

April 27, 2010 ORNEYS

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
[502] 223-3477
[502] 223-4124 Fax
www.stites.com

HAND DELIVERED

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

RECEIVED

APR 27 2010

PUBLIC SERVICE
COMMISSION

Re: P.S.C. Case No. 2009-00545

Dear Mr. Derouen:

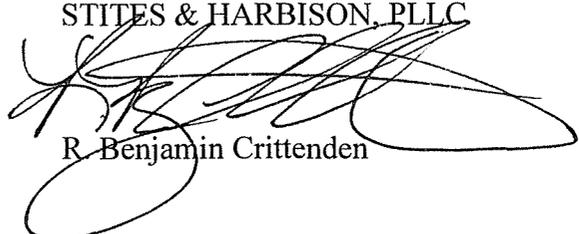
Enclosed please find and accept for filing the original and ten copies of Kentucky Power Company's Supplemental Response to the Attorney General's Data Request AG 2-3(a) and (c). Also enclosed is the original and ten copies of the Company's Petition for Confidential Treatment of certain portions of the Company's Supplemental Response to the Data Request, along with a sealed envelope containing the unredacted responses for which confidential treatment is being sought.

Copies of the public Responses are being served on the persons indicated below. In addition, copies of the Responses for which confidential treatment is being sought are being served on the Attorney General, counsel for Kentucky Industrial Utility Customers, Inc. and Mr. Kollen, in accordance with the non-disclosure agreement signed by each.

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

Very truly yours,

STITES & HARBISON, PLLC


R. Benjamin Crittenden

Enclosures

cc: Michael L. Kurtz
Dennis G. Howard II
Lane Kollen

Kentucky Power Company

RECEIVED

APR 27 2010

PUBLIC SERVICE
COMMISSION

REQUEST

Is the company aware that ecoPower Generation, LLC ["ecoPower"] has filed an application with the Kentucky State Board on Electric Generation and Transmission Siting seeking approval for construction of a 50 MW merchant generation plant that would utilize low grade wood and wood waste for fuel? In your response, please consider the company's response to KIUC 1-9.

- a. Is the company aware that ecoPower proposes to sell its generation to AEP?
- b. If AEP agrees to purchase such generation, will the need for the wind-generated power which is the subject of the instant case decrease or be eliminated?
- c. Does the company have any cost projections for the power that would be generated from ecoPower's plant contrasted with the cost for the wind-generated power? If not, will the company agree to supplement its response to this request in the event any such cost projections are made? Please include in your calculations the difference in transmission costs in the ecoPower option as contrasted with transmission costs for the wind-generated power.
- d. In the event the cost for power from ecoPower's facility is less expensive than the wind-generated power the company proposes to purchase under the subject contracts, does the company foresee any possibility of cancelling the wind contracts and replacing it with the power from ecoPower? Why or why not? Explain in detail.
- e. Can the company negotiate any provisions with the owners of the wind generation farm allowing the company to terminate the wind contracts in the event the price for ecoPower's generation is less expensive than the wind-generated power? Why or Why not? Explain in detail.
- f. Would it be more feasible for the PSC to wait for additional information regarding ecoPower's proposals before approving the contracts which are the subject of the instant case?

- g. Do AEP, Kentucky Power, or any of its officers, employees or other principals have any affiliation or financial interest of any type or sort with ecoPower?
- h. In the event Kentucky Power does not utilize ecoPower's generation output, is it conceivable that other AEP subsidiaries will use it? If so, do Kentucky Power and/or any other AEP subsidiary stand to receive any financial gain of any type or sort, including but not limited to transmission costs and off-system sales, from ecoPower's sale of power to AEP?

RESPONSE

- (a) (c). Following the Company's original filed response, a consultant representing the biomass project developer contacted the Company and provided estimated pricing for the proposed biomass project. The developer's preliminary target price for energy, capacity, REC and any future carbon cost reduction value for plant output over a levelized twenty-year term ranges from [REDACTED]/MWh to [REDACTED]/MWh. This target price compares to the Lee-DeKalb wind Power Purchase Agreement (PPA) weighted average price of [REDACTED]/MWh in the initial year, and a levelized twenty-year price of [REDACTED]/MWh. The Company provided supporting details for the above pricing in its responses to KPCS 1-14 (2009-00545) and KIUC 1-15 (2009-00459), respectively.

The developer's proposed biomass project and the Company's proposed wind-generated PPA each provide a bundled product delivered to the PJM Interconnection. The output from both projects is subject to PJM Locational Marginal Pricing (LMP).

The responses to subparts (b) and (d)-(h) remain unchanged.

WITNESS: Jay F Godfrey

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 27 2010

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION FOR APPROVAL OF)
RENEWABLE ENERGY PURCHASE AGREEMENT)
FOR WIND ENERGY RESOURCES BETWEEN) Case No. 2009-00545
KENTUCKY POWER COMPANY AND FPL ILLINOIS)
WIND, LLC)

* * * * *

MOTION FOR CONFIDENTIAL TREATMENT

Kentucky Power Company ("Kentucky Power" or "the Company"), moves the Commission pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 7, for an Order granting confidential treatment to information included in the supplemental response to the Attorney General's Second Set of discovery, specifically question 3(c) ["AG 2-3(c)"] .

Kentucky Power committed to supplement its previous response to the Attorney General if more information became available concerning a certain proposed biomass facility located in Kentucky ("Facility"). The information at issue was provided to the Company after service of the answer to the initial discovery question. In support of its Motion for Confidential Treatment Kentucky Power states:

1. The information for which confidential treatment is being sought ("Confidential Information") is the Facility's preliminary target price for energy in connection with its proposed biomass project.

2. Pursuant to 807 KAR 5:001, Section, 7, a confidential copy of the answer for which confidential treatment is sought is filed under seal with this motion. In addition, redacted copies of the answer are filed with the Commission..

Statutory Standard

3. KRS 61.878(1)(c)(1) excludes from the public disclosure requirements of 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.

The Confidential Information satisfies this exception.

The Information Is Generally Recognized As Confidential And Proprietary

4. As Mr. Godfrey testifies, the Confidential Information is generally considered confidential and proprietary. Affidavit of Jay F. Godfrey at ¶ 4 ("Godfrey Affidavit"). The Confidential Information is not available to or ascertainable by, persons outside Kentucky Power or American Electric Power Service Corporation ("AEPSC") (Collectively, "the Companies") by proper means other than on a confidential basis. Godfrey Affidavit at ¶ 9. Indeed, the Confidential Information derives economic value from the fact it is not generally known to persons who can obtain value from its disclosure. Godfrey Affidavit at ¶ 9.

5. In light of the confidential and proprietary nature of the information AEPSC and Kentucky Power take all reasonable efforts to protect it from public disclosure. Godfrey Affidavit at ¶ 10. Among the measures taken are limiting access to this type of information within the Companies to only those persons with a legitimate need to access the information, protecting against disclosure outside the Companies, and entering into confidentiality agreements

to protect against disclosure by persons outside the Companies who are afforded access for legitimate purposes. Godfrey Affidavit at ¶ 10.

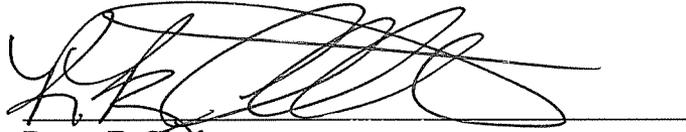
Disclosure Of The Confidential Information Will Result in An
Unfair Competitive Advantage To The Competitors Of Kentucky Power and the Facility

6. The Confidential Information, if disclosed to competitors of the Facility or the Companies, or otherwise made publicly available, would provide an unfair competitive advantage to competitors of the Facility and the Companies. The Confidential Information therefore is entitled to protection from disclosure by the Commission. Specifically, the public disclosure of the Confidential Information would be detrimental to Kentucky Power by exposing potential power supply costs to competitors also seeking sources of power. Public disclosure of the proposed costs provided to the Companies in confidence could increase the cost of these sources. Godfrey Affidavit at ¶ 7. The Facility provided the projected offering based upon the understanding the information would not be publicly disclosed. Godfrey Affidavit at ¶ 9. Disclosure of the Confidential Information would discourage other generators from interacting with the Companies to discuss future potential sources from suppliers. Godfrey Affidavit at ¶ 8.

7. The renewable energy market is extremely competitive. Information such as proposed pricing of a new generator could affect the bargaining between potential sellers and purchasers, and provide competitors of Kentucky Power and the Facility an unfair competitive advantage. Godfrey Affidavit at ¶ 6. The Commission previously recognized that terms of power supply agreements that included pricing were confidential in this case in a Commission letter dated February 11, 2010 and filed in this docket on February 12, 2010.

Wherefore, Kentucky Power Company respectfully requests the Commission grant confidential treatment to the information described in Paragraph 1 of this Motion.

Respectfully submitted,



Bruce F. Clank
Mark R. Overstreet
R. Benjamin Crittenden
STITES & HARBISON PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
moverstreet@stites.com

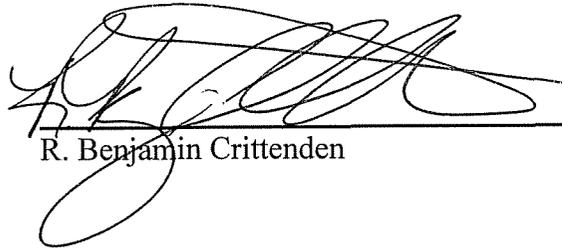
COUNSEL FOR:
KENTUCKY POWER COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first class mail, postage prepaid, upon the following parties, this 27th day of April, 2010.

Dennis G. Howard, II
Lawrence W. Cook
Paul D. Adams
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

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



R. Benjamin Crittenden

EXHIBIT A

AFFIDAVIT OF JAY F. GODFREY

Jay F. Godfrey, first being duly sworn, states:

1. I am of the age of majority and competent to make this affidavit. I have personal knowledge of the matters set forth in this affidavit.

2 I am employed by American Electric Power Service Corporation (AEPSC), a wholly owned subsidiary of American Electric Power Company, Inc. (AEP). AEP is the parent company of Kentucky Power Company (KPCo). I am employed as a Managing Director - Renewable Energy. In that capacity, I am responsible for managing AEP's and its subsidiaries' portfolio of Renewable Energy Purchase Agreements (REPAs) and related long-term structured emission reduction offset agreements. This includes potential new wind project development. I am familiar with biomass efforts being developed by a certain proposed biomass facility located in Kentucky (Facility).

3 I have specific personal knowledge of the confidential, proprietary, competitively sensitive and trade secret nature of the confidential information addressed in this Affidavit through direct contact with this information and through my investigation with other AEPSC and KPCo employees who work directly with the confidential information. I have personal knowledge of efforts taken by KPCo and AEPSC to maintain the secrecy of the confidential information through direct involvement in these efforts, and through my investigation of these efforts with other employees who work directly with these procedures. Finally, I have personal knowledge through my investigation, along with other AEPSC and KPCo employees who work directly with the

confidential information, of the effect the public disclosure of the confidential information would have on KPCo's competitive efforts in securing such contracts.

**Description of the Confidential Information for Which Protection
is Sought**

4. KPCO is required to respond to discovery questions in the underlying case and as such requests that certain information contained in the supplemental response to the Attorney General's Second Set of discovery, specifically question 3(c) ["AG 2-3(c)"] in this Case be protected from public disclosure pursuant to KRS 61.878(1)(c)(1) (the "Confidential Information"). This information is generally considered confidential and proprietary.

5. More specifically, the Confidential Information includes the Facility's preliminary target price for energy, capacity, RECs and any future carbon cost reduction value for plant output over a levelized twenty-year term range that is confidential, proprietary, competitively sensitive and a trade secret. This information is included in the supplemented response to AG 2-3(c). The supplemental response also includes pricing of the proposed contract for the wind source at issue in this case, already found to be confidential by the Commission.

**Public Disclosure Of The Information For Which Confidential Treatment
Is Sought Would Permit An Unfair Commercial Advantage To KPCo's Competitors**

6. As evidenced in my testimony and that of Mr. Weaver in the underlying proceeding, the market for renewable energy purchase power agreements is extremely competitive. There are multiple sellers of renewable energy seeking the highest prices for their capacity and energy. Likewise, with the advent of renewable portfolio standards in many states. KPCo and its affiliates face strong and growing competition

for the most advantageous agreements. The price and other financial terms of such resources are typically confidential.

7. KPCo's competitors could be seeking the same resource and knowledge of the price shared by the Facility with KPCo could detrimentally affect the ultimate price KPCo could purchase the service, resulting in a detrimental impact to KPCo's rate payers. Public disclosure of the information would be detrimental to KPCo by exposing potential power supply costs to competitors also seeking sources of power.

8. The Facility provided the information to KPCo with an expectation that the information would not be disclosed publicly. Disclosure of the information will discourage other generators from interacting with AEPSC and KPCo to discuss future potential sources from suppliers due to an inability to keep prices confidential. In sum, the public disclosure of the information for which confidential treatment is sought will result in KPCo and the Facility's competitors gaining an unfair commercial advantage.

The Information is Not Generally Known, Readily Ascertainable by Proper Means by Other Persons Who Can Obtain Economic Value from its Disclosure or Use

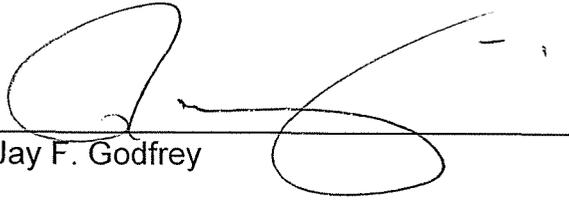
9. The Confidential Information is not available or ascertainable by other parties through normal or proper means. No reasonable amount of independent research could yield this information to other parties. The information derives economic value from the fact it is not generally known to persons who can obtain value from its disclosure.

**The Information is the Subject of Efforts Reasonable Under The
Circumstances to Maintain Its Secrecy**

10. The Confidential Information has been the subject of efforts that are reasonable under the circumstances to maintain its secrecy. KPCo and AEPSC limit public access to buildings housing the Confidential Information by use of security guards. Persons not employed by KPCo and AEPSC who are allowed past security guards at buildings where Confidential Information is kept are not permitted to walk within such buildings without an escort. KPCo's and AEPSC's files containing the Confidential Information are maintained separately from KPCo's and AEPSC's general records and access to those files is restricted. Within KPCo and AEPSC, access to this information has been and will continue to be disclosed only to those employees, officers and representatives of KPCo and AEPSC who have a need to know about such information due to their job and management responsibilities. Outside KPCo and AEPSC, this information is only provided to certain persons who have a legitimate need to review the information to participate in this Cause and who sign a confidentiality agreement.

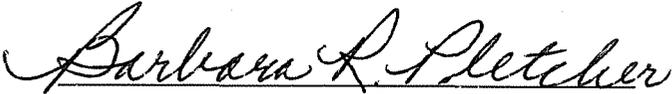
13. Further the Affiant sayeth nothing more.

Dated: 4-26-10


Jay F. Godfrey

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public, in and for said County and
State this 26th day of April 2010.


Notary Public

I am a resident of Franklin County, Ohio

My commission expires: October 1, 2013

BARBARA R. PLETCHER
NOTARY PUBLIC • STATE OF OHIO
Recorded in Franklin County
My commission expires Oct. 1, 2013