

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

This matter arising upon motion of AT&T Communications of the South Central States, Inc. ("AT&T") filed August 21, 1990 pursuant to KRS 278.400 to reconsider portions of the Commission's Order entered August 14, 1990 that deny confidential protection to certain information provided by AT&T in response to the Commission's December 11, 1989 Order, and it appearing to this Commission as follows.

On January 15, 1990, AT&T petitioned the Commission 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 was likely to cause AT&T competitive injury. By Order entered August 14, 1990, the Commission granted confidential protection to some of the information and denied confidential protection to the remainder. By this motion AT&T has requested that the Commission reconsider certain portions of the Order which deny confidential protection to Items 6a, the remainder of 7a, Exhibits 1, 2 and 3 to 8b, 8c and 9.

Item 6a requests the calculations used to determine average rates per minute for certain specific AT&T services. Information furnished in response contains forecasted and proposed minutes, messages and revenues by service category which was developed at AT&T's expense. This information could be used to derive the average length of call and the coefficients of elasticity from minutes, messages and revenues which AT&T uses to estimate demand change in response to given price changes. Competitors could use this information to AT&T's disadvantage and it should therefore be protected from public disclosure.

Item 7a furnishes the cost components used to calculate average switched access costs per minute. The Non-Conversation Time Additive provided in 7a is compiled at AT&T's expense and is utilized in determining network sizing and appropriate cost to be included for setup by service category. Disclosure of this information would provide competitors strategic pricing information on AT&T's specific cost floors and therefore the information should be protected.

Exhibit 1 to Item 8b contains forecasted revenue and volumes for Megacom WATS Service. This information could be used by AT&T's competitors to determine AT&T's market volume for that category of service and allows such competitors to tailor their market strategy accordingly. In addition, Exhibit 1 also contains time of day distribution factors and the corresponding average revenue per minute by service. This information would allow AT&T's competitors a pricing advantage in rate design by knowing AT&T's exact usage by time of day. Therefore, the information

contained in Exhibit 1 to Item 8b should be protected from public disclosure.

Exhibit 2 to Item 8b contains forecasts and actual volume data, AT&T specific average cost, billing cost, average length of call and time of day distribution factors. This data would give AT&T's competitors a strategic pricing advantage over AT&T and therefore the information should be protected from disclosure.

Exhibit 3 to Item 8b provides a detailed analysis of the breakeven point for AT&T's WATS customer base. Competitors could use this information to design service and pricing strategies to target AT&T WATS customers based on the customers usage. Therefore, this information should be protected from disclosure.

Item 8c provides calculations used to derive access and billing costs. The weighted cost components contained in Items 8b and 8c are used to calculate average switched cost per minute for Megacom WATS Service which would provide strategic pricing information to AT&T's competitors regarding AT&T's specific cost floors. In addition, the billing costs shown in Items 8b and 8c are not a local exchange carriers tariffed item and billing for Megacom WATS is not provided by the local exchange carriers. Therefore, disclosure of the information would provide AT&T's competitors with specific internal AT&T cost information and further provide strategic pricing information which AT&T competitors could use to their advantage. Thus, the information should be protected from disclosure.

Item 9a Revised Impact Exhibit shows average cost and average rate per minute for various specified services and computes the

difference between the two. This information is essentially a summary of Item 8b and, therefore, should likewise be protected.

This Commission being otherwise sufficiently advised,

IT IS THEREFORE ORDERED that:

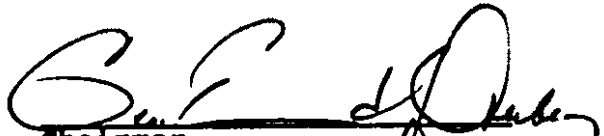
1. That portion of the Order of August 14, 1990 denying confidential protection to AT&T's responses to Items 6a, 7a, Exhibits 1, 2 and 3 to 8b, 8c, and 9 be and is hereby vacated.

2. The information furnished in response to Items 6a, 7a, Exhibits 1, 2 and 3 to 8b, 8c, and 9 of the Commission's December 11, 1989 Order shall be held and retained by this Commission as confidential and shall not be open for public inspection.

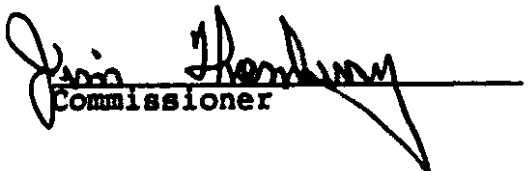
3. AT&T shall, within ten days of this Order, file edited copies of the responses with the confidential material obscured for inclusion in a public record, with copies to all parties of record.

Done at Frankfort, Kentucky, this 7th day of September, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director