

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE MATTER OF THE JOINT APPLICATION OF)
SALEM TELEPHONE COMPANY FOR THE APPROVAL)
OF THE ACQUISITION OF SALEM TELEPHONE) CASE NO. 89-197
COMPANY BY TELEPHONE AND DATA SYSTEMS,)
INC.)

O R D E R

On July 13, 1989, Salem Telephone Company ("Salem") and Telephone and Data Systems, Inc. ("TDS") jointly applied for approval of the proposed acquisition of Salem by TDS ("the Proposed Transaction"). Salem provides telephone service in Livingston and Crittenden counties in Kentucky.¹ TDS maintains and operates telephone companies in 26 states, including Kentucky.² TDS, however, does not provide telecommunication services. It is a holding company only. This Order grants approval of the Proposed Transaction. Also, on July 13, 1989, Salem and TDS jointly filed a petition to treat as confidential certain information filed with the application for the Proposed Transaction. This Order holds in abeyance that petition for confidential treatment.

¹ Case No. 1884, Application for Certificate Authorizing the Operation of a Telephone System Known as Salem Telephone Company in Livingston County and for Permission to Bid on the Franchise to Operate Said System.

² Case No. 10433, Joint Application of Leslie County Telephone Company for the Approval of the Acquisition of the Leslie County Telephone Company by Telephone and Data Systems, Inc.

THE PROPOSED TRANSACTION

TDS will acquire 100 percent control of Salem by Salem's stockholders exchanging their shares in Salem for shares in TDS. All of Salem's stockholders will participate. Salem will continue telephone service in its current name and with the same management. There will be no disruption of service nor any additional charges to the customers of Salem. Salem and TDS desire that the current tariff of Salem will be effective after the Proposed Transaction.

APPLICABLE LAW

KRS 278.020(4) and (5) require the Commission's approval before control of a utility can be acquired by a person or corporation. As TDS will gain total control of Salem, KRS 278.020(4) and (5) apply to the Proposed Transaction.

The Commission finds that the Proposed Transaction will not work to the detriment of Salem's customers. Rates will not increase as a result of the acquisition. TDS has the financial, technical, and managerial capability to maintain Salem so that Salem can provide reasonable service. TDS has much experience in this field and by the retention of the current experienced management of Salem, the Proposed Transaction should go unnoticed by the customers.

807 KAR 5:001, Section 7(7), sets out the requirements for granting confidential treatment to information filed with the Commission. The petition by Salem and TDS fails to discuss in detail how the information they wish kept confidential meets the requirements of the regulation. The Commission should allow Salem

and TDS additional time and opportunity to explain to the Commission how their information conforms to the criteria of 807 KAR 5:001, Section 7(7). The petition for confidential treatment should be held in abeyance to that end.

IT IS THEREFORE ORDERED that:

1. The acquisition of Salem by TDS be and hereby is approved.

2. Within 10 days of the date of this Order, TDS shall file pursuant to 807 KAR 5:011, Section 11, a notice that it shall operate Salem under the current tariff of the latter company. TDS shall see that all requirements of 807 KAR 5:011, Section 11, are met.

3. The petition by Salem and TDS for confidential protection of certain information shall be held in abeyance to allow Salem and TDS to supplement the petition with a statement setting forth with specificity the reasons for believing that disclosure of the information sought to be protected will cause Salem and TDS competitive injury.


4. If such statement is not filed within 10 days of the date of this Order, the petition for confidentiality shall, without further Orders herein, be denied.

Done at Frankfort, Kentucky, this 31st day of August, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director