

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

An Examination Of The Application Of )  
The Fuel Adjustment Clause Of Kentucky )  
Power Company From November 1, 2014 ) Case No. 2015-00232  
Through April 30, 2015 )

Motion For Confidential Treatment

Kentucky Power Company moves the Public Service Commission of Kentucky pursuant to 807 KAR 5:001, Section 13(2) for an Order granting confidential treatment to the “Fuel Cost Policy for AEP Regulated Generation in PJM” (“Fuel Cost Policy”) being filed in response to Staff’s Post-Hearing Data Request 4 (“PHDR-4”). Public disclosure of the Company’s Fuel Cost Policy would provide an unfair competitive advantage to the Company’s competitors and result in competitive commercial injury to Kentucky Power and its customers.

Pursuant to 807 KAR 5:001, Section 13, Kentucky Power is filing under seal the Fuel Cost Policy in its entirety. Kentucky Power is also filing redacted versions of the Fuel Cost Policy.

Because of the nature of the Fuel Cost Policy and the information contained therein, it is not possible to specify a period for which confidential treatment is required, and thus the Company seeks confidential treatment of the Fuel Cost Policy in perpetuity. Kentucky Power will notify the Commission if it determines the Fuel Cost Policy no longer should be accorded confidential treatment.

**A. The Request And The Statutory Standard.**

PHDR-4 requires Kentucky Power to file its Fuel Cost Policy as developed in accordance with PJM Manual 15. The Fuel Cost Policy sets forth the methodology used by Kentucky Power and its affiliates operating in PJM to construct each bid by Kentucky Power and its affiliates into the PJM market.. The fuel cost policy is used by the PJM Independent Market Monitor to verify that the cost-based energy offers made by generation owners into PJM are consistent with the previously approved policy. The policy typically specifies verifiable contract or spot prices, verifiable hub or pricing points, verifiable fuel costs sources, and verifiable delivery and transportation charges used in the constructing the offer prices by Kentucky Power and its affiliates in PJM.

American Electric Power Service Corporation (“AEPSC”) prepares and files with PJM the Fuel Cost Policy on behalf of Kentucky Power and its regulated affiliates operating in PJM. The Fuel Cost Policy, which is filed with PJM in conformity with PJM Manual 15, is the result of individual negotiations between AEPSC, on behalf of Kentucky Power and its affiliates operating in PJM, and the PJM Independent Market Monitor. Each policy is unique to the entity or entities on whose behalf the policy is submitted. The specific data contained in the policy, the level of detail required to be provided, and the types and categories of information contained in the policy vary among market sellers. Because of this uniqueness, “the whole is greater than the sum of its parts,” and Kentucky Power is seeking confidential treatment for both the specific information contained in the Fuel Cost Policy and the Fuel Cost Policy as a whole.

Pursuant to PJM Manual 15 every unit owner is required to submit its fuel cost policy only to the PJM Independent Market Monitor, and it is Kentucky Power’s understanding that it is

prohibited from sharing its fuel policy with other market sellers. No other generation owner other than Kentucky Power and its affiliates in PJM has access to the Fuel Cost Policy.

The Fuel Cost Policy is applicable not only to Kentucky Power but also to other regulated AEP affiliates operating in PJM who are not subject to the jurisdiction of this Commission. The public disclosure of the Fuel Cost Policy would cause competitive injury not only to Kentucky Power, but also its non-Kentucky affiliates who are not subject to the Commission's jurisdiction.

KRS 61.878(1)(c)(1) excludes from the Open Records Act:

Upon and after July 15, 1992, records confidentially disclosed to an agency or required to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

This exception applies to the Fuel Cost Policy.

B. The Fuel Cost Policy is Generally Recognized As Confidential and Proprietary and Public Disclosure Of It Will Result In An Unfair Commercial Advantage To Competitors Of Kentucky Power, Its Affiliates And Their Customers.

The Fuel Cost Policy is highly confidential and is not publicly available. Dissemination of the Fuel Cost Policy is restricted by Kentucky Power, its affiliates operating in PJM, and AEPSC. AEPSC, Kentucky Power, and its affiliates take all reasonable measures to prevent its disclosure to the public as well as persons within the Company and the affiliates who do not have a need for the information. The information is not disclosed to persons outside Kentucky Power, its affiliates, AEPSC. Within those organizations, the information is available only upon a confidential need-to-know basis that does not extend beyond those employees with a legitimate business need to know and act upon the identified information.

There are more than 200 generation owners, including Kentucky Power and its affiliates, bidding their generation into PJM. The PJM market is extremely competitive and Kentucky Power is competing with each of the other generation owners for the sale of its generation into

the market. Competing generation owners could use the Fuel Cost Policy to construct bids that undercut the Company's bids and thereby replace Kentucky Power generation that otherwise would be selected, or to reduce the margins received by the Company. This in turn could affect the amounts credited or collected by the Company under Tariff S.S.C.

Because of the large number of generation owners bidding generation into PJM who are located outside of the Commission's jurisdiction, the public disclosure of the fuel cost policies of one or more generation owners subject to the Commission's jurisdiction, while adversely affecting the competitive positions of disclosing entities, would not diminish the competitive advantage of the disclosure to non-Kentucky-based generation owners.

C. The Identified Information Is Required To Be Disclosed To An Agency.

The identified information is by the terms of the post-hearing data request required to be disclosed to the Commission. The Commission is a "public agency" as that term is defined at KRS 61.870(1).

WHEREFORE, Kentucky Power respectfully requests the Commission to enter an Order:

1. According confidential status to and withholding from public inspection the Fuel Cost Policy filed in response to PHDR-4; and
2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,

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