COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC RATES	**)** **)** **)** **)**	**CASE NO. 2014-00371**

PETITION OF KENTUCKY UTILITIES COMPANY FOR CONFIDENTIAL PROTECTION

Kentucky Utilities Company ("KU" or the "Company") hereby petitions the Kentucky Public Service Commission ("Commission") pursuant to 807 KAR 5:001, Section 13 and KRS 61.878(1) to grant confidential protection for the items described herein, which KU seeks to provide in supplemental response to Items 30(f) and 40 of Kentucky Industrial Utility Customers, Inc.'s ("KIUC") First Set of Data Requests.[1]

Confidential or Proprietary Commercial Information (KRS 61.878(1)(c)(1))

1. The Kentucky Open Records Act exempts from disclosure confidential or proprietary information, of a kind generally recognized to be confidential or propriety, to the extent that open disclosure would permit an unfair commercial advantage to competitors of the entity disclosing the information to the Commission.

2. Request 30(f) requires the Company to produce, with respect to the design of Trimble County Unit 2, "all reports, studies, memos, or emails describing any of the following: the scope of the problem, increased fuel expense due to the problem, increased purchase power expense due to the problem, reduced off-system sales due to the problem, remediation required due to the problem, costs incurred to correct the problem, or problem resolution." In response to

[1] In accordance with 807 KAR 5:001, Section 8(12)(b), a copy of this Petition's electronic transmission receipt is affixed to the paper copy of the Petition being submitted to the Commission. None of the documents attached to the Petition require redaction under the Commission's regulation, 807 KAR 5:001, Section 4(10).

this question, the Company is producing information that contains projected outage schedules, detailed budgeted capital commitments and operating and maintenance projections, proprietary and confidential design and engineering information provided by third party contractors, and confidential contract information to which the Commission has previously granted confidential protection. The confidential documents are only a subset of the Company's response.

(a) With respect to the outage schedules, disclosure of this information would place the Company at an unfair commercial disadvantage by allowing the Company's competitors to know when their generating plants will be down for maintenance and thus know a crucial input into the Company's generating costs and need for power and energy during those periods. The competitive risk of disclosing this information is that potential suppliers will be able to manipulate the price of power bid to the Company in order to maximize their revenues, thereby causing higher prices for the Company's customers and giving a commercial advantage to competitors. The Commission has previously found that outage schedules merit confidential protection.[2]

(b) With respect to the detailed capital commitment and expense projections, disclosure of this information would substantially erode the Company's negotiating abilities when such projects are competitively bid. If potential bidders can examine the Company's internal expectations, bidders will adjust their bids accordingly, causing competitive harm to the Company and its ratepayers.

(c) With regard to the information provided by third party contractors, the Company is producing documents that reveal proprietary and confidential design, research and development, and engineering information provided by third party contractors to the Company with the expectation that such information would not be publicly disclosed. Public disclosure of

[2] *In the Matter of: An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2010 through October 31, 2012* (Case No. 2012-00550) (Ky. PSC Aug. 19, 2013).

this confidential information would harm the Company's ability to obtain engineering services in the future by discouraging firms from fully and candidly assisting the Company due to confidentiality concerns.

(d) The confidential contract information the Company seeks to protect are the product of extensive negotiations between the Company and its contractor, Bechtel Power Corporation. These provisions represent concessions, terms, and conditions the Company has been able to negotiate for the Company's and its customers' benefit. Making these provisions publicly available would allow the Company's competitors, who also seek to negotiate the best construction contracts possible, to take advantage of any concessions and favorable terms and conditions that the Company has been able to negotiate in their own negotiations. Bechtel, and others in the construction industry, would not favor public disclosure of concessions that they have made because those concessions would be used against them in future negotiations with other customers. They would therefore be more likely to insist on standard contract provisions and less willing to negotiate terms with the Company in the future, thus jeopardizing the Company's ability to obtain the best possible contracts, placing it at an additional competitive disadvantage. In addition, other contractors would be in a position to determine which terms and conditions the Company was willing to accept, thus placing the Company at a competitive disadvantage with contractors and suppliers who could use the information in future negotiations or proposals, resulting in increased prices for the Company and its ratepayers, and less favorable contracts for the Company, thereby giving competitive advantage to the Company's competitors. The Commission recognized the

validity of these arguments and the need to keep this information confidential by providing confidential protection for the same and related information in Case No. 2007-00024.[3]

3. Request 40 requires the Company to produce "all internal emails in the possession of any of the witnesses in this case which discuss the expected level of off-system sales margins for the base year and the test year." In response to this question, the Company is producing information that contains projected outage schedules. The confidential documents are only a subset of the Company's response. Disclosure of outage schedules would place the Company at an unfair commercial disadvantage by allowing the Company's competitors to know when their generating plants will be down for maintenance and thus know a crucial input into the Company's generating costs and need for power and energy during those periods. The competitive risk of disclosing this information is that potential suppliers will be able to manipulate the price of power bid to the Company in order to maximize their revenues, thereby causing higher prices for the Company's customers and giving a commercial advantage to competitors. The Commission has previously found that outage schedules merit confidential protection.[4]

4. The information for which KU is seeking confidential treatment is not known outside of KU, and it is not disseminated within KU except to those employees with a legitimate business need to know the information.

5. KU will disclose the confidential information, pursuant to a confidentiality agreement, to intervenors with a legitimate interest in this information and as required by the Commission.

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[3] *In the Matter of: The Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*, Case No. 2007-00024, Letter from Executive Director Beth O'Donnell to Allyson Sturgeon (Jan. 25, 2007).

[4] *In the Matter of: An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2010 through October 31, 2012* (Case No. 2012-00550) (Ky. PSC Aug. 19, 2013).

6. If the Commission disagrees with this request for confidential protection, however, it must hold an evidentiary hearing (a) to protect KU's due process rights and (b) to supply with the Commission with a complete record to enable it to reach a decision with regard to this matter.[5]

7. In compliance with 807 KAR 5:001, Sections 8(3) and 13(2)(e), KU is filing with the Commission one paper copy that identifies by highlighting or other means the information for which confidential protection is sought and one electronic copy with the same information obscured.

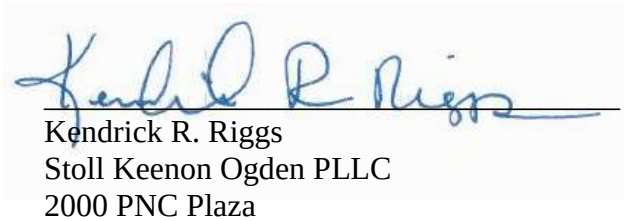
8. Due to the ongoing sensitive nature of the commercial information at issue, the Company requests that confidential protection be granted for an indefinite period.

WHEREFORE, Kentucky Utilities Company respectfully requests that the Commission grant confidential protection for the information described herein.

[5] *Utility Regulatory Commission v. Kentucky Water Service Company, Inc.*, 642 S.W.2d 591, 592-94 (Ky. App. 1982).

Dated: January 28, 2015

Respectfully submitted,



Kendrick R. Riggs
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000
Fax: (502) 627-8722
kendrick.riggs@skofirm.com

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088
Fax: (502) 627-3367
allyson.sturgeon@lge-ku.com

Counsel for Kentucky Utilities Company

CERTIFICATE OF COMPLIANCE

This is to certify that Kentucky Utilities Company's January 28, 2015 electronic filing of the Petition for Confidential Protection is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on January 28, 2015; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original in paper medium of the Petition and an unobscured copy of the material for which confidentiality is sought sealed in an opaque envelope are being hand delivered to the Commission on January 29, 2015.

Counsel for Kentucky Utilities Company