

**Goss
Samford**

ATTORNEYS AT LAW | PLLC

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

June 13, 2016

RECEIVED

JUN 13 2016

PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

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

Re: PSC Case No. 2012-00428

Pursuant to Order of the Commission dated April 13, 2016, in Case No. 2012-00428, requiring that, within sixty (60) days of the date of that Order, East Kentucky Power Cooperative, Inc. ("EKPC") shall: a) file its internal procedures governing customer privacy and customer education; b) certify that it has developed internal cybersecurity procedures; and c) file its internal procedures regarding Smart Grid investments, enclosed please find an original and ten (10) copies of EKPC's Response to the April 13, 2016 Order.

Also enclosed are an original and ten (10) copies of EKPC's written request for confidential treatment of certain propriety and commercially sensitive information within the Response.

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

Very truly yours,



David S. Samford

Enclosures

June 13, 2016

VIA HAND DELIVERY

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

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JUN 13 2016

**PUBLIC SERVICE
COMMISSION**

RE: *In the Matter of the P.S.C. Case No. 2012-00428 – East Kentucky Power Cooperative, Inc.’s Response to the Commission’s April 13, 2016 Order – Request for Confidential Treatment*

Dear Executive Director:

Enclosed, please find correspondence from East Kentucky Power Cooperative, Inc. (“EKPC”), regarding its Response to the Commission’s Order dated April 13, 2016, in Case No. 2012-00428.

Certain portions of the enclosed Response contain confidential and proprietary commercial information (collectively, the “Confidential Information”). The Confidential Information is comprised of: (i) EKPC’s Code of Conduct involving the treatment of stakeholder and Owner-Member information; and (ii) EKPC’s Administrative Policies and Procedures regarding confidentiality of EKPC’s business information and records management.

The Kentucky Open Records Act exempts from public disclosure certain confidential and proprietary commercial information. *See* KRS 61.878(1)(c). To qualify for this exemption from public disclosure and, therefore, to maintain the confidentiality of the information, a party must establish that disclosure of the confidential and proprietary commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the Confidential Information described in the enclosed correspondence would lead to such a result.

The Confidential Information is highly sensitive, commercially valuable and strictly proprietary. It was developed internally by EKPC personnel, is not on file with any public agency, and is not available from any commercial or other public source. Moreover, the Confidential Information is distributed within EKPC only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

Executive Director
June 13, 2016
Page 2

Given the nature of the Confidential Information, EKPC and its Members would be materially damaged if EKPC's competitors were permitted to have access thereto. Public disclosure of the Confidential Information would reveal EKPC's internal policy and procedures regarding various types of sensitive information. Indeed, the Confidential Information is integral to EKPC's effective execution of business decisions and internal policy and procedures; as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995).

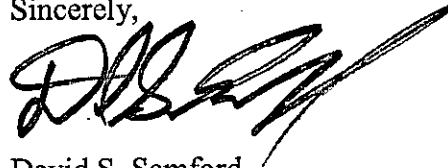
The Confidential Information is also entitled to confidential treatment because it constitutes a trade secret under the two-prong test of KRS 365.880: (a) the economic value of the information is derived by not being readily ascertainable by other persons who might obtain economic value by its disclosure; and (b) the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The economic value of the information derives from the fact that it reveals EKPC's internal processes, delegations of authority and policies. Second, EKPC certainly endeavors to maintain the confidentiality of the information by limiting its dissemination, even within the Company.

In light of the foregoing, and in accordance with KRS 61.878, 807 KAR 5:001 Section 13 and other applicable law, EKPC respectfully requests that the Confidential Information be afforded confidential treatment and be withheld from public disclosure for a period of ten (10) years from the date of this filing.

Pursuant to 807 KAR 5:001, Section 13(3)(a)(3), I am enclosing: (i) one unredacted copy of EKPC's Response under seal, which identifies the confidential material; and (ii) one copy of EKPC's Response in which the confidential material is redacted. Please return a file-stamped copy of this filing to my office.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,



David S. Samford

Enclosures

**Responses of East Kentucky Power Cooperative, Inc. to the
Commission's April 13, 2016 Order in Case No. 2012-00428,
Implementation of Smart Grid and Smart Meter Technologies**

General Comments

East Kentucky Power Cooperative, Inc. ("EKPC") is a generation and transmission cooperative which is owned by 16 distribution cooperatives ("Owner-Members"). All 17 cooperatives are subject to the jurisdiction of the Commission. As a generation and transmission cooperative, EKPC is a wholesale provider of electricity to its Owner-Members. EKPC does not have a designated service territory or retail, end-use customers.

EKPC offers the following information in response to the Commission's directives and instructions.

Customer Privacy

In its April 13, 2016 Order the Commission required the "Joint Utilities"¹ to file their internal procedures governing customer privacy with the Commission within 60 days of the date of the Order. Although not separately ordered, on page 13 of the Order the Commission also found that each utility's customer privacy policy or a descriptive summary of that policy should be available on the utility's website.

EKPC has reviewed its current written policies and procedures and there is not a specific, written customer privacy policy. However, EKPC believes there are existing written policies and procedures that address the subject of customer privacy for its 16 wholesale customers. The existing written policies and procedures are EKPC's Code of Conduct, Section IV; Administrative Policy No. A023; and Administrative Policy No. A022. These documents are included as Attachments A through C to this response, and are the subject of a separate request for confidential treatment that is being filed herewith. EKPC believes that, taken as a whole, these documents adequately provide a customer privacy policy for EKPC. While the items enumerated in the June 30, 2014 Joint Report of the Joint Utilities are not specifically identified in the referenced EKPC policies and procedures, EKPC believes its existing policies and

¹ "Joint Utilities" collectively refers to the 25 jurisdictional electric utilities and the five largest jurisdictional natural gas utilities, which were all parties to this administrative proceeding.

procedures adequately address the unique characteristics of the wholesale service it provides to its 16 Owner-Members.

Concerning the posting of the customer privacy policy or a descriptive summary of that policy on the website, EKPC respectfully submits this requirement is not necessary for a wholesale electricity provider. EKPC perceives that the Commission included this requirement so customers could easily access the customer privacy policy of their electric provider. This approach is reasonable for utilities having several thousand retail customers. In contrast, EKPC has only 16 wholesale customers who are also its Owner-Members. As a wholesale supplier, the more reasonable approach of informing the 16 Owner-Members of the EKPC customer privacy policies is through direct communication rather than posting items on the EKPC website. In addition, it is not burdensome on EKPC to respond to specific requests regarding customer privacy policies from any of its 16 Owner-Members. As a matter of course, EKPC's policies – including the ones implicated here – are reviewed by EKPC's leadership on a recurring basis.

Customer Education Policy or Practice with Regard to Smart Grid and Smart Meters

The Commission's Order also required the Joint Utilities to file their internal procedures governing customer education with the Commission within 60 days of the date of the Order. On page 19 of the Order the Commission determined that each utility should formalize its customer education policy or practice with regard to Smart Grid and smart meters as part of its internal procedures manual. The April 13, 2016 Order consistently references Smart Grid deployments as distribution grid investments.²

During the course of this administrative proceeding, EKPC responded to data requests that addressed the smart meter and Smart Grid deployments mentioned in the April 13, 2016 Order. EKPC does not have AMR or AMI metering and will likely not be deploying smart meters.³ EKPC does not have distribution automation projects or volt/var optimization systems.⁴

² See, e.g. page 11 (“With regard to CPCNs, the Commission finds it appropriate for jurisdictional electric utilities to obtain CPCNs for major AMR or AMI meter investments and distribution grid investments for DA, SCADA or volt/var resources.”) and pages 22 through 26 (Order section titled “Distribution Smart Grid Components”).

³ See EKPC's Responses to the Commission Staff's Information Request dated February 27, 2013 (“Staff First Request”), Requests 114 and 116.

⁴ See EKPC's Responses to the Staff First Request, Requests 100 and 101.

EKPC did deploy SCADA in the 1980s but does not anticipate any significant changes to the existing system.⁵ Given the language in the April 13, 2016 Order and EKPC's previous data responses, it would appear that very little, if any, of EKPC's generation and transmission operations would require the development of a formal customer education policy or practice with regard to Smart Grid or smart meter deployments. As noted previously, EKPC is a generation and transmission cooperative that is a wholesale provider of electricity to its 16 Owner-Members. EKPC does not have distribution operations.

EKPC does acknowledge that it may in the future consider a Smart Grid-related transmission deployment. Such a project would be included in EKPC's work plans and capital projects budget. The work plans and capital projects budget are reviewed and approved by EKPC's Board of Directors, which is made up of representatives of 16 Owner-Members. Thus, through its regular capital project development and budget approval processes, EKPC's 16 customers would be aware and informed about any Smart Grid-related transmission deployment. However, EKPC does not believe it is necessary for it to develop additional written policies and procedures to cover this possible occurrence since the work plan and capital project budget review processes are already established.

Therefore, EKPC respectfully submits that given the narrative and discussion contained in the April 13, 2016 Order, the requirement to file a formalized customer education policy or practice with regard to distribution Smart Grid and smart meter deployments is not applicable to EKPC.

Cybersecurity Procedures

The April 13, 2016 Order also requires the Joint Utilities to certify to the Commission within 60 days of the date of the Order that they have developed internal cybersecurity procedures. On page 29 of the Order the Commission directed that in addition to the certification, the utilities would be required to make a presentation describing their cybersecurity procedures to the Commission and the Attorney General, should he (or his representatives) wish to attend. The Joint Utilities were also required to continue to make cybersecurity presentations every two years to the Commission.

⁵ See EKPC's Response to the Staff First Request, Request 102.

EKPC's certification that it has developed internal cybersecurity procedures is attached to these responses as Attachment D. Concerning the initial cybersecurity presentation to the Commission discussed on page 29, there was no indication in the Order as to when this presentation should take place. Contemporaneous with the filing of these comments, EKPC has requested a time to meet with Commission Staff in order to make the initial presentation. After this initial presentation has been made, EKPC will schedule subsequent presentations through the Commission's Track Meeting process every two years after the date of the initial presentation.

Procedures Regarding Smart Grid Investments

Finally, the Commission required that, within 60 days of the date of the Order, the jurisdictional electric utilities shall file their internal procedures regarding Smart Grid investments with the Commission. The Commission further ordered that the jurisdictional electric utilities shall identify Smart Grid investments in each rate case. The development of internal procedures regarding Smart Grid investments and the Commission's conclusions are discussed under the topic "Distribution Smart Grid Components" on pages 22 through 26 of the Order.

Because the April 13, 2016 Order consistently references Smart Grid deployments as distribution grid investments, EKPC does not have distribution Smart Grid or smart meter deployments and this particular filing requirement does not currently apply to EKPC. The possibility exists that EKPC may consider a Smart Grid-related transmission deployment in the future. If that occurs, EKPC will evaluate the reasonableness of such a project along with other non-Smart Grid options, just like it would any other investment in its transmission system.

In the meantime, EKPC respectfully submits that, given the narrative and discussion contained in the April 13, 2016 Order, the requirement to formalize and submit internal procedures regarding distribution Smart Grid investments with the Commission is not currently applicable to EKPC. EKPC will continue to comply with the requirements for a Certificate of Public Convenience and Necessity for any future transmission Smart Grid deployments it may consider, as applicable.

EKPC Code of Conduct, Section IV – Member, Employee and Vendor Information (Excerpt)

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EAST KENTUCKY POWER COOPERATIVE

Administrative Policy and Procedure

No. A023

SUBJECT:

Confidentiality of EKPC Business Information

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President and Chief Executive Officer

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EAST KENTUCKY POWER COOPERATIVE

Administrative Policies & Procedures

No. A022

SUBJECT:

Records Management Program

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Anthony J. Russell
President and Chief Executive Officer

[REDACTED]

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONSIDERATION OF THE IMPLEMENTATION)	CASE NO.
OF SMART GRID AND SMART METER)	2012-00428
TECHNOLOGIES)	

CERTIFICATION

Pursuant to the Commission's April 13, 2016 Order in the above listed proceeding, ordering paragraph number 5, East Kentucky Power Cooperative, Inc. ("EKPC") hereby certifies that it has developed internal cybersecurity procedures. EKPC further certifies that its internal cybersecurity procedures are consistent with the discussion of cybersecurity issues contained on pages 26 through 29 of the April 13, 2016 Order.

Anthony S. Campbell

President / CEO

 (Title)

Subscribed and sworn before me on this 13 day of June, 2016.

Gwyn M. Willoughby

 Notary Public
 #500144

