

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

This matter arising upon joint petition of Telephone & Data Systems, Inc. and Salem Telephone Company (collectively "TDS") filed September 11, 1989 pursuant to 807 KAR 5:001, Section 7, for confidential protection of the purchase price paid by Telephone and Data Systems, Inc. for the acquisition of Salem Telephone Company on the grounds that disclosure of the information would cause TDS competitive injury, and it appearing to this Commission as follows:

On August 31, 1989, the Commission approved the acquisition of Salem Telephone Company by Telephone and Data Systems, Inc. Under the terms of the transaction, Telephone and Data Systems, Inc. acquired all of the shares of stock held in Salem Telephone Company in exchange for shares of stock in Telephone and Data Systems, Inc. It is the value of that transaction that TDS has petitioned be protected from public disclosure as confidential and proprietary.

TDS is a holding company which maintains and operates telephone companies in 26 states. As such, it is actively engaged

in a planned course of acquisition of telecommunication companies, both in Kentucky and in other states. Acquisition of independent telecommunication companies is a highly competitive business with a multitude of entities engaging in that activity. TDS contends that disclosure of the purchase price of any given telecommunication company is information which is highly sensitive and can be used by its competitors seeking to acquire other independent telecommunication companies to TDS's competitive disadvantage. TDS states that the competitive harm from the disclosure of the purchase price will result from confusion and from false expectations created upon the part of owners of independent companies and upon competitors for such companies who were not privy to the negotiations and, therefore, are unaware of the evaluation process used to establish the purchase price. In other words, TDS finds potential competitive injury in the fact that disclosure of the purchase price paid for the acquisition of a telecommunication company may affect the market price of other telecommunication companies that go on sale in the future.

807 KAR 5:001, Section 7, protects the information as confidential when it is established that disclosure is likely to cause substantial competitive harm to the party from whom the information was obtained. In order to satisfy this test, 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.

While disclosure of the purchase price paid by Telephone and Data Systems, Inc. to acquire Salem Telephone Company may influence the market value of other independent telecommunication companies which TDS and its competitors may want to purchase in the future, it does not affect the relative ability of TDS and each of its competitors to compete for the acquisition of such other companies. Therefore, no competitive harm has been established, and the petition for protection from disclosure should be denied.


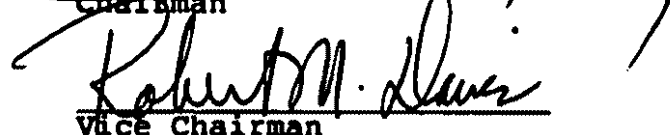
This Commission being otherwise sufficiently advised,
IT IS ORDERED that:

1. The petition for confidential protection of the purchase price paid by Telephone & Data Systems, Inc. for the acquisition of Salem Telephone Company Telephone Company be and it hereby is denied.

2. The information sought to be protected from disclosure shall be held as confidential and proprietary for a period of 5 working days from the date of this Order, at the expiration of which time it shall be placed in the public record.

Done at Frankfort, Kentucky, this 24th day of October, 1989.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

ATTEST:

Executive Director

Commissioner