

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF INTERNATIONAL TELECHARGE,)
INC., FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO OPERATE AS A) CASE NO. 10002
RESELLER OF TELECOMMUNICATION SERVICES)
WITHIN THE STATE OF KENTUCKY)

O R D E R

On August 24, 1988, the Commission issued an Order denying International Telecharge, Inc.'s ("ITI"), request for authority to provide operator-assisted long distance services within Kentucky. Additionally, the Commission ordered ITI to refund revenues collected during a period of time in which ITI provided service without having tariffs filed with the Commission. In a motion filed September 26, 1988, ITI informed the Commission that it is committed to compliance with the Commission's refund Order.

On September 13, 1988, ITI filed an Application for Rehearing of the Commission's August 24, 1988 Order. A supplement to the application was filed on September 30, 1988. A new proposed tariff was filed on September 19, 1988. In its motion ITI claims that through the presentation of new and additional evidence, ITI can demonstrate its ability to provide adequate, efficient, and reasonable service in compliance with KRS 278.030(2). ITI claims that this additional evidence was not available and could not with reasonable diligence been offered by ITI previously.

In our August 24, 1988 Order, we identified numerous concerns about ITI's proposal. These concerns were identified generally through findings 1 through 9 at pages 17 and 18 of the Order. ITI represents that it will address each of these findings of the Commission.

In denying ITI's application, we explained:

The Commission will take all necessary steps to ensure that end-users in Kentucky, whether transient or not, may continue to have confidence in the quality and fair pricing of the many long distance services available in the Commonwealth. . . Should ITI develop a method of operating that is more responsible, it may certainly seek approval of such a plan.

Order at page 13. Having reviewed ITI's motion and memorandum filed in support of the motion, the Commission is of the opinion that ITI should have the opportunity to convince the Commission that it can develop a plan that will benefit Kentucky ratepayers and provide adequate, efficient, and reasonable service. ITI will be given the opportunity to present new evidence and testimony on every issue raised in its Application for Rehearing, with one exception. In our August 24, 1988 Order we found that the practice of permitting a customer to add a surcharge to the price of a call carried by ITI is unreasonable. This Commission has heard testimony relating to the desirability of surcharges, both in this proceeding and in Case No. 10035, The Application of Central Corporation for a Certificate to Resell Telecommunications Service. We will not permit interexchange carriers to serve as the billing conduit for surcharges imposed by interexchange carrier customers. Should ITI's customers wish to recover the investment made in providing access to telephone equipment, they

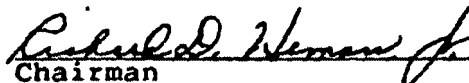
may do so. However, these charges will not be placed on end-users' telephone bills. See Order, Case No. 10035, September 26, 1988 at page 14. We do not intend to modify this policy decision, regardless of the alleged de minimus nature of the surcharge.

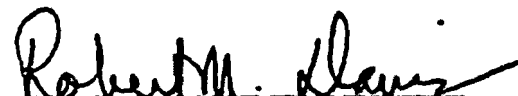
A new procedural schedule governing the rehearing granted by this Order will be established after ITI presents its refund proposal in accordance with the August 24, 1988 Order.

IT IS THEREFORE ORDERED that ITI's Application for Rehearing be and it hereby is granted with the exception of the issue relating to surcharges, as described herein.

Done at Frankfort, Kentucky, this 3rd day of October, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director