

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INQUIRY INTO INTER- AND INTRA-LATA)	
INTRASTATE COMPETITION IN TOLL AND)	ADM. CASE
RELATED SERVICES MARKETS IN KENTUCKY)	NO. 273

O R D E R

The implementation of the Modified Final Judgment ("MFJ"), in conjunction with the pro-competitive regulatory policies adopted by the Federal Communications Commission ("FCC"), has resulted in a drastic alteration of the institutional structure of the regulated telecommunications market. These alterations are forcing state regulatory commissions to reassess the role of competition in setting regulatory policy for intra-state jurisdiction of the telecommunications industry. The Kentucky Public Service Commission ("Commission") has taken the first step in this reassessment in Case No. 8873, AN INVESTIGATION INTO THE EFFECTS OF COMPETITION UPON LOCAL AND TOLL EXCHANGE SERVICE INCLUDING THE ISSUES OF INTRA- AND INTER-LATA COMPETITION, ACCESS CHARGES AND BYPASS, AND METHODS OF REGULATING COMPETITIVE MARKETS. The Commission will incorporate the record from Case No. 8873 into this case.

Since the conclusion of the hearings in Case No. 8873, the Commission has received applications for certificates to serve

both the inter-LATA and intra-LATA intrastate toll markets from MCI Telecommunications Corporation ("MCI") and Western Union Telegraph Company ("Western Union"). The filing of these applications dramatizes the need for a consistent and clear policy on the extent and role that competition should play in regulating the intrastate toll market. Therefore, it is the opinion of the Commission that the appropriate forum in which to consider its policy on inter- and intra-LATA intrastate competition is a generic proceeding.

The Commission encourages all interested parties, particularly MCI and Western Union and other specialized common carriers, to participate in this proceeding. South Central Bell Telephone Company of Kentucky ("SCB"); General Telephone Company of Kentucky ("GTE"); Cincinnati Bell, Inc. ("CBI"); AT&T Communications ("ATTCOM"); Continental Telephone Company of Kentucky ("Continental"); Ballard Rural Telephone Cooperative Corporation, Inc.; Brandenburg Telephone Company; Alltel, Inc.; Duo County Telephone Cooperative Corporation, Inc.; Foothills Rural Telephone Cooperative Corporation, Inc.; Harold Telephone Company, Inc.; Highland Telephone Cooperative, Inc.; Leslie County Telephone Company, Inc.; Lewisport Telephone Company, Inc.; Logan Telephone Cooperative, Inc.; Mountain Rural Telephone Cooperative Corporation, Inc.; North Central Telephone Cooperative, Inc.; Peoples Rural Telephone Cooperative Corporation, Inc.; Salem Telephone Company; South Central Rural Telephone Cooperative Corporation, Inc.; Thacker-Grigsby Telephone Company, Inc.; Uniontown Telephone Company, Inc.; West Kentucky Rural Telephone

Cooperative Corporation, Inc., (telephone utilities) and Call U.S. of Kentucky, Inc., and Telamarketing Communications (WATS resellers) will be required to prefile testimony in this proceeding.

To insure that all facets of the intrastate toll competition are covered, the Commission has included a list of specific questions which telephone utilities will be required to address and other participants are encouraged to address. All participants are encouraged to offer any additional comments which may have a bearing on intrastate toll competition.

INTER-LATA COMPETITION

1. Should the Commission permit inter-LATA intrastate competition? What factors should the Commission consider in making its determination?
2. If competition is permitted, should the Commission adopt criteria similar to the FCC's "dominant" and "non-dominant" carrier designation¹ in determining the level of regulation applied to inter-exchange carriers? If not, what criteria should be used?
3. What filing requirements should the Commission maintain for certification of competing inter-exchange carriers?
4. If the Commission permits inter-LATA competition, should the rate justification standards be the

¹FCC 47 CFR Part 63 [cc Docket No. 79-252; FCC 83-481].

same for competing interexchange carriers as for ATTCOM?

5. If the Commission adopts the policy of inter-LATA competition, what reporting requirements should the Commission maintain for interexchange carriers competing with ATTCOM?
6. If the Commission does not adopt the policy of inter-LATA intrastate competition, can the prohibition be enforced?
7. If the Commission adopts the policy of inter-LATA intrastate competition what services should be competitive? What will be the impact of competition on consumers of those services?
8. If the Commission adopts the policy of inter-LATA intrastate competition and permits competition in all services listed above what will be the revenue impact on ATTCOM? On other exchange carriers?
9. If the Commission adopts the policy of inter-LATA intrastate competition and permits competition in all services listed in response to question 7, what will be the rate impact on the basic exchange consumer?
10. If the Commission determines inter-LATA competition to be in the public interest would any changes in Commission regulations or statutes be required to implement that determination?

INTRA-LATA COMPETITION

1. Should the Commission permit intra-LATA competition for other exchange carriers? What factors should the Commission consider in making its determination?
2. If competition is permitted what filing requirement should the Commission maintain for certification of competing intra-LATA carriers?
3. If the Commission permits intra-LATA competition, should rate justification standards be the same for competing carriers as for the exchange company?
4. If the Commission should permit inter-LATA competition, can the Commission enforce a prohibition on intra-LATA competition?
5. If the Commission adopts the policy of intra-LATA competition what services should be competitive? What will be the impact of competition on consumers of those services? Should the Commission establish and enforce service standards for the competing carrier?
6. If the Commission adopts the policy of intra-LATA competition and permits competition in all services listed in question 5, what will be the revenue impact on the exchange carriers?
7. If the Commission adopts the policy of intra-LATA competition and permits competition in all

services listed in question 5, what will be the rate impact on the basic exchange customer?

8. If the Commission determines intra-LATA competition to be in the public interest would any changes in Commission regulations or statutes be required to implement that determination?

IT IS THEREFORE ORDERED that this investigation be instituted and that all telephone utilities and WATS resellers under this Commission's jurisdiction be made parties to this proceeding.

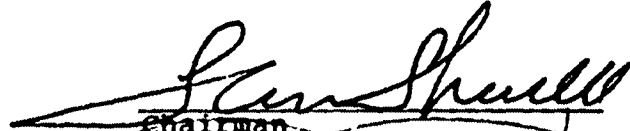
IT IS FURTHER ORDERED that written testimony shall be filed by SCB, GTE, CBI, ATTCOM, Continental, Ballard Rural Telephone Cooperative Corporation, Inc.; Brandenburg Telephone Company; Alltel, Inc.; Duo County Telephone Cooperative Corporation, Inc.; Foothills Rural Telephone Cooperative Corporation, Inc.; Harold Telephone Company, Inc.; Highland Telephone Cooperative, Inc.; Leslie County Telephone Company, Inc.; Lewisport Telephone Company, Inc.; Logan Telephone Cooperative, Inc.; Mountain Rural Telephone Cooperative Corporation, Inc.; North Central Telephone Cooperative, Inc.; Peoples Rural Telephone Cooperative Corporation, Inc.; Salem Telephone Company; South Central Rural Telephone Cooperative Corporation, Inc.; Thacker-Grigsby Telephone Company, Inc.; Uniontown Telephone Company, Inc.; West Kentucky Rural Telephone Cooperative Corporation, Inc., and Call U.S. of Kentucky, Inc., and Telamarketing Communications on or before February 2, 1984.

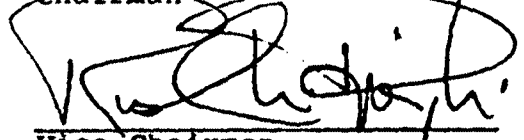
IT IS FURTHER ORDERED that intervenors shall file written testimony on or before February 2, 1984.


IT IS FURTHER ORDERED that a hearing be and it hereby is scheduled on February 9, 1984, at 9:00 a.m., Eastern Standard Time, in the Commission's offices at Frankfort, Kentucky, for the purpose of cross-examining witnesses of the telephone utilities and intervenors.

Done at Frankfort, Kentucky, this 10th day of January, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary