

March 29, 2019

VIA HAND DELIVERY

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

RECEIVED

MAR 29 2019

PUBLIC SERVICE
COMMISSION

RE: The Application of East Kentucky Power Cooperative, Inc. For The Approval of a Special Contract—Case No. 2013-00174—Cost Savings Data for Gallatin Steel Contract from East Kentucky Power Cooperative, Inc. – ***Request for Confidential Treatment***

Dear Ms. Pinson:

Attached, please find for filing with the Commission the information required to be filed by East Kentucky Power Cooperative, Inc. (“EKPC”) regarding the Gallatin Steel (“NUCOR”) contract pursuant to ordering paragraph 3 of the Commission’s February 27, 2014, Order in the above styled case. In accordance with KRS 61.878, 807 KAR 5:001, Section 13(3) and other applicable law, EKPC hereby respectfully requests that certain portions of the cost savings data be classified as confidential for a period of ten (10) years from the date of this filing, for the specific reasons set forth below.

The Kentucky Open Records Act exempts from disclosure certain 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 commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the Confidential Information identified herein would, in fact, prompt such results.

Disclosure of the interruptions, changes in load, cost information and savings attributable to the special contract with NUCOR would permit EKPC’s competitors to have an unfair commercial advantage. The information provided under seal discloses sensitive and proprietary information as these amounts are internally-derived by EKPC in order to provide service to its customers at fair, just and reasonable rates and would give competitors sensitive information about EKPC’s interaction with NUCOR. Maintaining the confidentiality of this information is necessary to protect the interests of EKPC, NUCOR, and the remainder of EKPC’s Members. The public

Ms. Gwen Pinson

March 29, 2019

Page 2

disclosure of the contract-specific information would reveal information that is, quite obviously, highly sensitive, commercially valuable and strictly proprietary – potentially harming EKPC's competitive position in the marketplace, to the detriment of EKPC and its Members.

The Confidential Information contained in this data was developed internally by EKPC personnel, is not on file with any public agency, and is not available from any commercial or other source. The aforementioned Confidential Information in the cost savings data 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. The Confidential Information for which EKPC is seeking confidential treatment is not known outside of EKPC and the other parties to the special contract. This Confidential Information was, and remains, integral to EKPC's effective execution of business decisions and strategy. Such information is generally regarded as confidential or proprietary. Indeed, 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 enclosed 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 from not being readily ascertainable by other persons who can 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 is derived by EKPC maintaining the confidentiality of the information since competitors and entities with whom EKPC transacts business could obtain economic value by its disclosure.

In accordance with 807 KAR 5:001, Section 13(3), I am enclosing: (1) one copy of the data, under seal, which identifies the confidential material; and (1) one copy of the data in which the confidential material is redacted. Please return a file-stamped copy of this filing to my office.

Please let me know if you have any questions.

Sincerely,



David S. Samford

Enclosures

Gallatin Steel Buy Through Activity for 2018

	Hours of Int.	Hours Buy Through Accepted	Avg Rate for Buy Through Charged	Average MWH per HR Billed at B/T Rate (\$/MW)	Total Buy Through Energy Billed	Energy Cost Avoided by EK with Buy Through	Buy Through Energy Billed and avoided Costs	Less Contract Energy if no B/T offered	Cost savings
May 2018*	5.5	5.5							
June 2018	6	6							
Total	11.5	11.5							

RPM Capacity Market Value

Total value of DR from January 1, 2017 through May 31, 2017.
Total value of DR from June 1, 2018 through December 1, 2018.
Total value of DR from January 1, 2018 through December 1, 2018.

*A PJM required test event was required on 5/9/2018; no Buy Through Offered

Gallatin Steel Buy Through Activity for May 2018

Date	HE	Buy Through	Type of Interruption	Forecast	Actual Non Conforming Load MWH	Delta	Buy Through DA MWH	DA Rate at AD Hub	Buy Through DA Cost	Buy Through RT MWH	RT Rate at AD Hub	Buy Through RT Cost	Buy Through Net Cost	Buy Through Net Rate	105 MWH If Gallatin was less than 105MWH	MW Gallatin chose not to run during B/T	Avoided Cost for MW not run during B/T	Total savings	MW that would have been billed at contract rate	Estimated Energy Rate at Contract	Amount of Energy Charges Would have been billed with no B/T	
5/29/2018	16**	N	Economic					\$ 73.37			\$ 328.67										41.00	
	17	N	Economic					\$ 93.99			\$ 219.86										41.00	
	18	N	Economic					\$ 83.06			\$ 213.68										41.00	
5/31/2018	16	N	Economic					\$ 102.49			\$ 98.30										41.00	
	17	N	Economic					\$ 115.75			\$ 175.17										41.00	
	18	N	Economic					\$ 106.04			\$ 176.49										41.00	

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*A PJM required test event was required on 5/9/2018; no Buy Through Offered
 **Interruption started at 15:30

Total Buy Through Energy Billed	
Energy Cost Avoided by EK with Buy Through	
Less Contract Energy If no B/T offered	
Cost savings	

Gallatin Steel Buy Through Activity for June 2018

Date	HE	Buy Through	Type of Interruption	Forecast	Actual Non Conforming Load	Delta	Buy Through DA MWH	DA Rate at AD Hub	Buy Through DA Cost	Buy Through RT MWH	RT Rate at AD Hub	Buy Through RT Cost	Buy Through Net Cost	Buy Through Net Rate	105 MWH if Gallatin was less than 105MWH	MW Gallatin chose not to run during B/T	Avoided Cost for MW not run during B/T	Total savings	MW that would have been billed at contract rate	Estimated Energy Rate at Contract	Amount of Energy Charges Would have been billed with no B/T	
6/18/2018	14	Y	Economic					\$ 79.64			\$ 51.80										41.00	
	15	Y	Economic					\$ 93.00			\$ 53.10										41.00	
	16	Y	Economic					\$ 119.48			\$ 58.57										42.00	
	17	Y	Economic					\$ 138.48			\$ 60.52										43.00	
	18	Y	Economic					\$ 97.28			\$ 58.95										41.00	
	19	Y	Economic					\$ 76.91			\$ 62.82										41.00	

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Total Buy Through Energy Billed	
Energy Cost Avoided by EK with Buy Through	
Less Contract Energy if no B/T offered	
Cost savings	