

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO INTRALATA TOLL)	
COMPETITION, AN APPROPRIATE)	ADMINISTRATIVE
COMPENSATION SCHEME FOR COMPLETION)	CASE NO. 323
OF INTRALATA CALLS BY INTEREXCHANGE)	PHASE I
CARRIERS, AND WATS JURISDICTIONALITY)		

O R D E R

This matter arising upon petition of South Central Bell Telephone Company ("South Central Bell") filed September 22, 1989 and upon petition of South Central Bell filed October 16, 1989, pursuant to 807 KAR 5:001, Section 7, for confidential protection of portions of a document entitled "Kentucky IntraLATA Toll Contribution Study," on the grounds that public disclosure is likely to cause competitive injury, and it appearing to the Commission as follows:

On September 8, 1989, the Commission entered an Order directing the parties to furnish certain information. Included in the Order was a request to Margaret Thompson of South Central Bell to provide a copy of the IntraLATA Toll Contribution Study mentioned in her testimony. This study contains information about the cost and contributions associated with South Central Bell's MTS, WATS, access services, billing and collection services, and operator services. The information is not generally known outside of South Central Bell, is not disseminated within South Central Bell except to those employees who have a legitimate business need

to know and act upon the information, and its confidentiality is preserved by South Central Bell through all appropriate means, including the maintenance of appropriate security at its offices.

807 KAR 5:001, Section 7, protects information as confidential only when it is established that disclosure could cause substantial competitive harm to the party from whom the information was obtained. The party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the information is disclosed. Competitive injury results when disclosure of the information is likely to cause substantial harm to the competitive position of the party possessing the information, by providing its competitors an unfair advantage.

South Central Bell contends that disclosure of the incremental costs of MTS and WATS would cause it competitive injury because knowledge of this information would enable its competitors to offer competing services at prices that South Central Bell could not meet without selling its services below their long-term incremental cost. Although, under current policy, intraLATA MTS and WATS are not subject to facilities-based competition, if as a result of these proceedings, the Commission authorizes facilities-based intraLATA competition, knowledge of this information could be used by potential competitors of South Central Bell to improve their competitive position. Therefore, the information should be protected from public disclosure. If other parties to this proceeding believe this information is

essential in preparing their case, there are means by or through which these parties may have recourse to obtain the information.

South Central Bell contends that disclosure of the access cost information will also result in competitive injury because disclosure of that information could be used by interexchange carriers and their customers to determine the floor to which South Central Bell could theoretically move to avoid losing a customer to a competitive alternative to local access services. However, the access services to which the information refers is a monopoly service to which users have no regulated alternative. While there are some unregulated alternatives to access service, these alternatives are few in number, can satisfy the communication needs of only a small segment of the market, and due to their expense, are not generally economically feasible. Therefore, disclosure of this information is not likely to cause substantial competitive injury to South Central Bell and the information should not be protected from public disclosure.

South Central Bell also seeks to protect information contained in the study relating to billing and collection costs. While billing and collection is an intrastate tariff service, the interstate portion of the service is provided according to negotiated contracts. Knowledge of this information would allow potential competitors to better analyze the market in which this service is offered and disclosure of this information could result in competitive injury to South Central Bell. Therefore, this information should be protected from public disclosure.

The last category of information which South Central Bell has petitioned to be protected is the cost of operator services. Competitors of South Central Bell that provide at least some operator services could use this information in providing their own services to the competitive detriment of South Central Bell. Therefore, this information should be protected from public disclosure.

This Commission being otherwise sufficiently advised,

IT IS ORDERED that:

1. Those portions of the IntraLATA Toll Contribution Study furnished by Margaret Thompson containing information concerning the incremental cost of MTS and WATS, billing and collection costs, and the cost of operator services, which South Central Bell has petitioned be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

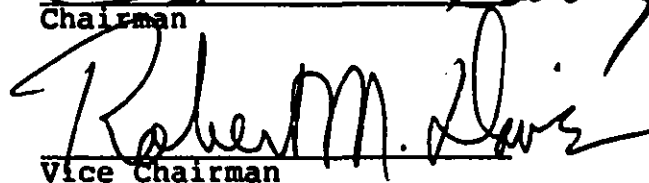
2. The petition to protect from disclosure those portions of the IntraLATA Toll Contribution Study containing information concerning the cost of providing access service is denied, and such information shall be retained as confidential for 5 working days from the date of this Order, at the expiration of which period, it shall be placed in the public record.

3. South Central Bell shall, within 5 working days of the date of this Order, file an edited copy of this study with the confidential material obscured, for inclusion in the public record, with copies to all parties of record.

Done at Frankfort, Kentucky, this 21st day of November, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director