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December 9, 2015

VIA HAND DELIVERY

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

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PUBLIC SERVICE
COMMISSION

RE: *In the Matter of the Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection, LLC, P.S.C. Case No. 2012-00169 - Annual Report of East Kentucky Power Cooperative, Inc. – Request for Confidential Treatment*

Dear Mr. Derouen:

Enclosed, please find correspondence from East Kentucky Power Cooperative, Inc. (“EKPC”), regarding its participation in PJM Interconnection, LLC (“PJM”), for the operating year June 1, 2014, through May 31, 2015. The purpose of the enclosed correspondence is to amend and correct the PJM Annual Report filed by EKPC in the above-captioned case on July 31, 2015.

Certain portions of the enclosed correspondence contain confidential and proprietary commercial information (collectively, the “Confidential Information”). The Confidential Information is comprised of: (i) the costs and benefits that actually resulted from EKPC’s membership in PJM during the period June 1, 2014, through May 31, 2015; and (ii) the costs and benefits that are projected to result from EKPC’s membership in PJM during the period June 1, 2013 through December 31, 2022. EKPC has consistently requested that this information be afforded confidential treatment, most recently in conjunction with its PJM Annual Report filed July 31, 2015.

The Kentucky Open Records Act exempts from public disclosure certain confidential and proprietary commercial information. *See* KRS 61.878(1)(c). To qualify for this exemption from public disclosure and, therefore, to maintain the confidentiality of the information, a party must establish that disclosure of the confidential and proprietary commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the Confidential Information described in the enclosed correspondence would lead to such a result.

The Confidential Information is highly sensitive, commercially valuable and strictly proprietary. It was developed internally by EKPC personnel, is not on file with any public agency, and is not available from any commercial or other public source. Moreover, the Confidential

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Information is distributed within EKPC only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

Given the nature of the Confidential Information, EKPC and its Members would be materially damaged if EKPC's competitors were permitted to have access thereto. Public disclosure of the Confidential Information would reveal EKPC's positions, its underlying strategies, and its proprietary projections with respect to the PJM energy and capacity markets. Indeed, the Confidential Information was, and remains, integral to EKPC's effective execution of business decisions and strategy; as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995).

The Confidential Information is also entitled to confidential treatment because it constitutes a trade secret under the two-prong test of KRS 365.880: (a) the economic value of the information is derived by not being readily ascertainable by other persons who might obtain economic value by its disclosure; and (b) the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The economic value of the information derives from the fact that it reveals EKPC's proprietary market positions, strategies and projections, each of which are commercially valuable. Second, EKPC certainly endeavors to maintain the confidentiality of the information by limiting its dissemination, even within the company.

In light of the foregoing, and in accordance with KRS 61.878, 807 KAR 5:001 Section 13 and other applicable law, EKPC respectfully requests that the Confidential Information be afforded confidential treatment and be withheld from public disclosure for a period of five (5) years from the date of this filing.

Pursuant to 807 KAR 5:001, Section 13(3), I am enclosing: (i) one unredacted copy of EKPC's correspondence, under seal, which identifies the confidential material; and (ii) ten copies of EKPC's correspondence in which the confidential material is redacted. Please return a file-stamped copy of this filing to my office.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,



Mark David Goss

Enclosures



December 9, 2015

Kentucky Public Service Commission
 P.O. Box 615
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Attn: Mr. Jeff Derouen, Executive Director

RE: *In the Matter of the Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection, LLC, P.S.C. Case No. 2012-00169 - Annual Report of East Kentucky Power Cooperative, Inc.*

Dear Mr. Derouen,

In accordance with the December 20, 2012 Order of the Kentucky Public Service Commission (“Commission”) in the above-styled case, and as modified by the May 14, 2015 Order in Case No. 2015-00116, on July 31, 2015 East Kentucky Power Cooperative, Inc. (“EKPC”) filed its annual report regarding its participation in the PJM Interconnection, LLC (“PJM”) for the operating year June 1, 2014 through May 31, 2015.

Subsequent to that filing, EKPC discovered it had erred in its reporting of the Capacity Benefits for the stated period - Capacity Benefits originally reported as [REDACTED] should have been reported as [REDACTED], leading to total benefits for the stated period being [REDACTED] instead of the originally reported [REDACTED]. An amended matrix showing the updated actual amounts for the stated period is below.

Prior Year’s Benefits and Costs of PJM Membership

<u>Category</u>	<u>Costs</u>	<u>Previously Reported Benefits</u>	<u>Amended Benefits</u>
Administrative Costs	[REDACTED]		
Transmission Costs	[REDACTED]		
Trade Benefits		[REDACTED]	[REDACTED]
Capacity Benefits		[REDACTED]	[REDACTED]
Avoided PTP Transmission Charges		[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]
Net Benefits	[REDACTED]	[REDACTED]	[REDACTED]

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The change to the actual Capacity Benefits for the stated period also gives rise to a change in the projection of future benefits of PJM membership. The July 31, 2015 Annual Report filing showed updated Capacity Benefits of [REDACTED]. The change of [REDACTED] to actual benefits leads to a \$1.9 million NPV increase in Capacity Benefits for the period June 1, 2013 through December 31, 2022. An amended matrix showing the updated projected amounts is below.

Projection of Future Benefits and Costs of PJM Membership

<u>Category</u>	<u>Costs (Original/Updated)</u>	<u>Previously Reported Benefits (Original/Updated)</u>	<u>Amended Benefits (Original/Updated)</u>
Administrative Costs	[REDACTED]		
Transmission Costs	[REDACTED]		
Trade Benefits		[REDACTED]	[REDACTED]
Capacity Benefits		[REDACTED]	[REDACTED]
Avoided PTP Transmission Charges		[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]
Net Benefits		[REDACTED]	[REDACTED]

I apologize for the error in the initial report and for any confusion this may have caused, and I ask that this amendment be placed in the post-case correspondence file. Please contact me if you need any additional information.

Sincerely,

Patrick Woods
 Director, Regulatory & Compliance Services

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