

COMMONWEALTH OF KENTUCKY  
BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAY 19 2010

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

APPLICATION FOR APPROVAL OF )  
RENEWABLE ENERGY PURCHASE )  
AGREEMENT FOR WIND ENERGY ) Case No. 2009-00545  
RESOURCES BETWEEN KENTUCKY )  
POWER COMPANY AND FPL ILLINOIS )  
WIND, LLC. )

KENTUCKY POWER RESPONSES TO KIUC  
THIRD SET OF DATA REQUEST

May 18, 2010

EXHIBIT A

AFFIDAVIT OF JAY F. GODFREY

Jay F. Godfrey, first being duly sworn, states:

1. I am of the age of majority and competent to make this affidavit. I have personal knowledge of the matters set forth in this affidavit.

2. I am employed by American Electric Power Service Corporation (AEPSC), a wholly owned subsidiary of American Electric Power Company, Inc. (AEP). AEP is the parent company of Kentucky Power Company (KPCo). I am employed as a Managing Director - Renewable Energy. In that capacity, I am responsible for managing AEP's and its subsidiaries' portfolio of Renewable Energy Purchase Agreements (REPAs) and related long-term structured emission reduction offset agreements. This includes AEP's wind related power off-take agreements, as well as potential new wind project development. I am familiar with the terms and other confidential information relating to the renewable wind energy Power Purchase Agreement ("Wind PPA") with FPL Energy Illinois Wind, LLC ("FPLEWIC") which KPCo seeks to protect from public disclosure. FPLEWIC is an indirectly subsidiary of NextEra Energy Resources, LLC. I am also familiar with the terms of the wind energy power purchase agreements entered into between other AEP affiliate operating companies and various wind project owners ("Other Wind Projects"). Kentucky Power is not a party to these other wind projects. However, other AEP affiliate operating companies will be at risk if confidential information about the other wind projects is disclosed because they have entered into confidentiality agreements with the wind project owners ("Other Confidentiality Agreements").

3 I have specific personal knowledge of the confidential, proprietary, competitively sensitive and trade secret nature of the confidential information addressed in this Affidavit through direct contact with this information and through my investigation with other AEPSC and KPCo employees who work directly with the confidential information. I have personal knowledge of efforts taken by KPCo and AEPSC to maintain the secrecy of the confidential information through direct involvement in these efforts, and through my investigation of these efforts with other employees who work directly with these procedures. Finally, I have personal knowledge through my investigation, along with other AEPSC and KPCo employees who work directly with the confidential information, of the effect the public disclosure of the confidential information would have on KPCo's competitive efforts in securing such contracts.

**Description of the Confidential Information for Which Protection  
is Sought**

4. KPCo is requesting that certain information from the Wind PPA and other confidential information referred to in KPCo's discovery responses to Kentucky Industrial Utility Customers (Q3-1a and 1b, and Q3-2) in this Cause be protected from public disclosure pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 7 (the "Confidential Information").

5. More specifically, the Confidential Information includes the following: (1) the actual capacity factor of the wind generation for each month for certain REPA transactions involving all AEP affiliate operating companies; (2) the capacity rating of the wind project and the amount of energy actually delivered to the AEP affiliate operating companies under all REPA transactions for each month of the transaction; and (3) the actual capacity factor, mw rating of the unit(s) in operation and the mWh

delivered for each month the 240-mw facility at issue has been in commercial operation. This information is confidential, proprietary, competitively sensitive and a trade secret, and is subject to numerous confidentiality agreements between the AEP affiliate operating companies and the respective wind project owners.

**Public Disclosure Of The Information For Which Confidential Treatment  
Is Sought Would Permit An Unfair Commercial Advantage To Kentucky Power's  
Competitors**

6. As evidenced in my testimony and that of Mr. Weaver in KPCo's application in this case, the market for renewable energy purchase power agreements is extremely competitive. There are multiple sellers of renewable energy seeking the highest prices for their capacity and energy. Likewise, with the advent of renewable portfolio standards in many states, Kentucky Power and its affiliates face strong and growing competition for the most advantageous agreements. The Confidential Information consists of sensitive performance data that factors directly into the determination of the benefit of the bargain obtained by the AEP affiliate operating companies through the Other Wind Projects, and all of the information at issue is protected from disclosure under the other confidentiality agreements.

7. KPCo and the other AEP operating affiliates may negotiate similar contracts with other suppliers in the future. If the Confidential Information became publicly known or available, parties with which KPCo and the other AEP affiliate operating companies may negotiate could use this knowledge to the detriment of KPCo, its customers, and affiliates. Knowledge of these terms by other potential suppliers would establish certain benchmarks in future negotiations, thereby potentially increasing costs incurred by customers of KPCo and its affiliates. In other words, other suppliers would insist on the same or better terms as those negotiated in this purchase

agreement. Furthermore, knowledge of the provisions by potential power supply competitors could enable them to gain an unfair advantage in future competitive situations. Finally, the Confidential Information also could be used by other purchasers competing for such contracts to “cherry-pick” the most favorable contracts, thereby depriving Kentucky Power of the ability to obtain the most advantageous prices for its customers. In sum, the public disclosure of the information for which confidential treatment is sought will result in KPCo and FPLEWIC’s competitors gaining an unfair commercial advantage. Likewise it will result in the other AEP affiliate operating companies and the respective wind project owners with whom they’ve contracted being subject to an unfair commercial disadvantage.

8. In negotiating renewable energy purchase power agreements, AEPSC and KPCo seek to obtain the lowest reasonable cost for the Company’s customers. Suppliers, on the other hand, are interested in obtaining the highest price possible for their commodity. Making the analysis of the performance data under REPA transactions involving other AEP operating companies or other competitively sensitive information available to the suppliers with which the Company is negotiating compromises the ability of AEPSC and KPCo to obtain the lowest reasonable cost for customers.

9. The Confidential Information contains sensitive information involving REPA transactions undertaken by other AEP affiliate operating companies. These other companies are not parties to this proceeding and information about their REPA transactions is relevant to this proceeding to the limited extent of showing the reasonableness of the FPLEWIC and KPCo agreement. Moreover, the information about the Other

Wind Projects at issue is all subject to confidentiality agreements between the AEP affiliate operating companies and the respective wind project owners

10. The public disclosure of the Confidential Information will impede the ability of KPCo and AEPSC to obtain the lowest reasonable cost for KPCo's customers by discouraging potential future bidders from submitting bids because of concern that confidential terms will become public knowledge. As such, the public dissemination of the confidential information will provide an unfair economic advantage to KPCo's competitors.

**The Information is Not Generally Known, Readily Ascertainable by Proper Means by Other Persons Who Can Obtain Economic Value from its Disclosure or Use**

11. The Confidential Information is not available or ascertainable by other parties through normal or proper means. No reasonable amount of independent research could yield this information to other parties.

**The Information is the Subject of Efforts Reasonable Under The Circumstances to Maintain Its Secrecy**

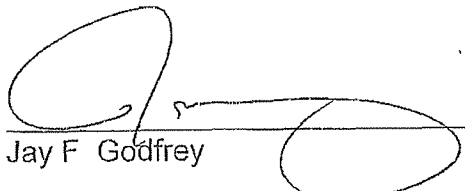
12. The Confidential Information has been the subject of efforts that are reasonable under the circumstances to maintain its secrecy. KPCo and AEPSC limit public access to buildings housing the Confidential Information by use of security guards. Persons not employed by KPCo and AEPSC who are allowed past security guards at buildings where Confidential Information is kept are not permitted to walk within such buildings without an escort. KPCo's and AEPSC's files containing the Confidential Information are maintained separately from KPCo's and AEPSC's general records and access to those files is restricted. Within KPCo and AEPSC, access to this

information has been and will continue to be disclosed only to those employees, officers and representatives of KPCo and AEPSC who have a need to know about such information due to their job and management responsibilities. Outside KPCo and AEPSC, this information is only provided to certain persons who have a legitimate need to review the information to participate in this Cause and who sign a confidentiality agreement.

13. In connection with the solicitation of responses to the Request for Proposals described in my testimony filed in this case, AEPSC on behalf of itself and its affiliates, entered into confidentiality agreements with each party submitting a response. Such agreements are customary in the industry, and are a necessary prerequisite to AEPSC and KPCo being able to solicit the widest possible response to the request for proposal. Under the confidentiality agreements, AEPSC on behalf of itself and its affiliates including KPCo, agreed to restrict the access of information to only those employees, officers and representatives of KPCo and AEPSC who have a need to know about such information due to their job and management responsibilities. NextEra Energy Resources, LLC, the indirect parent of FPLEWIC, and AEPSC entered into such a confidentiality agreement with respect to the Confidential Information and other information contained in my testimony and the exhibits thereto. Likewise, the wind project owners for all of the transactions involving the other AEP affiliate operating companies entered into such agreements. Kentucky Power and AEPSC have an obligation under these agreements to protect confidential information about the other wind projects from public disclosure.

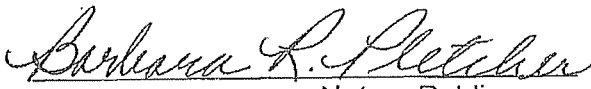
14. Further the Affiant sayeth nothing more.

Dated: 5-18-10

  
Jay F Godfrey

STATE OF OHIO            )  
  ) SS:  
COUNTY OF FRANKLIN )

Subscribed and sworn to before me, a Notary Public, in and for said County and State this 18<sup>th</sup> day of May 2010.

  
Notary Public

I am a resident of Franklin County, Ohio

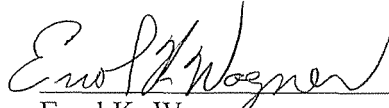
My commission expires: October 1, 2013

BARBARA R. PLETCHER  
NOTARY PUBLIC • STATE OF OHIO  
Recorded in Franklin County  
My commission expires Oct 1, 2013



**AFFIDAVIT**

Errol K. Wagner, upon first being duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.

  
\_\_\_\_\_

Errol K. Wagner

Commonwealth of Kentucky     )  
  ) Case No. 2009-00545  
County of Franklin                 )

Subscribed and sworn to before me, a Notary Public, by Errol K. Wagner this

18th day of May 2010.

  
\_\_\_\_\_

Notary Public

My Commission Expires January 23, 2013



## **Kentucky Power Company**

### **REQUEST**

Please refer to the rebuttal testimony of Mr. Weaver at p 11 where he states "all of the other AEP affiliate operating companies with generation have previously entered into comparable REPA transactions such that nearly one-half of this goal has currently been met." For each AEP affiliate operating company that previously entered into REPA transactions please provide the following for each REPA transaction.

- a. The location of the wind generation resource.
- b. For each month of the REPA transaction please provide the actual capacity factor of the wind generation.
- c. For each month of the REPA transaction, please provide capacity rating of the wind project and the amount of energy actually delivered to the purchaser.

### **RESPONSE**

The information provided in response to this request in no way correlates to or should be used to compare with the proposed wind REPA from the Lee Dekalb Wind Energy Center (LDWEC). The geographic location differences of these wind facilities provide for unique wind profiles and different wind turbine technologies may be utilized. Both factors greatly influence energy output and actual capacity factors. It should also be noted that early on in a wind farm's life it may encounter lower than expected turbine availability.

- a. See attached Page 2 of 4.
- b. See attached Page 3 of 4. Confidential protection of portions of the attached is being requested in the form of a Motion for Confidential Treatment.
- c. See attached Page 4 of 4. The capacity ratings for each wind farm are included as part of the table in response to 1(a) above. Please refer to the "Nameplate Capacity (MW) column. Confidential protection of portions of the attached is being requested in the form of a Motion for Confidential Treatment.

**WITNESS:** Jay F. Godfrey

Wind Farm Name	State	City/County	RTO	Nameplate Capacity (MW)	AEP Affiliate Operating Company
Camp Grove	IL	Camp Grove, Marshall and Stark Counties	PJM	75	Appalachian Power Company
Fowler Ridge I	IN	Fowler, Benton County	PJM	100	Indiana Michigan Power Company
Fowler Ridge II	IN	Fowler, Benton County	PJM	150	Indiana Michigan Power Company, Ohio Power Company, Columbus Southern Power
Fowler Ridge III	IN	Fowler, Benton County	PJM	100	Appalachian Power Company
Grand Ridge II	IL	Brookfield, Allen, and Grand Rapids Townships, LaSalle County	PJM	51	Appalachian Power Company
Grand Ridge III	IL	Brookfield, Allen, and Grand Rapids Townships, LaSalle County	PJM	49.5	Appalachian Power Company
Blue Canyon V	OK	Near Lawton, Comanche County	SPP	99	Public Service Company of Oklahoma
Elk City	OK	Elk City, Beckham County	SPP	98.9	Public Service Company of Oklahoma
Majestic	TX	Panhandle, Carson County	SPP	79.5	Southwestern Electric Power Company

Monthly Capacity Factors		January	February	March	April	May	June	July	August	September	October	November	December
<b>2008</b>	<b>Wind Farm</b>												
	Camp Grove												
	Fowler 1												
	Fowler II												
	Fowler III												
	Grand Ridge II												
	Grand Ridge III												
	Blue Canyon V												
	Elk City												
	Majestic												
<b>2009</b>	<b>Wind Farm</b>												
	Camp Grove												
	Fowler 1												
	Fowler II												
	Fowler III												
	Grand Ridge II												
	Grand Ridge III												
	Blue Canyon V												
	Elk City												
	Majestic												
<b>2010</b>	<b>Wind Farm</b>												
	Camp Grove												
	Fowler 1												
	Fowler II												
	Fowler III												
	Grand Ridge II												
	Grand Ridge III												
	Blue Canyon V												
	Elk City												
	Majestic												

\*Monthly capacity factors are calculated as (Total Hourly Output) / (Total Hourly Capacity Rating)

\*\*The above monthly capacity factors are calculated for each wind farm for the first full month AEP was the energy off-taker going forward





**Kentucky Power Company**

**REQUEST**

Your response to KIUC Item 1-10 indicates that the initial 217.5 mw phase of the 240-mw wind facility which is the subject of this proceeding was expected to be in commercial operation by the end of 2009. For each month that the wind facility has been in commercial operation please provide:

- a. The actual capacity factor;
- b. The mw rating of the units(s) in operation; and
- c. The mWh delivered.

**RESPONSE**

(a)&(c) Please see the attached page for answers to subparts A and C. The information contained in the attachment was provided to AEP by the wind farm developer NextEra. Confidential protection of portions of the attached is being requested in the form of a Motion for Confidential Treatment.

- (b) The MW rating for this facility in operation is 217.5 MW.

**WITNESS:** Jay F. Godfrey



Jan - April, 2010	Jan	Feb	Mar	April	Totals
MWhs Delivered					
Actual Capacity Factor					



**Kentucky Power Company**

**REQUEST**

Please update Exhibit EKW-18 from Case No. 2009-00459 to incorporate:

- a. Any change in KPCo's MLR;
- b. The effect of CP&L 250 mw in I&M capacity;
- c. The investment change in the surplus companies at December 31, 2009; and
- d. The Big Sandy Unit No. 1 capacity change to 277 mw.

**RESPONSE**

- a-d. Attached is a copy of Exhibit EKW-18 using the information contained in the February 2010 Actual AEP Pool Settlement Statement. The February 2010 Actual AEP Pool Settlement Statement reflects the change in KPCo's MLR, the effect of the CP&L 250 MW in I&M's capacity, all changes in the surplus companies investment at December 31, 2009 and the Big Sandy Unit No. 1 capacity change to 277 MW.

**WITNESS:** Errol K. Wagner

**Kentucky Power Company  
Capacity Settlement Revenues  
for the Month September 30, 2009  
Addition of 100MW of Wind Capacity @ KPCo**

Ln No (1)	Company (2)	Revised MLR (4)	Surplus (Deficit) Base (7)	Surplus (Deficit) w/ Wind (8)	Capacity Rate Base (9)	Credit (Charge) Base (10)	Capacity Rate w/ Wind (11)	Credit (Charge) w/ Wind (12)
1	APCo	0.34793	(2,990,505)	(3,004,178)	\$13.0777	(\$39,109,013)	\$13.0756	(\$39,281,507)
2	KPCo	0.06944	(406,339)	(369,768)	\$13.0777	(\$5,313,992)	\$13.0756	(\$4,834,948)
3	I&M	0.18599	647,140	639,831	\$14.4300	\$9,338,233	\$14.4300	\$9,232,758
4	OPCo	0.21223	2,843,762	2,835,421	\$12.7700	\$36,314,835	\$12.7700	\$36,208,325
5	CSP	0.18441	(94,058)	(101,305)	\$13.0777	(\$1,230,063)	\$13.0756	(\$1,324,628)
6	Total		(0)	(0)		\$0		(\$0)
7	KPCo			Revised Charge	Base Charge	Difference		
				(\$4,834,948)	(\$5,313,992)	\$479,044		
8	Number of Months						12	
9	Total							\$5,748,532

Assumes 100 MW wind purchase at 39.3% Capacity Factor