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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH CENTRAL RURAL)
TELEPHONE COOP. CORP., INC.) CASE NO. 2016-00045
FOR A GENERAL ADJUSTMENT IN RATES)

PETITION OF SOUTH CENTRAL RURAL TELEPHONE COOPERATIVE
CORPORATION, INC.
FOR CONFIDENTIAL TREATMENT

South Central Rural Telephone Coop. Corp., Inc. ("SCRTC") hereby petitions the Kentucky Public Service Commission (the "Commission"), pursuant to 807 KAR 5:001, Section 13, and KRS 61.878, to grant confidential treatment to certain information SCRTC is contemporaneously filing with its application for a general adjustment in rates (the "Application"). The information SCRTC seeks to protect as confidential is hereinafter referred to as the "Confidential Information."

Pursuant to 807 KAR 5:001, Sections 13(2)(a)(3) and 13(2)(b), one (1) copy of the hardcopy pages containing Confidential Information, with the Confidential Information highlighted with transparent ink, printed on yellow paper, or otherwise marked "CONFIDENTIAL," is being filed with this petition. A copy of those pages with the Confidential Information redacted is being filed with the original and each of the ten (10) copies of the application filed with this petition.

The Confidential Information is not publicly available, is not disseminated within SCRTC except to those employees and professionals with a legitimate business need to know and act upon the information, and is not disseminated to others without a legitimate need to know and act upon the information.

If and to the extent the Confidential Information becomes generally available to the public, whether through filings required by other agencies or otherwise, SCRTC will notify the Commission and have the information's confidential status removed pursuant to 807 KAR 5:001, Section 13(1)(b).

As discussed below, the Confidential Information is entitled to confidential treatment based upon KRS 61.878(1)(c)(1), which protects "records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records."

APPLICABLE LAW

807 KAR 5:001, Section 13(2)(a), sets forth the procedure by which certain information filed with the Commission may be treated as confidential. The regulation provides that a party seeking confidential treatment of certain information must:

Establish specific grounds pursuant to KRS 61.878, upon which the Commission should classify that material as confidential;

State the time period in which the material should be treated as confidential and the reasons for the time period; and

Include[] in a separate sealed envelope marked confidential, one (1) copy of the material . . . which identifies by underscoring, highlighting with transparent ink, or other reasonable means only those portions which unless redacted would disclose confidential material.

The Kentucky Open Records Act, KRS 61.870, *et seq.*, exempts certain records from the requirement of public inspection. In particular, KRS 61.878(1)(c)(1) provides the following exemption from the requirement of public inspection:

records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would present an unfair commercial advantage to competitors of the entity that disclosed the records.

ARGUMENT

I. Disclosure of the Confidential Information Would Grant SCRTC's Competitors an Unfair Commercial Advantage

The Confidential Information identified in the exhibits to SCRTC's Application consists of information related to the inner workings of SCRTC, including financial and service usage details. This information "if openly disclosed would present an unfair commercial advantage to competitors" of SCRTC, and it therefore qualifies as protectable confidential information pursuant to KRS 61.878(1)(c)(1).

The Confidential Information in Exhibit 1 of the Application consists of data related to the revenue changes due to adjustment of terminating access rates pursuant to the Federal Communications Commission's November 18, 2011 Order reforming intercarrier compensation and the Universal Service Fund.

The Confidential Information in Exhibit 1, Attachments B and C contain detailed subscriber line data and service usage information.

The highlighted information contained in SCRTC's Application would result in an "unfair commercial advantage to competitors" of SCRTC if disclosed. SCRTC, as a participant in the telecommunications market, faces economic competition from other entities in the same market. SCRTC competes in the telecommunications market to sell telecommunication services to customers. With the increased penetration of alternatives to basic local service such as VoIP and wireless services, SCRTC faces an increasingly competitive market. SCRTC's ability to

successfully compete against other entities in the telecommunications market would be adversely affected by the disclosure of its internal financial and service usage information. Therefore, SCRTC has “competitors” as is contemplated under the statute and faces actual competition from other market participants.

The Confidential Information for which SCRTC seeks confidential treatment under KRS 61.878(1)(c)(1) is generally recognized as confidential or proprietary under Kentucky law. In the 2014 rate floor proceedings, the Commission granted confidential treatment to comparable information as is requested here, *See, e.g., In the Matter of the Application of Duo County Telephone Cooperative Corporation, Inc. For a General Adjustment in Rates Ky.* P.S.C. Case No. 2014-00315, Order (January 14, 2015). Information about a company’s detailed inner workings is generally recognized as confidential or proprietary. *See, e.g., Hoy v. Ky. Indus. Revitalization Auth.*, 907 S.W.2d 766, 768 (Ky. 1995) (“It does not take a degree in finance to recognize that such information concerning the inner workings of a corporation is ‘generally recognized as confidential or proprietary’”); *Marina Mgmt. Servs. v. Cabinet for Tourism*, 906 S.W.2d 318, 319 (Ky. 1995) (“The most obvious disadvantage may be the ability to ascertain the economic status of the entities without the hurdles systematically associated with the acquisition of such information about privately owned organizations.”).

The disclosure of this confidential and proprietary information would provide competitors an unfair competitive advantage, allowing them insight into SCRTC’s financial position and giving them the ability to unfairly tailor their competitive efforts against SCRTC in light of this Confidential Information. For these reasons, SCRTC respectfully requests that the Commission grant confidential treatment to the Confidential Information.

II. Time Period

Pursuant to 807 KAR 5:001, Section 13(2)(a)(2), SCRTC requests that the Confidential Information remain confidential for a period of five (5) years from the date of this petition, which should allow sufficient time for the projected data to become sufficiently outdated that it could not be used to determine similar Confidential Information at that time.

CONCLUSION

Based on the foregoing, the Confidential Information is entitled to confidential treatment. If the Commission disagrees that SCRTC is entitled to confidential treatment, due process requires the Commission to hold an evidentiary hearing. *Utility Regulatory Comm'n v. Kentucky Water Serv. Co., Inc.*, 642 S.W.2d 591 (Ky. App. 1982).

WHEREFORE, SCRTC respectfully requests that the Commission classify and protect as confidential the Confidential Information.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that, on the date this Petition was filed or served with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

Kentucky Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

March 7, 2016



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