

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Electronic Application Of Kentucky Power)	
Company For (1) A General Adjustment Of Its)	
Rates For Electric Service; (2) An Order)	
Approving Its 2017 Environmental Compliance)	
Plan; (3) An Order Approving Its Tariffs And)	Case No. 2017-00179
Riders; (4) An Order Approving Accounting)	
Practices To Establish Regulatory Assets Or)	
Liabilities; And (5) An Order Granting All Other)	
Required Approvals And Relief)	

**KENTUCKY POWER COMPANY’S MOTION
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 attachments to its data request responses:

- (1) Attachments 1 and 2 to its response to Commission Staff Data Request 2-17 (“KPSC 2-17”);
- (2) Attachments 4 and 6 to its response to Commission Staff Data Request 2-45 (“KPSC 2-45”);
- (3) Attachment 1 to its response to Attorney General Data Request 1-20 (“AG 1-20”);
- (4) Attachment 1 to its response to Attorney General Data Request 1-23 (“AG 1-23”);
- (5) Attachment 1 to its response to Attorney General Data Request 1-26 (“AG 1-26”);
- (6) Attachment 1 to its response to Attorney General Data Request 1-86 (“AG 1-86”);
- (7) Attachments 1 and 2 to its response to Attorney General Data Request 1-88 (“AG 1-88”);
- (8) Attachment 1 to its response to Attorney General Data Request 1-99 (“AG 1-99”);
- (9) Attachment 1 to its response to Attorney General Data Request 1-167 (“AG 1-167”);

- (10) Attachment 1 to its response to Attorney General Data Request 1-280 (“AG 1-280”);
- (11) Attachment 1 to its response to Attorney General Data Request 1-294 (“AG 1-294”);
- (12) Attachment 1 to its response to KIUC Data Request 1-7 (“KIUC 1-7”);
- (13) Attachment 1 to its response to KIUC Data Request 1-8 (“KIUC 1-8”);
- (14) Attachment 1 to its response to KIUC Data Request 1-9 (“KIUC 1-9”);
- (15) Attachment 1 to its response to KIUC Data Request 1-16 (“KIUC 1-16”); and
- (16) Attachment 1a and 1d and Attachment 1f to its response to KSBA Data Request 1-1 (“KSBA 1-1”).

Pursuant to 807 KAR 5:001, Section 13, Kentucky Power is filing under seal those portions of the attachments 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 it determines the information for which confidential treatment is sought is no longer confidential.

I. MOTION FOR CONFIDENTIAL TREATMENT

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) excludes from the Open Records Act:

(c)(1) 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.

...

(k) All public records or information the disclosure of which is prohibited by federal law or regulation;

These exceptions apply to the following information for which Kentucky Power is seeking confidential treatment:

1. Attachments 1 and 2 to KPSC 2-17, Attachment 1 to AG 1-86, and Attachment 1 to AG 1-294.

Attachments 1 and 2 to KPSC 2-17, Attachment 1 to AG 1-86, and Attachment 1 to AG 1-294 include non-public compensation information for Kentucky Power's employees. In addition, Attachments 1 and 2 to KPSC 2-17 include information from third party compensation market studies.

(a) Personal Compensation Information Not Publicly Filed

Personal compensation information for the Company's employees is kept confidential. This confidential employee compensation information, if disclosed, would enable competitors to attempt to recruit key Company and AEP personnel, and would compromise AEP's and the Company's position in negotiating employee compensation terms. This is especially true for high-level management and highly specialized personnel. This information is highly sensitive, even internally within the Company, and is only available on a need-to-know basis. Public disclosure of this information is likely to result in increased costs and a loss of negotiating ability for the Company. Disclosure of this information also increases the risk of a higher cost of service resulting from greater employee compensation demands and higher costs to recruit and retain skilled employees and managers.

Personal compensation information should remain confidential for five years. After five years, the labor market will have changed sufficiently and there will no longer be any competitive advantage to gain from the information.¹

(b) Information from Third Party Market Studies.

Attachments 1 and 2 to KPSC 2-17 include information from third party compensation market studies. These third party market studies are studies performed and supporting data obtained by third party vendors on the market-competitiveness of the Company's compensation packages. The information contained in the third party market studies is highly confidential, and its disclosure will result in competitive disadvantage by limiting the Company's ability to recruit and retain employees, set compensation levels, and obtain reliable information in the future about the competitiveness of the Company's employee compensation levels.

The third party market studies prepared on behalf of the Company are confidential and proprietary and protected by non-disclosure agreements and/or intellectual property rights agreements between AEP and the vendors preparing the studies. Failure to keep the third party market studies confidential could limit the Company's ability to maintain access to these vital studies.

For each employment position within the Company and AEP there is competition for talent and qualified candidates. It is an industry standard among utilities and other businesses of similar scope and magnitude to protect the confidentiality of information such as that at issue in this response. Without this protection, other businesses will obtain information that will provide an unfair advantage in recruiting and retaining skilled and qualified workers, managers, professionals, and executives. The Company asks that this information be afforded confidential

¹ The Commission granted confidential treatment for similar information (KPSC 1-46, KPSC 1-61, KPSC 1-67, and KPSC 1-68) in its August 23, 2017 Order in this case. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

treatment for a period of five years, which should provide sufficient time for market conditions to change and the information to become outdated.²

2. Attachments 4 and 6 to KPSC 2-45 and Attachment 1 to AG 1-23.

Attachments 4 and 6 to KPSC 2-45 and Attachment 1 to AG 1-23 include information regarding the specific timing of planned maintenance outages for Kentucky Power's generation units. The rise of competitive markets such as PJM has placed a premium on generating unit data. Public disclosure of information about unit availability could adversely impact Kentucky Power's customers by providing data that could provide a competitive advantage to Kentucky Power's direct competitors thereby affecting Kentucky Power's ability to minimize costs for its rate paying customers.

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.

The confidential information identified in Attachments 4 and 6 to KPSC 2-45 and Attachment 1 to AG 1-23 should be kept confidential through the end of the outage periods. At such time there will no longer be any competitive advantage to be gained from the information.³

² The Commission granted confidential treatment for similar information (KPSC 1-61 and KPSC 1-67) in its August 23, 2017 Order in this case. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

3. Attachment 1 to AG 1-26, Attachment 1 to KIUC 1-7, and Attachment 1 to KIUC 1-8.

Attachment 1 to AG 1-26 and Attachment 1 to KIUC 1-7 include historic Kentucky Power generation unit performance data. Attachment 1 to KIUC 1-8 includes projected Kentucky Power generation unit performance data. Kentucky Power and its affiliates will have occasion to negotiate future transactions using the data reflected in the identified attachments. If the unit performance data became publicly available, parties with which Kentucky Power or its affiliates may negotiate could use this knowledge to the detriment of Kentucky Power and its customers and affiliates. Knowledge of these terms by other potential transactional parties would establish certain benchmarks in future negotiations, thereby potentially increasing costs incurred by such the Company and its customers.

The confidential information identified in Attachment 1 to AG 1-26, Attachment 1 to KIUC 1-7, and Attachment 1 to KIUC 1-8 should be kept confidential for a period of ten years. At such time there will no longer be any competitive advantage to be gained from the information.⁴

4. Attachment 1 to AG 1-167.

Attachment 1 to AG 1-167 includes a Private Letter Ruling ("PLR") obtained by AEP from the Internal Revenue Service ("IRS"). The PLR contains information about the AEP system that will enable competitors in the energy and capacity marketplace to gain valuable insights into the tax positions and strategies taken by Kentucky Power and other AEP operating companies. Specifically, it will allow competitors to evaluate the impact of a particular transaction on all of

³ The Commission granted confidential treatment for similar information in Case Nos. 2007-00477, 2010-00490, 2012-00550, and 2017-00001. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

⁴ The Commission granted confidential treatment to similar information (AG 1-23) in its September 16, 2015 order in the Company's last rate case, Case No. 2014-00396. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

the AEP operating companies, and to use that information to predict more accurately the positions the AEP operating companies will take in the market going forward. This information for which confidential treatment is sought is treated as confidential by the Company and has been afforded confidential treatment by the IRS. The IRS has publicly issued a redacted version of the PLR.

The Company requests that the Commission afford the same protection to the information redacted by the IRS, and grant it confidential treatment indefinitely.⁵

5. Attachment 1 to AG 1-20.

Attachment 1 to AG 1-20 includes contracts with three different vegetation management companies. These companies provide volume discounts to the Company that are not generally available. Allowing competing companies to see each other's prices removes the incentive to provide competitive bids. Allowing the information to become public will also provide a disincentive for other potential bidders going forward. Without fair competition among vegetation management companies, the Company may pay higher costs going forward.

The Company requests that the contracts be afforded confidential treatment for a minimum of ten years, which represents two cycles of the vegetation management contracts.⁶

6. Attachment 1 to AG 1-99.

Attachment 1 to AG 1-99 includes detailed information regarding settlements in specifically identified lawsuits against the Company. The information contained in Attachment 1 to AG 1-99 could be used by parties to current and future lawsuits against the Company to

⁵ The Commission granted confidential treatment to similar information (AG 1-178) in its September 16, 2015 order in the Company's last rate case, Case No. 2014-00396. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

⁶ The Commission granted confidential treatment to similar information (AG 1-17) in its September 16, 2015 order in the Company's last rate case, Case No. 2014-00396. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

develop insight into the Company's settlement strategy. Knowledge of the Company's settlement strategy could provide adverse parties with an unfair advantage in settlement negotiations resulting in larger settlement amounts being paid. Increased settlement expense could translate into higher costs of operation and, in turn, higher rates for the Company's customers.

The Company requests that the identified information in Attachment 1 to AG 1-99 be kept confidential for a period of 15 years. At that point, the information would be sufficiently dated such that adverse parties would be unable to obtain any insight into the Company's then-current settlement strategy.

7. Attachment 1 to KIUC 1-9 and Attachment 1 to KIUC 1-16.

Attachment 1 to KIUC 1-9 and Attachment 1 to KIUC 1-16 include information regarding the amount of capacity (in MW) that the Company has bid and/or sold(cleared) in the PJM base residual auction, incremental auction, or through bi-lateral contracts. The forward looking results for the 2018/19, 2019/20, and 2020/21 Planning Years relate to auctions that have not completed yet. Information about capacity quantities offered and cleared, or not, as well as what offer price was used, whether cleared or not, can be used by competitors to their advantage. Competitors could modify their offer practices and offer their capacity in at a level slightly below the Company's bid prices when, without the information, they may have bid at prices higher than the Company. In such a situation, the Company would lose out on capacity sales, reducing Kentucky Power's auction revenue with a direct negative impact on Kentucky Power customers.

Information regarding Kentucky Power's capacity auction practices should be maintained as confidential until the first day (June 1) of each delivery year. For example,

- For PJM Planning Year 2018-19, the information should be considered confidential until June 1, 2018;
- For PJM Planning Year 2019-20, the information should be considered confidential until June 1, 2019; and
- For PJM Planning Year 2020-21, the information should be considered confidential until June 1, 2020.

Maintaining confidential treatment through that date allows for all auctions and any bilateral deals to be completed without competitors having access to Kentucky Power's bid and pricing information.

8. Attachment 1 to AG 1-280 and Attachments 1a and 1d and Attachment 1f to KSBA 1-1.

Attachment 1 to AG 1-280 and Attachments 1a and 1d and Attachment 1f to KSBA 1-1 contains customer-specific billing information for its ten largest commercial and industrial customers and for those schools for which the Company added load research meters. Kentucky Power does not release customer-specific information to the public, and these customers expect the Company to protect the confidentiality of the information. For the commercial and industrial customers, each of these customers operate in competitive national and/or global markets. Releasing the identity of specific customer facilities will allow competitors to gain specific information regarding the production costs of these customers' goods and services.

While the Company has not specifically identified the customers by name in Attachment 1 to AG 1-280, the limited number of large industrial customers in the Company's service territory would allow competitors to "reverse engineer" the identity of many of the individual customers. This information would not otherwise be known in the competitive marketplace, and the public disclosure will place Kentucky Power's customers at a distinct competitive disadvantage. As a result of this competitive disadvantage, commercial and industrial customers

will be less likely to locate in Kentucky Power's service territory, which will result in harm to Kentucky Power.

The Commission has recognized the confidentiality of customer information in previous cases⁷ and the Company asks that it follow that precedent here. Specifically, Kentucky Power requests that this information be afforded confidential treatment for a period of at least ten years.

9. Attachments 1 and 2 to AG 1-88.

Attachments 1 and 2 to AG 1-88 include workers compensation insurance premium rates negotiated by AEP with the Company's insurance provider. Public disclosure of these negotiated rates would provide competitors of the Company's workers compensation insurance provider with information on how the Company's provider negotiates rates. The disclosure of the agreed-upon rate could establish a "floor" in future negotiations. Further, to the extent the Company was able to negotiate discounts or other benefits, failure by the Company to maintain these negotiated rates as confidential could create a chilling effect on the willingness of insurance providers to enter into negotiations with the Company over future premium rates. As a result, the Company's costs to obtain workers compensation insurance could be higher than it otherwise could be if the rates were negotiated.

The identified information in Attachments 1 and 2 to AG 1-99 should be maintained as confidential for seven years. At such time, the Company will have negotiated new workers compensation insurance premium rates and the current rate information will be outdated.⁸

⁷ The Commission granted confidential treatment to similar information (AG 1-329) in its September 16, 2015 order in the Company's last rate case, Case No. 2014-00396. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

⁸ The Commission granted confidential treatment for similar information (KPSC 1-71) in its August 23, 2017 Order in this case. Kentucky Power is unaware of any instances where the Commission has denied confidential treatment to similar information in other proceedings.

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 KPSC 2-17, KPSC 2-45, AG 1-20, AG 1-23, AG 1-26, AG 1-86, AG 1-88, AG 1-99, AG 1-167, AG 1-280, AG 1-294, KIUC 1-7, KIUC 1-8, KIUC 1-9, KIUC 1-16, and KSBA 1-1, is highly confidential. Dissemination of the information for which confidential treatment is being requested is restricted by Kentucky Power, its parent, AEP, and its affiliates (including American Electric Power Service Corporation ("AEPSC")). In addition, dissemination of the identified information contained in Attachments 1 and 2 to KPSC 1-17. The Company, AEP, and its affiliates (and third party vendors where applicable) take all reasonable measures to prevent its disclosure to the public as well as persons within the Company and third-party vendors who do not have a need for the information. The information is not disclosed to persons outside Kentucky Power, AEP, or its affiliates. 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.

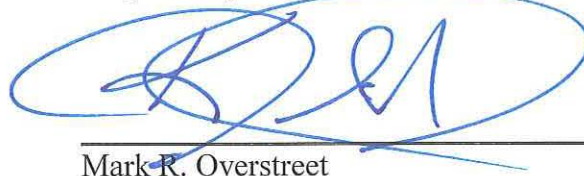
The identified information is by the terms of the Commission's Order required to be disclosed to the Commission. The Commission is a "public agency" as that term is defined in KRS 61.870(1). Any filing should be subject to a confidentiality order and any party requesting such information should be required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



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