

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BELLSOUTH TELECOMMUNICATIONS, INC.'S)
AREA CALLING SERVICE ANALYSIS FILED) CASE NO. 95-567
DECEMBER 1, 1995)

O R D E R

This matter arising upon petition of BellSouth Telecommunications, Inc., d/b/a South Central Bell Telephone Company ("BellSouth"), filed December 1, 1995, pursuant to 807 KAR 5:001, Section 7, for confidential protection of the market and cost information filed in compliance with the Commission's Order of March 8, 1995, in Case Nos. 91-250 and 93-114, on the grounds that disclosure of the information is likely to cause BellSouth competitive injury, and it appearing to this Commission as follows:

In compliance with the Commission's Order dated March 8, 1995, in Case Nos. 91-250 and 93-114, BellSouth has filed an analysis of its Area Calling Service ("ACS") for the 12 month period ending August 1995. The analysis includes price-out information, billing and collection service information, stimulated messages and minutes information, and cost information provided by its "Network Cost Analysis Tool" ("NCAT"). By this petition, BellSouth seeks to protect this information as confidential.

The information sought to be protected is not known outside of BellSouth and is not disseminated within BellSouth except to those employees who have a legitimate business need to know and act upon the information. BellSouth seeks to preserve and protect the

confidentiality of the information through all appropriate means, including the maintenance of security at its offices.

KRS 61.872(1) requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from this requirement are provided in KRS 61.878(1). That subsection of the statute exempts several categories of information. One category exempted in paragraph (c)1 of that subsection is commercial information confidentially disclosed to the Commission which if made public would permit an unfair commercial advantage to competitors of the party from whom the information was obtained. To qualify for the exemption, 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.

The price-out information contains the revenue effect from introducing Area Calling Service. This information provides a clear picture of both high and low toll revenue and volumes by rate group. Toll service is a competitive service and BellSouth's competitors include interexchange carriers and resellers. Disclosure of the information would enable such competitors to identify lucrative markets within the LATA and enable competitors to better focus their marketing activities to the detriment of BellSouth. Further, competitors could use the information to design rates that appeal to specific classes of customers with

certain patterns and volumes. Disclosure of toll revenues by rate group would assist competitors in constructing facilities which would allow them to minimize transport cost, thereby maximizing profits. Thus, disclosure of price-out information would give competitors an unfair business advantage and the information should be protected as confidential.

The billing and collection services offered by BellSouth are also competitive services. BellSouth's competitors for this service could be AT&T, another Regional Bell Operating Company, a Credit Card Company, or any company which is currently providing or which could provide data processing or billing services. The billing and collection service information sought to be protected would enable such competitors to compete more effectively with BellSouth by, among other things, revealing cost, identifying lucrative markets, and providing intellectual properties developed by BellSouth at significant expense. Therefore, disclosure of the billing and collection service information is likely to cause BellSouth competitive injury, and should be protected as confidential.

The stimulated messages and minutes disclosed in the Revenue Requirement Analysis represent the actual demand response to BellSouth's offering of ACS. Disclosure of this information would enable competitors to evaluate demand responses to changes in their rates at the expense of BellSouth. Therefore, disclosure of this information is likely to cause BellSouth competitive injury, and the information should be protected as confidential.

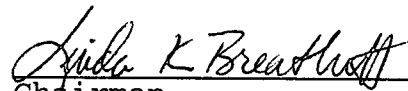
The remaining cost information sought to be protected is a product of NCAT, a program developed by BellSouth at a considerable expense. Disclosure of NCAT documentation would not only enable a competitor to develop the type of cost information provided by NCAT, but to test the sensitivity of the various inputs. NCAT is therefore, a resource of considerable value and is entitled to protection.

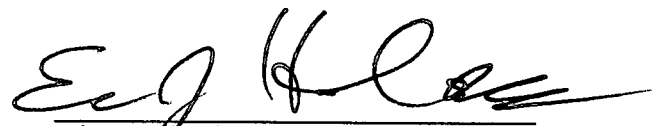
This Commission being otherwise sufficiently advised,

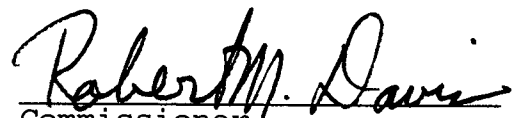
IT IS ORDERED that the price-out information, the billing and collection service information, the stimulated minutes and messages information, and the cost information produced by NCAT, which BellSouth has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 17th day of January, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director