

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic 2016 Integrated Resource Planning Report)
Of Kentucky Power Company To The Public Service) Case No. 2016-00413
Commission Of Kentucky)

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MOTION OF KENTUCKY POWER COMPANY
FOR CONFIDENTIAL TREATMENT

Kentucky Power Company (“Kentucky Power” or “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 identified portions of the following:

- Attachment 1 to its response to Attorney General Data Request 1-11 (“AG 1-11”);
- Attachment 1 to its response to Sierra Club Data Request 1-15 (“SC 1-15”);
- Attachment 1 to its response to Sierra Club Data Request 1-17 (“SC 1-17”);
- Attachment 1 to its response to Sierra Club Data Request 1-19 (“SC 1-19”);
- Attachment 1 to its response to Commission Staff Data Request 1-22 (“KPSC 1-22”);
and
- Its response to Commission Staff Data Request 1-30 (“KPSC 1-30”).

Specifically, Kentucky Power seeks confidential treatment of its evaluation of whether to remain a Fixed Resources Requirement member with the PJM interconnection (Attachment 1 to AG 1-11), proprietary information provided to the Company by third parties under agreements that prevents public disclosure (Attachment 1 to KPSC 1-22 and Attachment 1 to SC 1-15), information relating to the operating characteristics and scheduled maintenance outages of the Company’s generating assets (Attachment 1 to SC 1-19), and non-public information relating to

forecasted compliance costs associated with environmental regulations (KPSC 1-30 and Attachment 1 to SC 1-17).

Pursuant to 807 KAR 5:001, Section 13, Kentucky Power is filing under seal those portions of Attachment 1 to AG 1-11, Attachment 1 to SC 1-15, Attachment 1 to SC 1-17, Attachment 1 to SC 1-19, Attachment 1 to KPSC 1-22, and the Company's response to KPSC 1-30 containing confidential information with the confidential portions highlighted in yellow. Kentucky Power is also filing redacted versions of the affected documents. Kentucky Power will notify the Commission when the information for which confidential treatment is sought is no longer confidential.

A. The Requests And The Statutory Standard.

Kentucky Power does not object to filing the identified information for which it is seeking confidential treatment, but requests that the identified portions of the responses be excluded from the public record and public disclosure.

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 following information for which Kentucky Power is seeking confidential treatment:

1. Attachment 1 to Kentucky Power's Response to AG 1-11.

Attachment 1 to Kentucky Power's response to AG 1-11 includes information relating to the Company's determination as to whether to participate in the upcoming 2020/2021 PJM Base Residual Auction as a Fixed Resources Requirement entity or as a Reliability Pricing Model entity. Knowledge of the Company's decision regarding the Company's approach to the

2020/2021 base residual auction could influence how other market participants offer their units in the auction. If competitors have knowledge of how Kentucky Power intends to participate in the auction, they could use that knowledge to modify their bid prices. This modification may impact the Company's ability to consummate the best economic market decisions and may have a negative impact on Kentucky Power's customers.

Kentucky Power requests that the information identified in Attachment 1 to its response to AG 1-11 remain confidential until June 1, 2017. By June 1, 2017, the base residual auction will have been completed, and PJM will make the information public on its website.

2. **Attachment 1 to Kentucky Power's Response to SC 1-15.**

Attachment 1 to Kentucky Power's response to SC 1-15 includes the copyrighted and proprietary property of Bloomberg New Energy Financial ("BNEF" or "Bloomberg"). Kentucky Power is a subscriber of Bloomberg and, pursuant to its subscription agreement, is prohibited from reproducing, transmitting, forwarding, or distributing the document or its contents without the consent of Bloomberg. Bloomberg derives revenue and profits from the sale of subscriptions to the document and similar documents, and its dissemination without confidential protection would deprive Bloomberg of revenue from sale of subscriptions to those member of the public who otherwise would subscribe but for the publication of the information.

Disclosure of this information where required by law is not prohibited by the subscription agreement, but the protections afforded by confidential treatment are required. Failure to maintain this information as confidential could have a chilling effect on the willingness of market data providers such as BNEF to enter into subscription agreements with Kentucky Power. Without current market data, such as that provided under the subscription agreement with BNEF, Kentucky Power would be unable to properly conduct resource planning activities to the

detriment of the Company's customers and would be hampered in its ability to participate competitively in the market.

Kentucky Power seeks confidential treatment of the identified information in Attachment 1 to AG 1-15 for a period of five years. The identified information will be sufficiently out of date at the end of the five-year period so that it no longer will have commercial value.

3. **Kentucky Power's Response to KPSC 1-30 and Attachment 1 to Kentucky Power's Response to SC 1-17.**

The Company's response to KPSC 1-30 and Attachment 1 to the Company's response to SC 1-17 each contain information relating to forecasted compliance costs associated with environmental regulations. The estimated compliance costs associated with the Effluent Limitations Guidelines ("the ELG Rule") (for both KPSC 1-30 and SC 1-17) and the 316(b) Rule (for SC 1-17 only) represent the Company's estimate of the costs associated with one possible compliance scenario under these regulations. The cost estimates for the IRP were developed using knowledge that is not readily available outside the Company, including information derived from engineering studies and pilot projects conducted for the Company by third parties at significant cost. Such information could be used by other parties to develop their own cost estimates without performing the same analysis, and incurring the same costs, that the Company performed and incurred to obtain the information. Such actions would add disproportionately to the Company's compliance costs when compared to similar companies, thus disadvantaging Kentucky Power and its customers. Competitors could also use these compliance costs to estimate impacts to Kentucky Power's cost. In the competitive PJM market, information about Kentucky Power's costs could be used by competitors to gain a competitive advantage over the Company in its daily participation in the PJM energy and ancillary service markets as well as the PJM capacity auctions to the detriment of the Company's customers.

Confidentiality should be maintained until the compliance requirements are certain and the earlier of the date the costs are publicly disclosed or are actually incurred. Therefore, the Company requests that the identified information in its response to KPSC 1-30 and Attachment 1 to its response to SC 1-17 remain confidential until such time as regulatory proceedings seeking approval for these projects are filed or December 31, 2023, the latest possible compliance date for the ELG Rule.

4. Attachment 1 to Kentucky Power's Response to SC 1-19.

Attachment 1 to Kentucky Power's response to SC 1-19 includes unit-specific performance data, including heat rate curves and variable operation and maintenance costs, and information regarding the specific timing of planned maintenance outages for Kentucky Power's generation units. The rise of competitive markets within PJM has placed a premium on generating unit data. The detail of the information provides highly sensitive information about the unique operating, costing, and performance characteristics of the Company's generating units. If disclosed publicly, the Company's competitors would be able to use this information to gain a competitive advantage over the Company in its daily participation in the PJM energy and ancillary service markets, as well as the PJM capacity auctions. This detailed information is not provided publicly and could lead to direct harm to the Company and its customers through higher energy and capacity costs.

Unit availability information is especially useful for competition as savvy marketers can estimate Kentucky Power's generation position and raise generation offers if they believe Kentucky Power will be energy short, resulting in the Company paying higher prices to procure energy to serve its customers. This type of data is highly valued by competing energy marketers and traders who speculate in forward energy transactions. Using forecasted unit availability data, other parties could improve their forecast accuracy of future Kentucky Power operations

and utilize the resulting intelligence to influence negatively the Company's costs of providing electricity to its customers. Such actions would ultimately raise the cost to Kentucky Power's customers.¹

Because the public release of this information could put the Company at a competitive disadvantage in the PJM capacity auctions, which are held three years in advance of delivery, the Company requests that the information remain confidential for three years.

5. Attachment 1 to Kentucky Power's Response to KPSC 1-22.

Attachment 1 to Kentucky Power's response to KPSC 1-22 includes residential and commercial price elasticities that are proprietary information inherent in the modeling software the Company licenses from Itron, Inc. ("Itron"). Under the professional services agreement between Itron and AEPSC, AEPSC must take reasonable steps to prevent disclosure of this information. The professional services agreement requires the protections afforded by confidential treatment prior to producing this information. Failure to maintain this information as confidential could have a chilling effect on the willingness of potential software developers to enter into agreements with Kentucky Power and AEPSC limiting the ability of the companies to utilize state of the art software to the detriment of the Company's customers.

The Company's professional service agreement with Itron requires that the identified information be kept confidential for five years following the termination or end of the agreement. The professional services agreement contains no set termination date and will remain in effect so long as the Company utilizes the Itron modeling software. Prior disclosure could result in

¹ Kentucky Power sought and received confidential treatment for information pertaining to planned future outages in Case Nos. 2007-00477, 2010-00490, and 2012-00550. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

termination of the Itron agreement and deprive the Company of the ability to utilize this valuable resource to the detriment of the Company and its customers as well as other liability.

B. The Identified Information is Generally Recognized As Confidential and Proprietary and Public Disclosure Of It Will Result In An Unfair Commercial Advantage for Kentucky Power's Competitors.

The identified information required to be disclosed by Kentucky Power in response to AG 1-11, SC 1-15, SC 1-17, SC 1-19, KPSC 1-22, and KPSC 1-30 is highly confidential. Dissemination of the information for which confidential treatment is being requested is restricted by Kentucky Power, AEP, and its affiliates (including AEPSC). The Company, AEP, and its affiliates take all reasonable measures to prevent its disclosure to the public as well as to persons within the Company who do not have a need for the information. 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.

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

The identified information is required by the terms of the Commission's Order to be disclosed to the Commission. The Commission is a "public agency" as that term is defined at KRS 61.870(1). Any filing should be subject to a confidentiality order and any party requesting such information should be required to enter into an appropriate confidentiality agreement.

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

1. According confidential status to and withholding from public inspection the identified information; and
2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,



Mark R. Overstreet
STITES & HARBISON PLLC
421 West Main Street
P. O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477

Kenneth J. Gish, Jr.
STITES & HARBISON PLLC
250 West Main Street, Suite 2300
Lexington, Kentucky 40507
Telephone: (859) 226-2300

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, this 10th day of March, 2017.

Michael L. Kurtz
Kurt Boehm
Jody Kyler Cohn
Boehm, Kurtz & Lowry
Suite 1510
36 East Seventh Street
Cincinnati, OH 45202
mkurtz@bkllawfirm.com
KBoehm@bkllawfirm.com
jkylercohn@bkllawfirm.com

Rebecca Goodman
Angela M. Goad
Lawrence W. Cook
Kent Chandler
Assistant Attorneys General
Office for Rate Intervention
P.O. Box 2000
Frankfort, KY 40602-2000
Rebecca.Goodman@ky.gov
Angela.Goad.ky.gov
Larry.Cook@ky.gov
Kent.Chandler@ky.gov

Kristin A. Henry
Senior Attorney
Sierra Club
2101 Webster Street, Suite 1300
Oakland, CA 94612
kristin.hehry@sierraclub.org

Joe F Childers
Joe F. Childers & Associates
300 Lexington Building
201 West Short Street
Lexington, Kentucky 40507
childerslaw81@gmail.com

Shannon Fisk
Earthjustice
1617 JFK Boulevard, Suite 1130
Philadelphia, PA 19103 (215) 717-4522
sfisk@earthjustice.org



Kenneth J. Gish, Jr.