

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE INVESTIGATION AND REVIEW OF)	ADMINISTRATIVE
CUSTOMER-OWNED, COIN-OPERATED)	CASE NO. 337
TELEPHONE REGULATION)	

O R D E R

The Commission on its own motion initiates an investigation to determine whether persons who own, control, operate or manage Customer-Owned, Coin-Operated Telephones ("COCOTs") or payphones are a utility as defined by KRS 278.010.

In Administrative Case No. 293,¹ the Commission determined that COCOTs were not utilities. Local Exchange Carriers ("LECs") are required by order to file COCOT tariffs and the Commission regulates COCOT service through the tariffs of the LECs. There have been many changes in COCOT service since the Commission's April 16, 1986 and November 11, 1986 Orders in Administrative Case No. 293. For example, "smart" coin-operated telephone or payphones perform functions not contemplated in Administrative Case No. 293.

¹ Administrative Case No. 293, An Inquiry Into Local Resale of Exchange Services by STS Providers and COCOT providers. Orders dated April 16, 1986 and November 11, 1986.

The Commission's recent decisions in Case No. 8838 Phase I and Administrative Case No. 306² have caused COCOT providers to seek utility status as authorized carriers so that they might use the LEC's billing and collection services. On July 23, 1990, Coin Phones, Inc. ("Coin Phones") filed an application for a Certificate of Public Convenience and Necessity. On August 28, 1990, Coin Phones Management filed an application for a Certificate of Public Convenience and Necessity. By separate Orders, these applications will be held in abeyance pending the outcome of this case.

ISSUES PRESENTED

1. The question presented is whether persons who own, control, operate, or manage COCOTs meet the definition of a utility as found in KRS 278.010(3)(e).

Utility means any person except a city, who owns, controls or operates or manages any facilities used or to be used for or in connection with the transmission or conveyance over wire, in air or otherwise, of any message by telephone or telegraph for the public, for compensation.

2. If the Commission determines that COCOTs meet the statutory definition of utilities, whether they should be considered dominant or non-dominant?

² 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; Administrative Case No. 306, Detariffing Billing and Collection Services.

3. If COCOTs are deemed to be non-dominant utilities, then what is the appropriate regulatory scheme?

The Commission, having been otherwise sufficiently advised, HEREBY ORDERS that:

1. This case shall be established to consider the above stated issues.

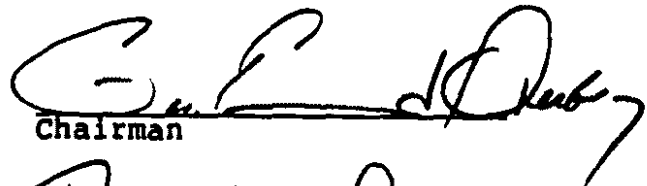
2. Coin Phones, Inc. and Coin Phone Management shall be parties to this investigation.

3. A copy of this Order is being sent to all persons known to the Commission that purchase COCOT access from Kentucky LECs. All LECs are being served a copy of this Order. Anyone being served a copy of this Order shall have the right to request intervention in writing for the purpose of participating in this proceeding.

4. Written comments may be filed addressing the issues enumerated herein within 60 days of the date of this Order.

Done at Frankfort, Kentucky, this 26th day of November, 1990.

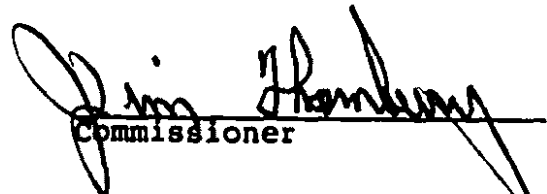
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Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner