

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of:

The Electronic Application of Duke)
Energy Kentucky, Inc., for: 1) An)
Adjustment of the Natural Gas Rates; 2)) Case No. 2018-00261
Approval of a Decoupling Mechanism;)
3) Approval of New Tariffs; and 4) All)
Other Required Approvals, Waivers, and)
Relief.)

PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION
CONTAINED IN ITS APPLICATION REGARDING AN
ADJUSTMENT OF NATURAL GAS RATES

Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), by counsel, pursuant to 807 KAR 5:001, Section 13, and respectfully requests the Commission to classify and protect certain information provided by the Company in its Application for an adjustment of its natural gas rates, respectfully stating as follows:

1. The information for which Duke Energy Kentucky seeks confidential treatment is contained in: (a) the Confidential Attachments to Filing Requirement 807 KAR 5:001, Section 16(7)(o) [Tab 35]; and (b) the Confidential Attachments to the Direct Testimony of Renee H. Metzler (RHM-1(a) - (g) and RHM-7(a) - (c)). Collectively, these documents are referred to herein as the "Confidential Information" and, broadly speaking, include detailed operations and maintenance (O&M) and Capital expenses incurred by the Company on a monthly basis, financial projections, and information relating to the compensation of non-senior executive employees and shared employees of the Company.

2. With regard to the Confidential Attachments provided in FR 807 KAR 5:001, Section 16(7)(o) [Tab 35], Duke Energy Kentucky is providing the consolidated Duke Energy Ohio/Duke Energy Kentucky Financial Reporting Summaries (FRS) monthly managerial reports. These consolidated FRS reports contain narrative explanations of variances for the combined companies and show the financial condition of the combined companies on a monthly basis. In addition, the Company is including its Company-specific monthly Regulatory O&M and Capital Reports (ROCR) that contain highly detailed variance descriptions and explanations for O&M and Capital expenditures, respectively.

3. The foregoing information relating to the Company's detailed monthly Capital and O&M expenses as well as the combination of Duke Energy Kentucky and Duke Energy Ohio's monthly financial positions and drivers are self-evidently confidential and proprietary in nature. Individually, any of these documents would provide competitors with tremendous insight into the Company's financial condition, Capital and O&M philosophies, policies, practices, and expenses. Gaining access to this information would be extremely valuable to the Company's competitors and vendors. If released, this information would put the Company at a competitive disadvantage in future negotiations with potential vendors and even potentially inhibit the Company's ability to properly manage its costs.

4. With regard to Confidential Attachments RHM-1(a) – (g) and RHM-7(a) – (c), Duke Energy Kentucky is providing information which arises from and relates to the personal compensation figures and policies of the Company, the Company's employees, and shared employees. Specifically, Confidential Attachment RHM-1(a) – (g) includes

the library of Duke Energy Corporation (Duke Energy) Compensation Policies, including its: (a) 2018 Compensation Guidelines and Administration Policy; (b) Change of Schedule; (c) ECA Guidelines; (d) Exempt Supplemental Pay Policy; (e) Higher Class Premium Pay; (f) Shift Differential Policy; and (g) Rotating Shift Guideline. Confidential Attachment RHM-7(a) – (c) includes Duke Energy’s: (a) 2018 Short-Term Incentive Plan and Union Employee Incentive Plans; (b) 2018 Restricted Stock Award Plan; and (c) 2018 Executive Long-Term Incentive Plan. These documents provide intimate details on the nature, function, scope, and operation of the Company’s incentive compensation plans.

5. The foregoing information relating to employee compensation and benefits is self-evidently confidential and proprietary in nature. Individually, any of these documents would provide competitors with tremendous insight into the Company’s compensation philosophies, policies and practices. Taken together, these documents represent the accumulation of decades of “best practices” in human capital management. Gaining access to this information would be extremely valuable to the Company’s competitors who might desire to poach from Duke Energy Kentucky’s talent pool. Moreover, it would impose a significant and material obstacle to the Company’s efforts to continue to recruit and retain a skilled labor force.

6. The Kentucky Open Records Act exempts from disclosure information that, due to its confidential and proprietary nature, would permit “an unfair commercial advantage to competitors of the entity that disclosed the records” if openly disclosed.¹ The Confidential Information was, and remains, integral to Duke Energy Kentucky’s effective execution of business decisions. Indeed, as the Kentucky Supreme Court has

¹ See KRS 61.878(1)(c)1.

found, “information concerning the inner workings of a corporation is ‘generally accepted as confidential or proprietary.’”²

7. The information for which Duke Energy Kentucky is seeking confidential treatment was either developed internally, or acquired on a proprietary basis, by Duke Energy Corporation and Duke Energy Kentucky personnel, is not on file publicly with any public agency, and is not publicly available from any commercial or other source. The aforementioned information is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the utility industry.

8. Duke Energy Kentucky does not object to limited disclosure of the Confidential Information described herein, pursuant to an acceptable protective agreement entered into with any intervenors with a legitimate interest in reviewing the same for the sole purpose of participating in this case.

9. In accordance with the provisions of 807 KAR 5:001, Section 13(2)(e), the Company is filing one copy of the Confidential Information separately under seal, and the appropriate number of copies with the Confidential Information redacted. Due to the pervasive nature of the Confidential Information within each of the Confidential Attachments and FR, Duke Energy Kentucky is requesting confidential treatment for the Confidential Information in totality.

10. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of twenty years. This will assure that the Confidential Information – if disclosed after that time – will no longer be

² *Hoy v. Kentucky Industrial Revitalization Authority*, Ky., 904 S.W.2d 766, 768 (Ky. 1995).

commercially sensitive so as to likely impair the interests of the Company or its employees if publicly disclosed.

11. To the extent the Confidential Information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

WHEREFORE, Duke Energy Kentucky, Inc., respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

Duke Energy Kentucky, Inc.,



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CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on August 31, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being overnighted to the Commission on the 31st day of August 2018 and a copy of the filing in paper medium is also being overnighted to the following:

Hon. Rebecca W. Goodman
The Office of the Attorney General
Utility Intervention and Rate Division
700 Capital Avenue, Ste. 20
Frankfort, Kentucky 40601



Rocco O. D'Ascenzo