

COMMONWEALTH OF KENTUCKY  
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

THE COMPLAINT OF CUSTOM COMMUNICATIONS )  
CORPORATION AGAINST SOUTH CENTRAL BELL )  
TELEPHONE COMPANY CONCERNING LINE AND )  
TRUNK CHARGES FOR CUSTOMER-OWNED )  
TERMINAL EQUIPMENT )

CASE NO.  
7854

O R D E R

On April 8, 1980, the Commission received a verbal complaint from Representatives of Custom Communications Corporation (Custom) against South Central Bell Telephone Company (Bell). Custom stated that Bell was improperly charging trunk line rates for lines serving the NEC Electra 100 Communications System (used by the Kentuckiana Regional Planning and Development Agency (KIPDA). KIPDA had purchased or leased the Electra 100 from Custom, an unregulated terminal equipment supplier.

Custom, further stated that the Electra 100 is registered with the Federal Communications Commission (FCC) as a "key" type system, and therefore the lines serving the system should be charged the lower key-line rates, rather than the higher PBX-trunk rates which Bell proposed to charge.

Bell responded by letter dated April 24, 1980 (Appendix No. 1), stating, among other things, that the Company attempted to charge rates according to actual usage rather than FCC registration, and that, in its opinion, the subject Electra 100 was performing PBX functions, and should therefore be charged trunk rates.

The Commission having considered the complaint and correspondence and being advised, on its own Motion, ORDERS That this matter be and it hereby is set for hearing on the 9th day of June, 1980, at 10:00 a.m. Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky.

IT IS FURTHER ORDERED That South Central Bell Telephone Company shall appear at the scheduled hearing and present testimony relative to this matter.

Done at Frankfort, Kentucky, this 14th day of May, 1980.

UTILITY REGULATORY COMMISSION

*Richard V. Taylor*

For the Commission

ATTEST:

Secretary

**South Central Bell**

601 W. Chestnut, Four West  
Louisville, Kentucky 40203  
Telephone: (502) 582-8425

April 24, 1980

**RECEIVED**

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UTILITY REGULATORY COMM.  
DIVISION OF ENGINEERING

Mr. Wayne Bates  
Chief of Communications Section  
Utility Regulatory Commission  
P. O. Box 615  
Frankfort, Kentucky 40602

Dear Mr. Bates:

This is in reply to your inquiry about the NEC Electra 100 Communications System installed at Kentuckiana Regional Planning and Development Agency (KIPDA) and the applicable charges for service under South Central Bell's Kentucky intrastate tariffs. The basic question is: Whether a business individual line or a PBX trunk charge would be applicable for the service connecting the Electric 100 to our network?

Over the years, the company has consistently applied the tariffs concerning PBX trunks and business lines as follows: (1) If service coming in or going out of a system is directly terminated in telephone sets, the service is considered to be business individual line service; (2) If service is terminated in the attendant console position and/or a switching function is performed by the use of cords, electro mechanical devices, or electronic circuitry, the service is considered to be PBX trunk service. These criteria have applied to all of the equipment supplied by South Central Bell, as well as to all of the equipment supplied by our numerous competitors.

The case at hand involves the Electra 100 System, which is a system that is capable of doing both of the above functions. The Electra 100 is, in many aspects, similar to South Central Bell's HORIZON System. For example, when our HORIZON System is performing a key function as contemplated under situation No. 1 above, the customer is billed for business individual line service; however, when the HORIZON is being used as stated under the No. 2 situation above, the customer is billed for PBX trunk service. The Electra is handled in the same manner as the HORIZON System.

It was originally South Central Bell's understanding that the Electra 100 at KIPDA's offices would be used as a key system, and so the requested number of business lines were installed after assurance of this was received.

Mr. Wayne Bates  
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After the Electra 100's installation, with the customer's permission, two representatives of South Central Bell observed the operation of the machine on April 3, 1980, in order to determine whether in fact the equipment was being used as a key system or a PBX. The following facts were elicited:

1. To place an outgoing call, station users dialed 9 to obtain a free line.
2. All incoming calls were answered by an attendant at his position and then switched to the appropriate station user.
3. A centrex line, which is to be installed, will be accessed by station users' dialing 8.

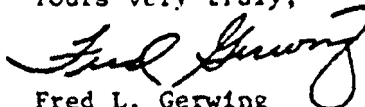
These facts establish that the Electra 100 at KIPDA's offices is used in a manner requiring application of trunk line charges under paragraph A 11.2.5 of South Central Bell's General Subscriber Services Tariff. Outgoing lines in this case, accessed by a code (the digit 9), are pooled facilities. Lines in a common group of switched lines (pooled) are trunk lines. The machine in this case follows a predetermined algorithm to connect the station to the next available idle line when the access code is dialed in order to make a call. This is clearly a PBX function.

Further, lines providing incoming service that are answered by an attendant and then switched to a station are also trunks. In a conventional key system, the attendant answers an incoming call, places the call on hold, and notifies the station user via an intercom path which line to pick up.

New PBX's, such as the HORIZON and the Electra 100, are a result of the changing environment and technology of the communications industry where a system can operate as either a PBX or a key system regardless of its name or designation.

In light of this new technology, the company is presently developing a pricing plan to equalize charges for service into these systems. It is taking some time to develop such a plan because it must be thoroughly thought out to ensure that it is administrable and equitably treats all users, both large and small. If you have any further questions concerning our application of the tariff to the Electra 100 or indeed any other system, please let me know and I will be glad to answer your questions.

Yours very truly,



Fred L. Gerwing  
Staff Manager--  
Public Relations