

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF SOUTH CENTRAL BELL)
TELEPHONE COMPANY OF AN ADJUST-) CASE NO. 8847
MENT IN ITS INTRASTATE RATES)
AND CHARGES)

and

In the Matter of:

THE VOLUME USAGE MEASURED RATE)
SERVICE AND MULTILINE SERVICE) CASE NO. 8879
TARIFF FILING OF SOUTH CENTRAL)
BELL TELEPHONE COMPANY)

BACKGROUND

On August 12, 1983, in Staff Information Request No. 2, at Item 33, the Commission ordered South Central Bell Telephone Company ("SCB") to file the following information:

If Bell has conducted a study of by-pass in Kentucky, provide a copy of the study, including an executive summary, a complete narrative description of the study methodology and results, and data supporting study conclusions.

SCB responded to the Order as follows:

South Central Bell has conducted a study of potential bypass in Kentucky. We consider this study to be too sensitive to release even under protective order. However, the Vice President in Kentucky has a copy which he can review with the Commission.

The Attorney General, in his initial information request, item AC-17, and in his supplemental information request, item 8, also requested information on any SCB study of by-pass.

Subsequently, on September 23, 1983, SCB filed edited copies of a by-pass study - Strategic Assessment of Bypass - with the Commission under conditions of confidentiality. The edited study deleted information in two areas. First, information concerning Southern Bell Telephone Company and its customers and SCB customers outside Kentucky was deleted. Second, information concerning marketing and pricing strategies to counteract by-pass was deleted.

At a formal conference held in the Commission's offices on October 10, 1983, the Commission requested that SCB file an unedited copy of the by-pass study. SCB declined on the grounds that the study was not relevant to the issues in the case and that the information was too sensitive to risk possible disclosure. However, on October 12, 1983, an unedited copy of the study was reviewed by the Commission in the presence of SCB representatives.

Subsequently, on October 17, 1983, SCB filed a memorandum with the Commission outlining its objections to filing an unedited copy of the by-pass study in the record of evidence. On October 20, 1983, the Attorney General filed a memorandum with the Commission requesting access to the by-pass study.

Opinions and Findings

The Commission finds no merit to SCB's argument in its memorandum that by-pass is unrelated to issues in this case. The specter of by-pass is used repeatedly as justification for positions taken by SCB's witnesses in the prefiled testimony. The by-pass phenomenon is consistently alluded to as justification for SCB proposals in the areas of revenue requirement, rate of return, and rate design.

The Commission also finds no merit to SCB's argument in its memorandum that the risk of disclosure of sensitive information is a reasonable ground upon which to refuse to comply with an Order of the Commission. SCB regularly files confidential information with the Commission. Also, SCB regularly files confidential information with intervenors who execute a confidentiality agreement.

Although the Commission finds no merit to SCB's arguments, the Commission will not require SCB to file an unedited copy of the by-pass study. The Commission as stated has reviewed an unedited copy of the by-pass study and has found nothing in the study to persuade it that by-pass is a significant problem in Kentucky at this time. Therefore, the Commission will not consider the by-pass study as a basis for any decision in this case.

Finally, the Commission agrees with the Attorney General's memorandum to the extent that it requests access to the by-pass study. SCB should file with the Attorney General a copy of the same edited study filed with the Commission, provided that the Attorney General executes a confidentiality agreement.

ORDERS

IT IS THEREFORE ORDERED that the Commission withdraws its Order of August 12, 1983, to the extent that it may be interpreted to require SCB to file an unedited copy of the Strategic Assessment of Bypass.

IT IS FURTHER ORDERED that SCB shall file a copy of the same Strategic Assessment of Bypass filed with the Commission with the Attorney General.

Done at Frankfort, Kentucky, this 23rd day of November, 1983.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:

Secretary