachment 8, in electronic medium, rather than paper medium. As a basis for the request, Kentucky Power asserts that a paper copy of Attachment 8 would total more than 10,000 pages if it were required to print out the full attachment, and thus is too voluminous to produce in paper form.

Having carefully considered the petition and the materials at issue, the Commission finds that:

1. The designated materials contained in Kentucky Power's response to Staff's First Request, Item 46, Attachment 1; Item 61, Attachments 1–8; Item 67, Attachments 1–2; Item 68, Attachment 1; and Item 71, Attachment 1, are records that are generally recognized as confidential or proprietary, and their open disclosure could result in commercial harm to Kentucky Power. The materials therefore meet the criteria for confidential treatment and are exempted from public disclosure pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13.

2. The Commission further finds that Kentucky Power has shown good cause to permit it to deviate from the filing requirements of 807 KAR 5:001, Section 13(2)(a)(3), and that Kentucky Power's request for deviation to file its response to Staff's First Request, Item 61, Attachment 8, in electronic medium should be granted.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's motion for confidential protection for its response to Staff's First Request, Item 46, Attachment 1; Item 61, Attachments 1–8; Item 67, Attachments 1–2; Item 68, Attachment 1; and Item 71, Attachment 1, is granted.

2. Kentucky Power's motion to deviate from filing requirements of 807 KAR 5:001, Section 13(2)(a)(3), is granted.

3. The executive officer compensation information for January 2017 and February 2017 contained in Kentucky Power's response to Staff's First Request, Item 46, Attachment 1, and Item 68, Attachment 1, shall not be placed in the public record or made

available for public inspection until March 31, 2018, or until further Orders of this Commission.

4. The employee-compensation information, other than executive officer compensation addressed in ordering paragraph 3, set forth in Kentucky Power's response to Staff's First Request, Item 46, Attachment 1; Item 61, Attachment 7; Item 67, Attachment 1; and Item 68, Attachment 1, shall not be placed in the public record or made available for public inspection for a period of five years, or until further Orders of this Commission.

5. The third-party compensation and benefit studies contained in Kentucky Power's response to Staff's First Request, Item 61, Attachments 1–4 and 7–8; and Item 67, Attachments 1–2, shall not be placed in the public record or made available for public inspection for a period of five years, or until further Orders of this Commission.

6. The reports summarizing third-party analysis of potential changes to Kentucky Power's compensation system contained in Kentucky Power's response to Staff's First Request, Item 61, Attachments 5–6, shall not be placed in the public record or made available for public inspection for an indefinite period of time, or until further Orders of this Commission.

7. The designated material contained in Kentucky Powers response to Staff's First Request, Item 71, Attachment 1, shall not be placed in the public record or made available for public inspection for a period of seven years, or until further Orders of this Commission.

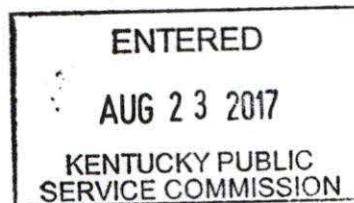
8. Use of the materials in question in any Commission proceeding shall comply with 807 KAR 5:001, Section 13(9).

9. Kentucky Power shall inform the Commission if the materials in question become publicly available or no longer qualify for confidential treatment.

10. If a non-party to this proceeding requests to inspect materials granted confidential treatment by this Order and the period during which the materials have been granted confidential treatment has not run, then Kentucky Power shall have 20 days from receipt of written notice of the request to demonstrate that the materials still fall within the exclusions from disclosure requirements established in KRS 61.878. If Kentucky Power is unable to make such demonstration, the requested materials shall be made available for inspection. Otherwise, the Commission shall deny the request for inspection.

11. The Commission shall not make the requested materials available for inspection for 20 days following an Order finding that the materials no longer qualify for confidential treatment in order to allow Kentucky Power to seek a remedy afforded by law.

By the Commission



ATTEST:

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

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