

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH CENTRAL BELL TELEPHONE COMPANY'S) PROPOSED AREA CALLING SERVICE TARIFF)	CASE NO. 91-250
THE PROPOSED TARIFF OF SOUTH CENTRAL) BELL TELEPHONE COMPANY FOR PROPOSED) AREA CALLING SERVICE EXPANSION)	CASE NO. 93-114
THE PROPOSED TARIFF FILING OF SOUTH) CENTRAL BELL TELEPHONE COMPANY FOR) PROPOSED AREA CALLING SERVICE EXPANSION)	CASE NO. 94-414
SOUTH CENTRAL BELL TELEPHONE COMPANY'S) PROPOSED AREA CALLING SERVICE TARIFF) (PHASE IV))	CASE NO. 95-053
SOUTH CENTRAL BELL TELEPHONE COMPANY'S) PROPOSED AREA CALLING SERVICE TARIFF) (PHASE V))	CASE NO. 95-330
BELLSOUTH TELECOMMUNICATIONS, INC.'S) PROPOSED EXPANSION OF ITS AREA CALLING) SERVICE (PHASE VI))	CASE NO. 96-468

O R D E R

This matter arising upon petition of BellSouth Telecommunications, Inc. ("BellSouth"), filed November 27, 1996, pursuant to 807 KAR 5:001, Section 7, for confidential protection of the Price-Out information for Area Calling Service ("ACS"), the financial and statistical data relating to billing and collection costs, the additional network costs due to stimulation, and the remaining cost information produced from application of the Network Cost Analysis Tool ("NCAT"), all of which are contained in Attachment A to the

petition, on the grounds that disclosure of the information is likely to cause BellSouth competitive injury and it appearing to this Commission as follows:

BellSouth is required to file an annual analysis of its ACS which compares ACS revenues and cost to the revenues and cost generated by customers before ACS was introduced. As part of its analysis, BellSouth includes this financial and statistical information which it seeks to protect 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 legitimate business need to know and act upon the information. BellSouth seeks to preserve and protect the confidentiality through all appropriate means including the maintenance of appropriate 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 sought to be protected contains the revenue effects from introducing and expanding ACS. This information provides a clear picture of both high and

low toll revenues and volumes by rate groups. BellSouth's competitors for toll services include interexchange carriers and resellers. Knowledge of the Price-Out information would allow such competitors to easily identify lucrative markets within the LATA. Knowledge of this information would assist BellSouth's competitors in focusing their marketing efforts on the most lucrative markets, designing rates which would appeal to specific classes of customers with certain calling patterns and volumes, and in constructing facilities at optimum locations to minimize transport costs and thereby maximize profits. Thus disclosure of the Price-Out information is likely to cause BellSouth competitive injury and the information should be protected as confidential.

The financial and statistical data relating to the billing and collection costs contain the cost elements for providing billing and collection services. These same services can be offered by interexchange carriers, other regional Bell operating companies, credit card companies, or any company that currently provides or is capable of providing data processing and billing services. Knowledge of this information would enable potential competitors to evaluate the market and assess the feasibility of entering into it. Furthermore, disclosure of the information would compromise the negotiating position of BellSouth and contract discussions with other carriers for whom BellSouth can provide billing and collection services. Therefore, disclosure of the information is likely to cause BellSouth competitive injury and the information should be protected as confidential.

The network costs due to stimulation represent the actual demand response to the offering of ACS. This information could be used by competitors to evaluate demand responses to changes in their rates at the expense of BellSouth. Therefore, disclosure of

the information is likely to cause BellSouth competitive injury and the information should be protected as confidential.

The remaining cost information is produced from application of NCAT. This program was developed by Bellcore at considerable expense and effort and contains formulas which are protected as proprietary. Further, it contains vendor specific price information, which if disclosed, would impair BellSouth's ability to contract for goods and services in the future on the most favorable terms. Therefore, disclosure of the information is likely to cause BellSouth competitive injury and the information should be protected as confidential.

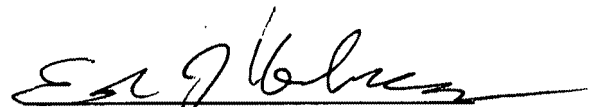
This Commission being otherwise sufficiently advised,

IT IS ORDERED that the Price-Out information for ACS, the financial and statistical data relating to billing and collection costs, the additional network cost due to stimulation, and the remaining cost information produced from application of the 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 10th day of January, 1997.

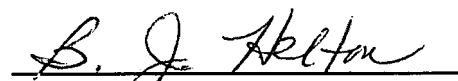
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