

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) Case No. 2019-00002
From November 1, 2016 Through October 31, 2018)

Kentucky Power Company's
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 identified portions of the following:

- (a) KPCO_R_KPSC_1_4_ConfidentialAttachment2.xlsx and KPCO_R_KPSC_1_4_ConfidentialAttachment4a.xlsx;
- (b) KPCO_R_KPSC_1_30_ConfidentialAttachment1.pdf and KPCO_R_KPSC_1_30_ConfidentialAttachment2.pdf;
- (c) KPCO_R_KPSC_1_31_ConfidentialAttachment1.pdf; and
- (d) KPCO_R_KPSC_1_32_ConfidentialAttachment1.pdf.

Pursuant to 807 KAR 5:001, Section 13, Kentucky Power is filing under seal those portions of the identified responses 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.

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. KPCO_R_KPSC_1_4_ConfidentialAttachment2.xlsx and
KPCO_R_KPSC_1_4_ConfidentialAttachment4a.xlsx.

Kentucky Power seeks confidential treatment for the identified portions of KPCO_R_KPSC_1_4_ConfidentialAttachment2.xlsx and KPCO_R_KPSC_1_4_ConfidentialAttachment4a.xlsx. These attachments include information, including key pricing and business terms, provided to the Company by non-selected¹ third parties in response to written solicitations. The information also provides insight into the manner by which Kentucky Power evaluates bids in response to coal-supply solicitations.

Additionally, the information contained in the attachments was designated as confidential by the bidders responding to the solicitations. Disclosure of this information to the Commission is not prohibited, but the protections afforded by confidential treatment are required. Failure to maintain this information as confidential may have a chilling effect on the willingness of future bidders to submit responses to Kentucky Power coal-supply solicitations.

The confidential information identified in KPCO_R_KPSC_1_4_ConfidentialAttachment2.xlsx and KPCO_R_KPSC_1_4_ConfidentialAttachment4a.xlsx should be kept confidential for five years. After five years, changes in the commodities market will mean that the chilling effect of the disclosure of the information will have passed. Prior disclosure will adversely affect the Company's ability to obtain competitive bids in future coal-supply solicitations to the detriment of the Company and its customers.

The Commission granted confidential treatment to similar information in its October 9, 2018 order in Case No. 2018-00216.²

2. KPCO_R_KPSC_1_30_ConfidentialAttachment1.pdf and KPCO_R_KPSC_1_30_ConfidentialAttachment2.pdf.

KPCO_R_KPSC_1_30_ConfidentialAttachment1.pdf provides the Company's forecasts of Kentucky Power's undivided share of the coal to be consumed (in tons) in 2019 and 2020 at the Mitchell generating station and the corresponding costs.

KPCO_R_KPSC_1_30_ConfidentialAttachment2.pdf provides the Company's forecasts of the natural gas to be consumed (in MMBTU) in 2019 and 2020 at Big Sandy Unit 1 and the corresponding costs. Such forecasts constitute competitive, proprietary information used by Kentucky Power in the pricing of its competitive products. Although Kentucky Power's retail rates are regulated by the Commission, the Company makes substantial sales through PJM Interconnection, LLC of electric energy into the competitive interstate wholesale electricity

¹ The Company is not seeking confidential treatment for the selected offers.

² Order, *In the Matter of: Electronic Examination Of The Application Of The Fuel Adjustment Clause Of Kentucky Power Company From November 1, 2017 Through April 30, 2018*, Case No. 2018-00216 (Ky. P.S.C. October 9, 2018).

market. If Kentucky Power's operation and cost projections are publicly known, competitors and suppliers can formulate competitive bidding strategies that will hamper the Company's ability to compete against them, cause Kentucky Power's units to operate/sell less, and ultimately cost more to operate, thereby resulting in higher costs for the Company's customers.

Kentucky Power requests that the forecasts in KPCO_R_KPSC_1_30_ConfidentialAttachment1.pdf and KPCO_R_KPSC_1_30_ConfidentialAttachment2.pdf be treated as confidential and withheld from public disclosure until 2021 when the forecasts will be superseded by time.

3. KPCO_R_KPSC_1_31_ConfidentialAttachment1.pdf.

KPCO_R_KPSC_1_31_ConfidentialAttachment1.pdf includes the Company's revenue forecasts. These revenue forecasts are confidential commercial information. The revenue forecasts, if disclosed in conjunction with the public disclosure of forecasted sales, would enable persons to "reverse-engineer" the Company's price forecasts. Such price forecasts constitute competitive, proprietary information used by Kentucky Power in the pricing of its competitive products. Although Kentucky Power's retail rates are regulated by the Commission, the Company makes substantial sales through PJM Interconnection, LLC of electric energy into the competitive interstate wholesale electricity market. If Kentucky Power's price projections are publicly known, competitors and suppliers can formulate competitive bidding strategies that will hamper the Company's ability to compete against them, cause Kentucky Power's units to operate/sell less, and ultimately cost more to operate, thereby resulting in higher costs for the Company's customers.

Kentucky Power requests that the revenue forecasts in KPCO_R_KPSC_1_31_ConfidentialAttachment1.pdf be treated as confidential and withheld from public disclosure until 2021 when Kentucky Power submits superseding forecasts.³

4. KPCO_R_KPSC_1_32_ConfidentialAttachment1.pdf.

KPCO_R_KPSC_1_32_ConfidentialAttachment1.pdf details 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 the marketers 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

³ Order, *In the Matter of: Electronic Examination Of The Application Of The Fuel Adjustment Clause Of Kentucky Power Company From November 1, 2014 Through October 31, 2016*, Case No. 2017-00001 (Ky. P.S.C. August 23, 2017).

providing electricity to its customers. Such actions would ultimately raise the cost to Kentucky Power's customers.

KPCO_R_KPSC_1_32_ConfidentialAttachment1.pdf should be kept confidential for two calendar years (until January 1, 2021).⁴ At such time there will no longer be any competitive advantage to be gained from the information.

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 the confidential attachments identified above 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 AEPSC). The Company, AEP, and its affiliates take all reasonable measures to prevent its disclosure to the public as well as persons within the Company 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. In addition, Kentucky Power and AEPSC have further limited the availability of the information to ensure the integrity of the RFP process.

⁴ The Commission granted confidential treatment to similar information pertaining to planned future outages in its August 23, 2017 order in Case No. 2017-00001. *See Order, In the Matter of: Electronic Examination Of The Application Of The Fuel Adjustment Clause Of Kentucky Power Company From November 1, 2014 Through April 30, 2016*, Case No. 2018-00216 (Ky. P.S.C. August 23, 2017).

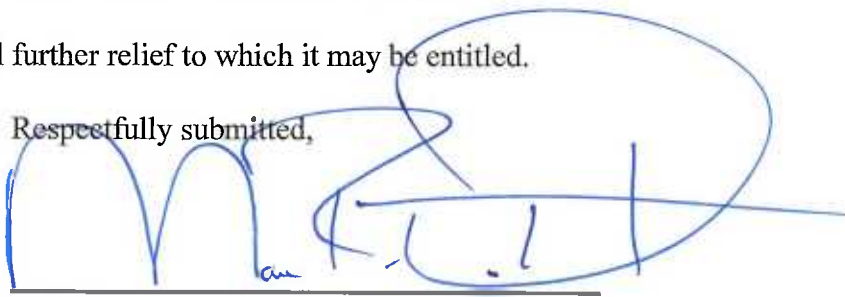
C. The Identified Information Is Required To Be Disclosed To An Agency.

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 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:
 - (a) KPCO_R_KPSC_1_4_ConfidentialAttachment2.xlsx and KPCO_R_KPSC_1_4_ConfidentialAttachment4a.xlsx;
 - (b) KPCO_R_KPSC_1_30_ConfidentialAttachment1.pdf and KPCO_R_KPSC_1_30_ConfidentialAttachment2.pdf;
 - (c) KPCO_R_KPSC_1_31_ConfidentialAttachment1.pdf;
 - (d) KPCO_R_KPSC_1_32_ConfidentialAttachment1.pdf; and
2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,



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