

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MCI TELECOMMUNICATIONS)
CORPORATION'S TARIFF FILING TO) CASE NO. 89-011
ESTABLISH VNET SERVICE)

O R D E R

INTRODUCTION

On December 20, 1988, MCI Telecommunications Corporation ("MCI") made a tariff filing to establish Metered Use Option I, which is commonly known as Vnet Service, effective January 20, 1989. Vnet Service is a customized virtual telecommunications network. It provides a unified service for customers with multiple locations, including both communications and management features. Vnet Service is suitable for long-distance calls between customer locations, as well as long-distance calls throughout the United States and the Commonwealth of Kentucky. Customers subscribe to a basic feature package that offers network management features for each location served. These features include customer-defined dialing plans, universal range privileges, and consolidated invoicing. The basic feature package also includes originating and terminating access methods, usage charges, and volume discounts.

On January 17, 1988, South Central Bell Telephone Company ("South Central Bell") filed a motion to intervene, to consolidate

the tariff filing with Administrative Case No. 323,¹ and for nondiscriminatory treatment of MCI's services. South Central Bell based its motion on the premise that Vnet Service can generate unauthorized intraLATA traffic. Accordingly, South Central Bell contends that Vnet Service should be subject to: (1) any compensation arrangement that may be ordered in Administrative Case No. 323; (2) and usage reporting requirements ordered in the cases of similar tariff filings.

DISCUSSION

In terms of service configuration, Vnet Service is generically similar to Software Defined Network Service ("SDN").² Both Vnet Service and SDN Service can generate unauthorized

¹ Administrative Case No. 323, An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality. LATA is an acronym for Local Access and Transport Area.

² SDN Service is provided by AT&T Communications of the South Central States, Inc. ("AT&T"), and was approved in Case No. 9518, AT&T Communications' Tariff Proposal for Software Defined Network Service.

intraLATA traffic. In addition, other service offerings approved by the Commission can generate unauthorized intraLATA traffic.³

The Commission is of the opinion that South Central Bell's motion to intervene should be granted, in order to address the remaining motions.

South Central Bell does not specifically move the Commission to suspend and investigate the Vnet Service tariff filing. Moreover, in the opinion of the Commission, an investigation would not serve any useful purpose. Similar tariff filings have been suspended, investigated, and approved subject to the conditions that South Central Bell suggests should apply to the Vnet Service tariff filing. Therefore, the Commission will allow the Vnet Service tariff filing to become effective pursuant to the provisions of 807 KAR 5:001, Section 9(1), subject to the same terms and conditions that apply to other service offerings that can generate unauthorized intraLATA traffic.

³ These include service offerings of AT&T, MCI, and US Sprint Communications Company ("US Sprint"). Examples include AT&T Megacom and Megacom 800 Service, approved in Case No. 9874, AT&T Tariff Filing Proposing Megacom/Megacom 800 Service; AT&T Readyline 800 Service, approved in Case No. 10106, AT&T Tariff Filing Proposing AT&T Readyline 800 Service; MCI Prism I and Prism II Service, approved in Case No. 9828, MCI Tariff Filing to Establish Prism Plus, Prism I, and Prism II Service; MCI 800 Service, approved in Case NO. 10049, MCI Tariff Filing to Introduce Metered Use Option H; US Sprint UltraWATS and Advanced WATS Service, approved in Case No. 9902, US Sprint Tariff Filing Proposing to Rename its WATS Products, Change Billing Calculation Methods for WATS, Introduce UltraWATS, Travelcard, Direct 800, and Ultra 800; and US Sprint Fonline 800 Service, approved in Case No. 89-002, US Sprint Fonline 800 Service. WATS is an acronym for Wide Area Telecommunications Service.

Since the Commission agrees with South Central Bell that the terms and conditions that apply to other service offerings that can generate unauthorized intraLATA traffic should also apply to Vnet Service, the motion for nondiscriminatory treatment of MCI's service offerings should be granted. Also, since the Commission is mandating that MCI comply with these terms and conditions, it is not necessary to consolidate the matter with Administrative Case No. 323. Therefore, the motion to consolidate should be denied.

On another matter, the Vnet Service tariff filing contains references to MCI's Federal Communications Commission ("FCC") Tariff No. 1.⁴ These references include citations involving basic feature packages and optional features' descriptions, and rates. This is not acceptable to the Commission, as it results in an incomplete description of the service offering and no representation of certain rates that may be charged on an intrastate basis. Therefore, the Commission will require MCI to either (1) amend the Vnet Service tariff filing to eliminate references to its FCC Tariff No. 1 and provide a complete description of basic feature packages, optional features, and rates; or (2) file the relevant portions of its FCC Tariff No. 1 as an addendum to its Vnet Service tariff filing. Essentially,

⁴ For example, MCI Intercity Telecommunications Service Tariff, 1st Revised Page 34.

this is the same option available to local exchange carriers relative to intrastate access services tariff filings.⁵

FINDINGS AND ORDERS

The Commission, having considered the tariff filing and being sufficiently advised, is of the opinion and finds that:

1. South Central Bell's motion to intervene should be granted.

2. MCI's Vnet Service tariff filing should be made effective pursuant to the provisions of 807 KAR 5:011, Section 9(1), subject to any compensation arrangement that may be ordered in Administrative Case No. 323.

3. South Central Bell's motion for nondiscriminatory treatment of MCI's service offerings should be granted.

4. South Central Bell's motion to consolidate the Vnet Service tariff filing with Administrative Case No. 323 should be denied.

5. MCI should measure and report interstate and intrastate jurisdictional usage and interLATA and intraLATA usage associated with Vnet Service, and file usage reports with the Commission on a quarterly basis.

6. MCI should inform prospective Vnet Service customers that their use of the service to complete intraLATA calls is not authorized by the Commission.

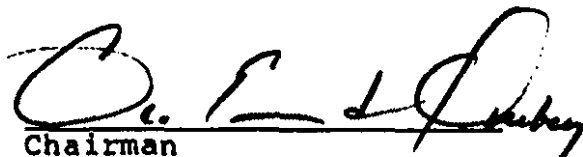
⁵ See Orders in Case No. 8838, An Investigation of Toll and Access Charge Pricing and Toll Settlement Agreements for Telephone Utilities Pursuant to Changes to be Effective January 1, 1984, dated November 20, 1984, pages 62-63 and February 15, 1985, page 68.

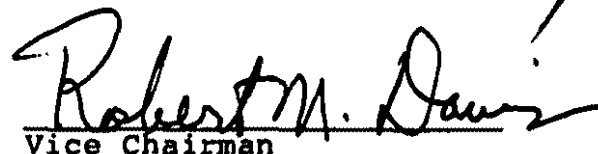
7. MCI should amend its Vnet Service tariff filing within 30 days from the date of this Order to either (1) eliminate references to its FCC Tariff No. 1 and provide a complete description of basic feature packages, optional features, and rates; or (2) file the relevant portions of its FCC Tariff No. 1 as an addendum to its Vnet Service tariff filing.

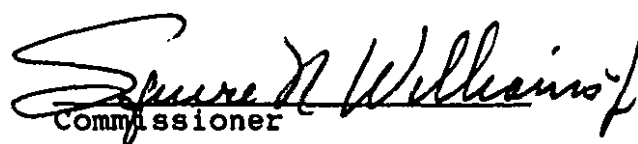
Accordingly, the above findings are HEREBY ORDERED.

Done at Frankfort, Kentucky, this 20th day of January, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director