

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INQUIRY INTO THE USE OF)
EXTENDED AREA SERVICE CIRCUITS)
TO ACCESS INTRASTATE TOLL AND) ADMINISTRATIVE
WIDE AREA TELECOMMUNICATIONS) CASE NO. 272
SERVICE)

O R D E R

On October 18, 1983, South Central Rural Telephone Cooperative, Inc., ("SC Rural") filed a motion requesting that the Commission investigate its extended area service ("EAS") circuits as part of Case No. 8838 (An Investigation of Toll and Access Charge Pricing and Toll Settlement Agreements for Telephone Utilities Pursuant to Changes to be Effective January 1, 1984). The Commission determined that a separate proceeding should be instituted to resolve the matter, and this Administrative Case was established. The subject matter is not new, having been addressed previously in Administrative Case No. 261 (An Inquiry into the Resale of Intrastate Wide Area Telecommunications Service).

In its Motion, SC Rural asked that its EAS connecting arrangements be investigated to insure that its facilities are not bypassed by long distance companies, thereby avoiding access charges. SC Rural claims that by using EAS circuits, carriers have access to the customers of SC Rural, and other telephone utilities, without paying access charges. SC Rural further asked

that the Commission consider banning the use of EAS facilities for the purpose of transmitting, originating, or terminating toll, or eliminate the practice of EAS service altogether. The Attorney General supported SC Rural's Motion.

A hearing was held on February 22, 1984, with the Attorney General, South Central Bell Telephone Company, General Telephone Company of Kentucky ("General"), TelaMarketing Communications, Inc., ("TMC"), AT&T Communications ("ATTCOM"), and Continental Telephone Company of Kentucky ("Continental") participating as parties. Comments were filed by some other telephone companies.

SC Rural's complaint is that TMC is signing on customers for TMC's long distance telephone service who utilize SC Rural's EAS facilities to access TMC's Bowling Green switch over FX lines between Glasgow and Bowling Green, Kentucky. SC Rural claims that since its EAS facilities were developed for local calling only, the use of these facilities by TMC's customers avoids the use of the toll network for which SC Rural receives compensation. This shift in usage unnecessarily increases the traffic load on the EAS network, SC Rural argues. SC Rural has nine exchanges which, with one of Continental's, form an EAS toll-free calling network with Glasgow. It may be noted that the problem complained of is not peculiar to SC Rural, nor even to Kentucky, but is nationwide.

No party offered any effective means of blocking TMC's customers from using Glasgow local calling to gain access to TMC's Glasgow-Bowling Green FX line without potentially also blocking interstate calls. General offered to share with SC Rural and Continental revenues obtained from TMC under General's tariff for

TMC's access to local exchange facilities in Glasgow.¹ (Transcript of Evidence, February 22, 1984, pp. 122-125.) In essence, revenues would be apportioned among end offices in the extended area based on the relative number of main stations or, in the alternative, the relative number of access lines terminating at each end office.

After the hearing, General furnished information detailing how the revenues would be apportioned among General, SC Rural and Continental. On October 24, 1984, SC Rural reluctantly indicated that this solution would be satisfactory with them.

The Commission recognizes that this solution (apportionment of access charge revenue) is not completely satisfactory to any of the telephone companies. However, it appears to be the most appropriate solution at this time.

The Commission, after considering this matter and being advised, is of the opinion and finds that:

1. General's access charge tariffs approved in Case No. 8838 provide a method for payment of a reasonable level of revenues for a reseller's use of an exchange carrier's lines;

2. SC Rural has indicated its concurrence with this solution; and

3. This case should be dismissed.

IT IS THEREFORE ORDERED that this case be and it hereby is dismissed.

¹ This arrangement would be contingent upon the Commission's approval in Case No. 8838.

Done at Frankfort, Kentucky, this 9th day of January, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Werners
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:

Secretary