

**Goss
Samford**

ATTORNEYS AT LAW | PLLC

David S. Samford
david@gosssamfordlaw.com
(859) 368-7740

November 14, 2016

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PUBLIC SERVICE
COMMISSION

Via Hand-Delivery

Talina R. Mathews, Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

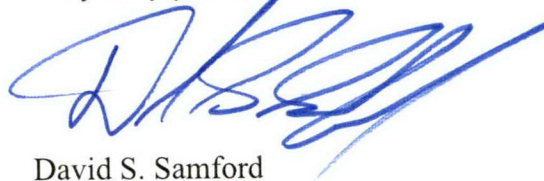
Re: In the Matter of: The Application of East Kentucky Power Cooperative, Inc.
For Deviation from Obligation Resulting from Case No. 2012-00169
PSC Case No. 2015-00358

Executive Director Mathews:

On behalf of East Kentucky Power Cooperative, Inc. ("EKPC"), please find enclosed for filing with the Commission in the above-referenced case an original and ten (10) copies of EKPC's Supplement to Motions for Confidential Treatment.

Please return a file-stamped copy of the Motion to me, and please do not hesitate to contact me if you have any questions or concerns.

Very truly yours,



David S. Samford

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR DEVIATION FROM) Case No. 2015-00358
OBLIGATION RESULTING FROM CASE NO. 2012-00169)

SUPPLEMENT TO MOTIONS FOR CONFIDENTIAL TREATMENT

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by counsel, pursuant to KRS 61.878, 807 KAR 5:001 Section 13 and other applicable law, and in supplement to certain Motions for Confidential Treatment previously filed in this matter, respectfully states as follows:

1. The above-styled case commenced with the filing of EKPC's original Application on October 30, 2015. During the nine (9) months that followed, and consistent with the final Order entered by the Kentucky Public Service Commission ("Commission") in Case No. 2012-00169,¹ EKPC, Commission Staff, the Attorney General of the Commonwealth of Kentucky (the "AG"), and Kentucky Industrial Utility Customers, Inc. ("KIUC"), worked cooperatively to develop and refine a mechanism by which EKPC could share with its customers certain capacity benefits earned through its participation in PJM Interconnection, LLC ("PJM"). The parties' efforts culminated with the execution and submission of a Stipulation and Recommendation on August 8, 2016, which the Commission continues to consider at present.

2. At various times in the course of this matter, EKPC has requested confidential treatment for information it has tendered that is proprietary, sensitive, and/or commercially

¹ *In the Matter of the Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection, LLC* (Ky. P.S.C., Dec. 20, 2012).

valuable. On November 9, 2016, Commission Staff scheduled and held an informal conference to discuss certain issues related to EKPC's pending confidentiality petitions; in particular, Commission Staff sought clarification as to why EKPC believed confidential treatment should be afforded to: (i) the amount of financial benefits EKPC actually realized as a result of its participation in the PJM capacity market; and (ii) the estimated value of EKPC's future mitigation and salvage efforts with respect to the J.K. Smith Power Station Unit 1 ("Smith 1").² EKPC appreciated the opportunity to meet with Commission Staff regarding this issue and endeavors to further elucidate its position by way of this supplemental filing.

3. The monetary benefits EKPC earns as a result of its participation in the PJM capacity market represents confidential information because it could be used by third parties to derive highly-sensitive internal utility operating cost data and pricing strategies. Essentially, a party armed with knowledge of EKPC's capacity benefits during a given timeframe (*e.g.*, a delivery year), coupled with a general awareness of EKPC's generation portfolio and the widely-available PJM capacity market clearing price information, would be able to extrapolate with reasonable certainty the unique operating costs EKPC attributes to its generation fleet. Such information could then be used by EKPC's competitors and fellow market participants—all sophisticated entities and energy traders—to manipulate their own bidding strategies and, ultimately, create a less transparent market. Additionally, third parties could utilize their knowledge of EKPC's operating costs in the course of negotiations related to generation acquisitions, purchase power arrangements, and similar ventures. Put simply, the public disclosure of the subject information would give EKPC's competitors insights into its business operations and strategies that are otherwise publicly unavailable, as well as permit EKPC's competitors with

² EKPC requested that these items of information be treated as confidential by motions filed January 14, 2016, and/or June 22, 2016. This filing is intended to supplement those motions.

an unfair commercial advantage. In light of these facts, the Kentucky Open Records Act exempts EKPC's PJM capacity market benefit data from public disclosure. *See* KRS 61.878(1)(c)(1); *see also* *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995).

4. Similarly, confidential treatment is also warranted under applicable law with respect to EKPC's internally-derived estimations concerning the market value of its Smith 1 assets. The public release of this highly sensitive information may impact the price potential buyers are willing to offer for the subject assets, resulting in both the degradation of the competitive marketplace and prejudice to EKPC. Because equipping third parties with EKPC's proprietary projected pricing information would force EKPC to begin any future negotiations at an unfair commercial disadvantage, such information should be withheld from public disclosure.

WHEREFORE, EKPC respectfully requests that the Commission consider this supplemental filing and ultimately grant all relief requested in each of EKPC's previously-filed motions for confidential treatment.

This 14th day of November, 2016.

Respectfully submitted,



Mark David Goss
David S. Samford
M. Evan Buckley
GOSS SAMFORD, PLLC
2365 Harrodsburg Road, Suite B-325
Lexington, KY 40504
(859) 368-7740
mdgoss@gosssamfordlaw.com
david@gosssamfordlaw.com
ebuckley@gosssamfordlaw.com


Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served, by delivering same to the custody and care of the U.S. Postal Service, postage pre-paid, this 14th day of November, 2016, addressed to the following:

Michael L. Kurtz
Kurt J. Boehm
Jody Kyler Cohn
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Rebecca Goodman
Lawrence W. Cook
Stefanie J. Kingsley
Assistant Attorneys General
1024 Capital Center Dr., Suite 200
Frankfort, KY 40601-8204



*Counsel for East Kentucky Power
Cooperative, Inc.*