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PUBLIC SERVICE COMMISSION

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Frankfort, Kentucky

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**Blue Grass Energy Cooperative Corporation's Request for Reconsideration and/or  
Hearing on its November 11, 2011 Petition for Confidential Treatment of Materials  
Submitted**

Now comes BLUE GRASS ENERGY COOPERATIVE CORPORATION (hereinafter "BGE"), by counsel, and for its Request for Reconsideration and/or Hearing on its Petition for Confidential Treatment of Materials Submitted pursuant to KRS 278.400, states as follows:

1. That on or about November 11, 2011 BGE filed its original Petition for Confidential Treatment pursuant to 807 KAR 5:001, Rules of Procedure of the Commission, a copy of which is attached hereto as **EXHIBIT "A"** and incorporated herein as if fully set forth (hereinafter "Petition").

2. That in said Petition, BGE requested that the Public Service Commission (hereinafter "PSC") classify question 1, and BGE's answer thereto, on page 12 of BGE's responses to the PSC's AMI Cost and Benefit Survey, as confidential based on KRS 61.878, paragraph (1), section (c), subsection 1, which provides as an exclusion from the application of KRS 61.870 to 61.884:

Upon and after July 15, 1992, records 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 permit an unfair commercial advantage to competitors of the entity that disclosed the records.

3. That the November 14, 2011 letter issued by Jeff Derouen, the Executive Director of the PSC, denying BGE's Petition stated as follows:

... the Commission is unclear by [BGE's] Petition requesting confidential treatment whether or not Blue Grass Energy has entered into a non-disclosure agreement, nor was it stated with particularity, the reason why the cost information should be protected from public disclosure.

4. BGE states that although its original Petition failed to provide to the PSC definitive statements as to (1) whether BGE has entered into a non-disclosure agreement and (2) the reasons why the cost information should be protected from public disclosure; the following supplemental information remedies such failures and that the same should be considered by the PSC before making a final ruling on BGE's Petition.

#### A. **NON-DISCLOSURE AGREEMENT**

5. That in 2006, BGE entered into a Master Agreement with Landis-GYR, formerly Hunt Technologies (hereinafter "Landis"), which was the principal supplier to BGE for Automatic Meter Reading (AMR) software and hardware.

6. That section 13.0 of the aforesaid Agreement, titled "Confidentiality" restricts BGE from divulging "information that is confidential or proprietary" and further states that BGE shall "...take all reasonable precautions to prevent such information from being divulged to third persons...". Section 13.1 further states that "the obligation of confidence shall survive this Agreement and will continue for a period of (5) years thereafter." The 2006 Master Agreement remains in full force and effect to date. Section 13 of the Master Agreement is attached hereto as **EXHIBIT "B"** and incorporated herein as if fully set forth.

The Affidavit of Donald Smothers, Vice President, Financial Services and CFO, of BGE is attached hereto as **EXHIBIT "C"** and incorporated herein as if fully set forth. This Affidavit affirms that the excerpt attached hereto as **EXHIBIT "B"** is a true and correct excerpt from the 2006 Master Agreement between Landis and BGE.

7. Quotes for major projects as well as the cost of the AMR system itself qualify as confidential information pursuant to the confidentiality clause contained within the Master Agreement between BGE and Landis. The confidentiality of such information proves paramount for Landis wherein each bid that Landis makes is unique and specific to the customer to which it is made.

8. BGE states that it would be a violation of the confidentiality clause of its Master Agreement with Landis to make question 1 of the PSC's AMI Cost and Benefit Survey, and BGE's answer thereto, on page 12 of BGE's responses public knowledge because Landis' ability to negotiate and bid freely would be greatly diminished, resulting in a severe competitive disadvantage.

9. Approximately seventy percent (70%) of the total capital costs related to AMI deployment by BGE were attributable to the services provided to BGE by Landis, with the other thirty percent (30%) being attributable to labor and installation of the AMI equipment. By making the total capital costs to BGE public information, it is not only possible but probable that a competitor of Landis could deduce from the total capital cost figure the approximate percentage afforded to installation of such system and the figure which must be attributed to the service provider, Landis.

10. There are numerous vendors in the field of AMI development, implementation and service whose evolving technology is used to gain the business of utilities such as BGE. Accordingly, if vendors are given access to BGE's total capital cost figure a competitor of one of BGE's vendors – namely a competitor of BGE's primary vendor, Landis – could use such figure to undercut its own cost in order to sway a utility to use their services instead of another provider, such as Landis.

11. Since BGE entered into its agreement with Landis in 2006, it has upheld the confidentiality clause contained therein in the strictest sense. The information sought to be protected is not known outside of BGE and is not disseminated within BGE except to those employees with a legitimate business need to know. BGE contends that by making the capital cost figure public knowledge, the relationship between BGE and Landis and/or other vendors would be strained.

**A. UNFAIR COMMERCIAL ADVANTAGE TO COMPETITORS**

12. The effect of making public question 1, and BGE's answer thereto, on page 12 of BGE's responses to the PSC's AMI Cost and Benefit Survey would provide an unfair commercial advantage to competitors of BGE.

13. AMI systems such as the one implemented by BGE have not been implemented by numerous competing electric service providers including investor owned electric providers and some cooperative providers. By making the total capital costs incurred by BGE public knowledge, Kentucky electric providers would be able to use the total capital cost figure provided by BGE to negotiate with vendors in the implementation of their own AMI systems. BGE further contends that by making the subject information public knowledge, BGE's relationship with not only Landis, but other vendors, will be compromised. The confidentiality clause as discussed in section (A) above clearly prohibits the dissemination of information that is confidential or proprietary to Landis to third parties, such as project quotes and the cost of AMI systems. If BGE allows such information to become public knowledge, in direct contravention of its confidentiality clause with Landis, the reputation of BGE among its vendors will suffer. Conversely, a diminished opinion of BGE with vendors commonly associated with the electrical

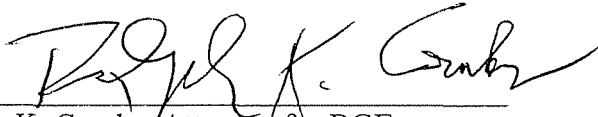
services industry may benefit other Kentucky electric companies and/or cooperatives because such vendors may thereafter choose not to work with BGE at a competitive rate, or at all.

**WHEREFORE**, BLUE GRASS ENERGY COOPERATIVE CORPORATION respectfully requests reconsideration of its Petition for Confidential Treatment of Materials Submitted pursuant to the supplemental information provided herein, or, if the Commission feels a formal Hearing is necessary, that such a Hearing be granted.

Blue Grass Energy Cooperative Corporation respectfully contends that it is entitled to confidential treatment of materials submitted based on its November 11, 2011 petition, as supplemented herein; however, should the Commission determine that Blue Grass Energy is not entitled to such confidential treatment, then Blue Grass Energy respectfully requests that it be notified of that determination pursuant KRS 278.400 and 807 KAR 5:001, Section 7(4), and that the subject question and answer not be placed in public record for a period of at least twenty (20) days after such denial so that Blue Grass Energy may seek any remedy afforded by law, as provided in 807 KAR 5:001, Section 7(4).

Respectfully submitted by:

Blue Grass Energy Cooperative Corporation  
1201 Lexington Road  
Nicholasville, KY 40356

By:   
Ralph K. Combs, Attorney for BGE  
100 United Drive, Suite 4B  
Versailles, KY 40383  
(859) 873-5427

**EXHIBIT "A"**

**Public Service Commission**

**Frankfort, Kentucky**

**Petition for Confidential Treatment of Materials Submitted**

Pursuant to 807 KAR 5:001, Rules of Procedure of the Commission, Blue Grass Energy Cooperative Corporation (hereinafter "Blue Grass") respectfully submits this Petition.

1. The Petition is filed in conjunction with Blue Grass' responses to the AMI Cost and Benefit Survey submitted to Blue Grass. This Petition pertains to paragraph 1 and Blue Grass' answer thereto, on page 12 of Blue Grass's responses. Blue Grass respectfully requests that the Commission classify the aforesaid paragraph 1, and the answer thereto, on page 12, as confidential.

2. A copy of page 12, paragraph 1, is attached hereto and made a part hereof with paragraph 1 underscored.

3. This Petition for confidential treatment of material is based on KRS 61.878, paragraph (1), section (c), subsection 1. which provides as an exclusion from the application of KRS 61.870 to 61.884:

"Upon and after July 15, 1992, records 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 permit an unfair commercial advantage to competitors of the entity that disclosed the records";

4. Blue Grass Energy represents to the Commission that public disclosure of the information contained in page 12, paragraph 1, as referenced herein above, would permit an unfair commercial advantage to competitors of Blue Grass Energy.

5. A copy of Blue Grass' articles of consolidation have been previously filed with the Commission in case #2001-246.

6. Based on the foregoing, Blue Grass respectfully requests that the Commission issue an order granting confidential protection to the contents of paragraph 1, on page 12 of Blue Grass's responses to the survey.

Respectfully submitted by:

Blue Grass Energy Cooperative Corporation

1201 Lexington Road

Nicholasville, KY 40356

By: \_\_\_\_\_  
Ralph K. Combs, its attorney

100 United Drive, Suite 4B

Versailles, KY 40383



## **AMI COST AND BENEFIT SURVEY**

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The AMI Cost and Benefit Survey collects information on deployment approaches and the business case considerations that support/do-not-support AMI. For the following questions please indicate of the costs/benefits incurred by the system. If your company has not evaluated certain costs/benefits, please indicate this also. If AMI has not been deployed in your system, but you have performed a cost/benefit analysis, please provide those results where appropriate.

### **Costs**

1. 

2. Provide a breakdown of AMI capital system costs, by percentage, over the following categories:

a. Endpoint Hardware	84.7%
b. Network Hardware	13.6%
c. Installation	1.7%
d. Project Management	included in 2.c.
e. IT	included in 2.c.
3. Provide an estimate of the O&M costs for annual operating and maintenance expenses.  
**\$212,950**
4. Provide a breakdown of O&M costs, by percentage, over the following categories:

**AMI COST AND BENEFIT SURVEY**

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**Costs**

1. [Faint text]
2. Provide a breakdown of AMI capital system costs, by percentage, over the following categories:

- a. Endpoint Hardware            **84.7%**
- b. Network Hardware            **13.6%**
- c. Installation                    **1.7%**
- d. Project Management           **included in 2.c.**
- e. IT                                **included in 2.c.**

3. Provide an estimate of the O&M costs for annual operating and maintenance expenses.

**\$212,950**

4. Provide a breakdown of O&M costs, by percentage, over the following categories:

**EXHIBIT “B”**

## Confidentiality

**Restriction.** Hunt may provide Customer with information that is confidential or proprietary and Customer shall take all reasonable precautions to prevent such information from being divulged to third persons, including officers

Agreement Rev. 030503

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and employees not having a legitimate need for the information. This obligation of confidence shall survive this Agreement and will continue for a period of five (5) years thereafter.

**Non-confidential Information.** The following information shall not be considered confidential:

- a. Information which is already generally available to the public;
- b. Information which hereafter becomes generally available to the public, except as a result of the direct or indirect action of Customer;
- c. Information which can be shown to have been known to Customer prior to receipt from Hunt.

**EXHIBIT “C”**

## AFFIDAVIT

**RE: Blue Grass Energy Cooperative Corporation's Request  
For Reconsideration of its November 11, 2011 Petition  
For Confidential Treatment of Materials Submitted**

Comes now Donald Smothers, Vice President, Financial Serviced and CFO, Blue Grass Energy Cooperative Corporation, and with regard to Blue Grass Energy Cooperative Corporation's Request For Reconsideration of its November 11, 2011 Petition For Confidential Treatment of Materials Submitted, states as follows:

1. That Blue Grass Energy Cooperative Corporation ("BGE") has attached to its Request for Reconsideration as Exhibit "A" an excerpt from its 2006 Master Agreement between BGE and Hunt Technologies, now known as Landis-GYR ("Landis"), which outlines the confidentiality agreement between BGE and Landis.

2. That the excerpt attached as Exhibit "A" is a true and correct excerpt from the 2006 Master Agreement between BGE and Landis, no amendments, alterations or exclusions having been made thereto.

Further that Affiant sayeth naught.

  
\_\_\_\_\_  
DONALD SMOTHERS

STATE OF KENTUCKY  
COUNTY OF Jessamine

The foregoing Affidavit was subscribed, sworn to and acknowledged before me by DONALD SMOTHERS, as Vice President, Financial Serviced and CFO, Blue Grass

Energy Cooperative Corporation, Nicholasville, Kentucky, this 30th day of November, 2011.



Susan Southworth  
NOTARY PUBLIC, STATE AT LARGE, KY  
MY COMMISSION EXPIRES: 11/10/2015

[Affix Notary Seal]