

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF AMERICALL LONG)
DISTANCE, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 90-102
TRANSACTION THE BUSINESS OF A RESELLER OF)
TELECOMMUNICATIONS SERVICES WITHIN THE)
COMMONWEALTH OF KENTUCKY)

O R D E R

IT IS ORDERED that Americall Long Distance, Inc. ("Americall Long Distance") shall file the original and 10 copies of the following information with the Commission within 30 days from the date of this Order. If the information cannot be provided by this date, a motion for an extension of time must be submitted stating the reason for the delay and the date by which the information can be furnished. Such motion will be considered by the Commission.

1. Is there any relationship between Americall Long Distance and AmeriCall Systems of Louisville or any affiliate? If so, explain.

2. Is there any connection between Americall Long Distance's application for a Certificate of Public Convenience and Necessity and the transaction referred to in the March 13, 1990 Courier Journal entitled "Cincinnati Bell Buys AmeriCall of Louisville"? (copy attached) If so, provide a full explanation.

3. Is "Americall Long Distance" a marketing name for AmeriCall Systems of Louisville? Has "Americall Long Distance" ever been used as a marketing name for AmeriCall Systems of Louisville?

4. Provide a list of all names Americall Long Distance intends to use for marketing purposes.

5. If obtaining a Certificate of Public Convenience and Necessity for Americall Long Distance is a preliminary step of the planned transfer of AmeriCall Systems of Louisville to Cincinnati Bell Telephone Company ("Cincinnati Bell"), will Americall Long Distance exist as an operating utility if the transfer does not occur?

6. What effect will the proposed transfer of AmeriCall Systems of Louisville to Cincinnati Bell have on the legal entities of AmeriCall Systems of Louisville and AmeriCall Dial-O? Particularly, how will the proposed transfer impact the interactions between AmeriCall Systems of Louisville and AmeriCall Dial-O?

7. Identify for each of the current owners, partners, and shareholders of AmeriCall Systems of Louisville and AmeriCall Dial-O what, if any, will be their position in Americall Long Distance?

8. Does Americall Long Distance expect to eventually serve the current customer accounts of AmeriCall Systems of Louisville and/or AmeriCall Dial-O? If so, identify those accounts or what criteria will be used to determine which accounts Americall Long Distance will serve?

9. Provide Americall Long Distance's carrier identification code.

10. Provide a complete identification and description of the services that Americall Long Distance intends to resell in its provision of Kentucky intrastate telecommunications services. The following should be included:

a. Identification of the carriers and relevant tariffs governing the provision of transmission services to Americall Long Distance.

b. Copies of contracts, if any, for non-tariffed transmission services provided to Americall Long Distance.

c. A diagram showing Americall Long Distance's points-of-presence and switching locations and showing the specific resold services serving these locations.

d. A description of how Americall Long Distance will provide intraLATA services, particularly how Americall Long Distance will ensure that its intraLATA services are provided only through the resale of WATS.

11. Does Americall Long Distance own and/or operate any transmission facilities in Kentucky or any other jurisdiction? If so, provide a description of these facilities.

12. Does Americall Long Distance intend to provide any operator services? If so, describe.

13. On page 2 of Americall Long Distance's application, it states in part "[a]ny non-tariffed transaction between Americall Long Distance and Cincinnati Bell is performed pursuant to arm's-length written agreements."

a. What non-tariffed transactions are referred to here?

b. Provide a complete description of all transactions involving asset transfers or the provision of products or services, whether tariffed or not, that will occur between Americall Long Distance and Cincinnati Bell or any other affiliate of Cincinnati Bell.

c. How will the accounting treatment for these transactions be handled?

14. Reference Tariff Section B, page 6. Definitions contained on this page refer to connections of circuits and dedicated access lines. As a reseller, what circuit connections will Americall Long Distance be required to perform?

15. Reference the proforma income statement included with the application.

a. Define and explain "SG&A."

b. Explain the "Acquisition Costs."

16. Reference the proforma balance sheet included with the application.

a. Why is there \$1,500,000 in Accounts Receivable? Is Americall Long Distance currently in operation?

b. Describe the assets included in "Fixed Assets."

c. Explain the "Acquisition Costs, Goodwill, Other."

17. Reference Tariff Section C.4.b., page 9.

a. Provide justification for requiring customers to secure licenses, rights-of-way, and be responsible for all legal steps for interconnecting with carrier's facilities.

b. In view of Americall Long Distance's request for reseller status, what is meant by "carrier's facilities"?

18. Provide a revision for Tariff Section C.6.c., page 10. Late payment penalties are permitted, but not interest.

19. Reference Tariff Section C.6.f., page 11. Provide revised tariff language clarifying what is meant by "after an attempt has been made to notify the customer of delinquency." The clarification should include objective criteria (specific number of days) for determining how long after the customer is notified of a delinquency before termination of service will occur and that the notification will be in writing.

20. Reference Tariff Section C.6.g., page 11. This section provides for a returned check charge and includes as one of the reasons "missing signature or endorsement." Is it Americall Long Distance's intent to charge the customer if Americall Long Distance fails to endorse the check?

21. Reference Tariff Section C.14, page 17, "Special Services." Will any recurring services be considered a "Special Service"? If so, explain.

22. Reference Tariff Section D.4, page 21, "Special Promotions."

a. Provide details of the association services discount such as: types and sizes of associations; levels of discounts; basis for determining discount levels; whether billing will be to the association or to members; description of compensation, if any, to the association; identification of entities liable for unpaid bills; applicability of other

discounts; and identification of services to which discounts will apply.

b. Explain why the "Free Long Distance" service mentioned is not in conflict with KRS 278.170.

23. Reference Tariff Section D.5, page 22, "AmeriCall Multi WATS." This section states in part "Multi WATS originates over ordinary switched access, and is available on a presubscription basis. Multi WATS may also be provided utilizing other forms of originating switched access."

a. What other forms of originating switched access are referred to here?

b. If any of these services may require dedicated or special access, such as "Option D" for example, provide a tariff modification correcting this section. If the customer is responsible for obtaining or paying for such access, this should also be specified in the tariff.

c. How will average monthly minimum usages be determined? For example, how many months will be used to compute the average? What rates will be charged if monthly minimum usages are not exceeded?

24. Reference Tariff Section D.8.a, page 27, "AmeriCall Standard Travel Service." Will this service only be billed to AmeriCall Long Distance issued authorization codes? If other types of billing, such as collect billing, third-party billing, and billing to credit cards issued by other entities is permitted, provide clarification.

25. Reference Tariff Section D, "Rates and Charges" in general. Several of the services in this entire section, "Multi WATS" for example, identify billing increments such as "6 seconds"; however, the rates shown appear to be per minute rates. Provide clarification.

26. Provide a toll-free number and point-of-contact for customer complaints.

Done at Frankfort, Kentucky, this 28th day of June, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

Cincinnati Bell plans to acquire AmeriCall

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distance companies that compete with AT&T, MCI and US Sprint.

In 1988 LDDS Communications Inc. of Jackson, Miss., bought TMC of Louisville. A year later LDIS merged with Advantage Companies Inc. of Nashville, Tenn. Advantage also provided long-distance services in Kentucky.

"What you're seeing is a natural consolidation as the market matures," Zahner said. "You're seeing some companies drop out or fail and companies like ours that have been successful in a market niche combine with others."

The agreement announced yesterday also contains the option for Cincinnati Bell to acquire AmeriCall Dial "O" Services Inc., the operator-services company supporting AmeriCall Systems.

Cincinnati Bell said it is not exercising its option to acquire the Dial "O" operation at this time.

Cincinnati Bell buys AmeriCall of Louisville

By RIC MANNING
Business Writer

AmeriCall Systems of Louisville, a privately held company that provides long-distance service to Kentucky business, has agreed to be acquired by Cincinnati Bell Inc. Terms were not disclosed.

If the deal is approved by the boards of both companies and the Kentucky Public Service Commission, AmeriCall would become part of LDN Communications, Cincinnati Bell's long-distance resale subsidiary.

AmeriCall has about 50 employees and serves 7,000 customers, most of them small to mid-sized businesses in Louisville, Lexington, Frankfort and other Kentucky cities.

AmeriCall President Jeff Zahner said he expects Cincinnati Bell to retain AmeriCall as an operating unit concentrating on Kentucky.

"One reason Cincinnati Bell was interested in us is because we've done such a good job in service," Zahner said. "That dovetailed with their target, which is Kentucky, Ohio, Indiana and Michigan."

Cincinnati Bell provides local telephone service in greater Cincinnati and in three Northern Kentucky counties.

Unlike the regional Bell holding companies, Cincinnati Bell is not prohibited from offering interstate long-distance services.

In January Cincinnati Bell purchased CTI Telecommunications, a regional long-distance reseller operating in Indiana and Michigan.

Last month the company created LDN Communications, a subsidiary company to support acquisitions in the long-distance industry.

In a statement, L. L. Hendrickson, president and chief executive officer of Cincinnati Bell, said, "AmeriCall Systems has an impressive record of growth and profit, an excellent reputation for customer service and state-of-the-art switching equipment."

AmeriCall is owned by four Louisville-based partners: Tom Dieruf, Dick Thurman, Jon Patterson and Zahner.

The proposed sale continues a trend toward consolidation among the small long-