

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED RESTRUCTURE AND)
REPRICING OF AT&T'S CHANNEL) CASE NO. 89-168
SERVICES TARIFF)

O R D E R

This matter arising upon petition of AT&T Communications of the South Central States, Inc. ("AT&T"), filed January 15, 1990 pursuant to 807 KAR 5:001, Section 7, for confidential protection of service costs and unit volume information contained in certain responses to the Commission's Order of December 11, 1989 on the grounds that public disclosure of the information is likely to cause AT&T competitive injury, and it appearing to this Commission as follows:

On December 11, 1989, AT&T was ordered by the Commission to furnish certain information in response to the data requests contained in the Order. AT&T has petitioned the Commission to protect as confidential its responses to Item 2; Item 6a; Item 6c; Item 6e; Item 7a; Item 8b, Exhibits 1, 2, and 3; Item 8c; Item 9a, Revised Impact Exhibit; Item 9b, Exhibit 4; Item 11, Exhibit 1; and Item 12, Exhibit 1. The information sought to be protected provides service costs and unit volume information according to category of service, regarding AT&T's services in this state and could be used by competitors in pricing and marketing their services.

The information sought to be protected is not known outside of AT&T, is not disseminated within AT&T except to those employees who have a legitimate business need to know and act upon the information, and is protected by AT&T through all appropriate means.

807 KAR 5:001, Section 7, protects information as confidential when it is established that disclosure is likely to cause substantial competitive injury to the party from whom the information is obtained. In order to satisfy this test, the party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the information is disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

Item 2 Exhibit 1 requests volume units and rates used to calculate access costs for access to local exchanges. The information furnished includes unit volumes, unit costs and annual costs by item of service which competitors could use to ascertain the cost and nature of AT&T's provision of special access services and to prepare a competitive response accordingly. The unit volumes and costs should, therefore, be protected. However, the information describing the items of service and the service order codes would have no value to competitors and should be open to public inspection.

Item 6a requests the calculations used to determine average rates per minute for certain specific AT&T services. The information furnished consists of forecasted total revenues, message volumes, and minutes of use. Even though this information is furnished at a service specific level, it could not be used by

competitors in any meaningful way to price and market competing services and should not be protected.

Item 6c requests calculations used to determine additional costs of access to local exchanges due to stimulation of demand resulting from reduced rates. The information furnished is an estimate of an aggregate change in demand for several services, and is not of sufficient detail to provide any benefit to competitors. The response also includes estimates of demand change in response to given price changes, otherwise known as "coefficients of elasticity," and calculations that could be used to derive these coefficients, which would be useful to competitors providing similar services. These estimates and calculations should, therefore, be protected.

Item 6e provides a forecast of 1990 billed messages and includes AT&T's calculations and estimates of price elasticity. Like the information filed in response to Item 6c, competitors could use this information, developed at AT&T's expense, to measure how sensitive demand is to changes in price and should be protected.

Item 7a furnishes the cost components used to calculate average switched access costs per minute. With the exception of the actual average length of call information, the components used to make the calculations are matters of public record and not entitled to protection. The actual average length of call information is not publicly available and could be used to AT&T's detriment; therefore, that information, together with the average access

expense per minute and total average access expense contained in the response, should be protected.

Item 8b Exhibits 1, 2, and 3 furnishes information similar to that provided in response to 6a in that it provides calculations used to derive average rates for various specific services. This information could not be used in any meaningful way to price and market competing services and should not be protected.

Item 8c provides calculations used to derive access and billing costs. The information is available from published tariffs and, therefore, should not be protected. However, estimated ULAS cost is not available from published tariffs and, therefore, should be protected.

Item 9a Revised Impact Exhibit shows average cost and average rate per minute for various specified service and computes the difference between the two. The information is essentially a summary of 8b and, therefore, should not be protected.

Item 9b Exhibit 4 provides calculations used to obtain access and billing costs paid to local carriers and includes the average length of call for certain specified services. The access and billing charges are available from published tariffs and are not entitled to protection. The average length of call information is not available to the public and for reasons stated earlier should be protected.

Item 11 Exhibit 1 furnishes the calculations and all assumptions used to calculate proposed revenues for AT&T special access services. The response provides demand quantities and present and proposed revenues by item of service and present and proposed

rates. The demand quantities and present and proposed revenues could be used by competitors to devise competing market strategies and should be protected. The present and proposed rates should not be protected because they are matters of public record.

Item 12 Exhibit 1 provides the calculation of proposed revenue, including adjustment for repression of demand, which results from price increases. The exhibit includes revenue estimates and elasticity estimates and should be protected.

This Commission being otherwise sufficiently advised,

IT IS ORDERED that:

1. The following information, which AT&T has petitioned be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection:

a. The unit volumes, unit costs and annual costs by item of service furnished in response to Item 2.

b. The calculations and estimates of demand change in response to given price changes furnished in response to Item 6c.

c. The information furnished in response to Item 6e.

d. The average length of call information, the average access expense per minute and the billed average access expense furnished in response to Item 7a.

e. The average length of call information furnished in response to Item 9b.

f. The demand quantities and present and proposed revenues furnished in response to Item 11.

g. The information furnished in response to Item 12.

2. AT&T shall, within 10 days of the date of this Order, file an edited copy of the responses with the confidential material obscured for inclusion in the public record, with copies to all parties of record.


3. The remaining items filed in response to the December 11, 1989 Order shall be held and retained by this Commission as confidential for a period of five working days from the date of this Order, at the expiration of which period, the information shall be placed in the public record.

Done at Frankfort, Kentucky, this 14th day of August, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director