



AT&T
Communications

February 2, 1987

Mr. Harvey G. Hubbs, Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Re: Tax Reform Act
Case No. AO-87-48

Dear Mr. Hubbs:

Enclosed for filing in the above referenced case please find the original and fourteen copies of AT&T Communications of the Southwest, Inc. Response to Motion to Unseal and Make Public Reports. Please file stamp the enclosed extra copy and return to our office.

Thank you for your assistance in this matter.

Sincerely,

Mark P. Royer by etc
Mark P. Royer
Attorney

Enclosures

cc: Office of Public Counsel
Southwestern Bell Telephone Company
Kansas City Power and Light

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PUBLIC SERVICE COMMISSION

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the
investigation of the revenue
effects upon Missouri
utilities of the Tax Reform
Act of 1986

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Case No. AO-87-48

RESPONSE OF AT&T TO MOTION TO
UNSEAL AND MAKE PUBLIC REPORTS

NOW COMES AT&T Communications of the Southwest, Inc. ("AT&T") and files this response to the Office of Public Counsel's motion to unseal and make public the reports filed by AT&T in response to the Order Establishing Docket in this case. AT&T respectfully requests that Public Counsel's motion be denied and that the report filed by AT&T in response to the Commission's order remain under seal. In support of its request, AT&T shows as follows:

1. AT&T's report was filed with the Commission pursuant to the Commission's order dated November 3, 1986 establishing this docket. That order expressly permitted the report to be filed under seal. The Commission's order is fully consistent with Section 386.480, RSMo., which provides:

"No information furnished to the commission by a corporation, person or public utility, except such matters as are specifically required to be open to public inspection by the provisions of this chapter, or chapter 610, RSMo., shall be open to public inspection or made public except on order of the commission, or by the commission or commissioner in the course of a hearing or proceeding...Any officer or employee of the commission or the public counsel or any employee of the public counsel who, in violation of the provisions of this section, divulges any such information shall be guilty of a misdemeanor."

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2. The purpose of Section 386.480 is to encourage full and complete disclosure of information to the Commission, its Staff, and the Office of Public Counsel so that they can fully and efficiently perform their duties under the Public Service Commission law. It is also to protect the confidentiality of such information except when such information is specifically required by the Legislature to be made public or when otherwise ordered by the Commission for good cause shown.

3. The information filed by AT&T in this docket has not been required to be made public by the Missouri Legislature, and it is not the type of information which should be released.

4. AT&T is not a monopoly provider of interexchange interLATA telecommunications services in Missouri. A number of firms provide competitive alternatives to the interLATA services which AT&T offers in this state. None of AT&T's interLATA competitors make public the type of information that has been requested of AT&T in this docket and, although they are also public utilities as defined in Section 386.020, RSMo., such other firms did not file similar reports.

5. AT&T should not be required to make public the very same revenue, investment, and expense information which its competitors are allowed to withhold. The effect of such a ruling would be to deny AT&T equal protection of law and to place it at a competitive disadvantage since it alone among the interexchange interLATA carriers would be required to make public for its competitors' unfettered perusal, use, and

planning the results of the last two years' operations in this state. With such information, AT&T's competitors would gain valuable financial information with which to judge the feasibility of their own investment decisions and forecasts, and would thereby possess valuable proprietary information concerning the results of AT&T's participation in the Missouri inter-exchange telecommunications market. Under the circumstances, public disclosure of the reported information would be unreasonable and patently unfair.

6. Public Counsel's allegations to the contrary notwithstanding, release of the AT&T reported information is neither necessary to determine the impact of the Tax Reform Act of 1986 on AT&T's Missouri intrastate operations nor to flow through the resulting tax savings to AT&T's Missouri customers. The impact of the Tax Reform Act on AT&T's Missouri operations has already been estimated and the resulting revenue requirement tax savings (\$618,000) have already been flowed through to customers by way of reductions to AT&T's Missouri intrastate rates.* Thus, any issue concerning whether AT&T intends to or what procedure it would employ in flowing through the tax savings is moot. The flow through has already been implemented.**

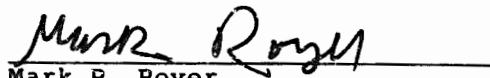
* The rate changes, including the reductions associated with the estimated impact of the Tax Reform Act ("TRA") of 1986, were made effective on January 14, 1987, 14 days after the TRA became effective. Thus, AT&T's Missouri customers almost immediately received the estimated benefits of the prospective tax changes.

**AT&T did not make public its intent to flow through the tax savings or its intent to make rate reductions when it filed its report because the extent of the January 14th reduction had not been finally determined at that time and a premature announcement concerning the reduction would have only confused customers.

7. Public disclosure of the requested information is not only unnecessary under the circumstances and contrary to Section 386.480, RSMo., such disclosure would also violate both the federal and Missouri statutes with respect to the confidentiality of tax information. The Commission's regulatory functions and duties notwithstanding, this type of information is deemed confidential and protected from disclosure by other laws. The Internal Revenue Code and the Missouri State statutes exempt corporate tax information from disclosure. See 26 U.S.C.A. §§6103, 7213 (West Supp. 1986); §32.057 and §143.788, RSMo.; State ex rel. Wohl v. Sprague, 711 S.W.2d 583 (Mo. App. 1986). Accordingly, the information which the Office of Public Counsel seeks to release to the public herein is exempt from disclosure under not only Section 386.480, but also under the federal and Missouri tax laws, and it would be inappropriate and unlawful to release such information.

WHEREFORE, AT&T Communications of the Southwest, Inc. respectfully requests that the Commission affirm its prior order allowing this information to be filed under seal, and that it deny the Public Counsel's motion to unseal and make public the reports filed in this Docket.

Respectfully submitted,


Mark P. Royer
Mo. Bar Enrollment No. 30170

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of AT&T Communications of the Southwest, Inc.'s Response to the Office of Public Counsel's Motion to Unseal and Make Public Record has been hand-delivered or sent by U.S. mail to the Office of Public Counsel, Southwestern Bell Telephone Company, and Kansas City Power and Light this 2nd day of February, 1987.

Mark P. Royer by stc

Mark P. Royer