

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LONG DISTANCE MANAGEMENT (A DIVISION OF WRIGHT BUSINESSES, INC.) AND TMC OF SOUTHERN KENTUCKY (A GENERAL PARTNERSHIP)

PETITIONERS

VS.

CASE NO. 91-315

SOUTH CENTRAL BELL TELEPHONE COMPANY

DEFENDANT

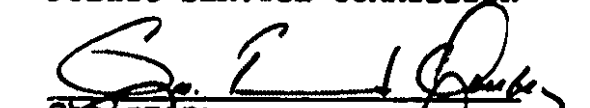

ORDER TO SATISFY OR ANSWER

South Central Bell Telephone Company is hereby notified that it has been named as defendant in a formal complaint filed on September 3, 1991, a copy of which is attached hereto.

Pursuant to 807 KAR 5:001, Section 12, defendant is HEREBY ORDERED to satisfy the matters complained of or to file a written answer to the complaint within 10 days from the date of service of this Order.

Done at Frankfort, Kentucky, this 18th day of September, 1991.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:


Executive Director

BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

Long Distance Management
(a division of Wright Businesses, Inc.) and
TMC of Southern Kentucky (a general partnership)

No. 91-315

COMPLAINANTS

vs.

South Central Bell Telephone Company

DEFENDANT

COMPLAINT

The Complaint of Long Distance Management (a division of Wright Businesses, Inc.) and TMC of Southern Kentucky (a general partnership), respectfully shows:

(a) That the name and address of Complainants are Long Distance Management (a division of Wright Businesses, Inc.), 611 Broadway, Paducah, Kentucky 42001 ("LDM") and TMC of Southern Kentucky (a general partnership), 1149 College Street, Bowling Green Towers, P.O. Box 9789, Bowling Green, Kentucky 42101 ("TMC").

(b) That the name and address of Defendant is South Central Bell Telephone Company, 601 W. Chestnut Street, P.O. Box 32410, Louisville, Kentucky 40232 ("South Central Bell").

(c) That LDM and TMC are re-sellers of long distance telephone service and provide such long distance telephone services to consumers residing primarily in Kentucky.

(d) South Central Bell is a local exchange carrier that switches and delivers long distance telephone traffic to consumers within the lata for re-sellers.

(e) LDM and TMC are direct competitors of South Central Bell, as well as several other national and local long distance services, including other companies located in Kentucky that are customers of South Central Bell.

(f) The rates charged by South Central Bell for the services rendered to LDM and TMC and other long distance carriers are based upon the percentage of interstate usage ("PIU"). The formula for calculating the access rates charged by South Central Bell to the carriers is such that the higher the PIU, the lower the rates to the carriers.

(g) That at the time LDM and TMC first began accepting services from South Central Bell, the parties understood that LDM and TMC did not have the clerical manpower or equipment necessary to calculate its PIU on an individual basis. Therefore, LDM and TMC each agreed with South Central Bell that the PIU would be established at the industry average of 85 percent.

(h) In 1990, South Central Bell employed the accounting firm of Deloitte and Touche to conduct an audit of LDM and TMC to determine its PIU based upon actual usage. After analyzing relevant data, Deloitte and Touche determined the actual PIU was 38 per cent for LDM and TMC.

(i) By letter dated June 18, 1991, South Central Bell advised LDM and TMC of the results of the audit and stated that South Central Bell intended to bill LDM and TMC a combined total of \$151,283.59 for the time period October 1990 through 1991. Additional bills will be sent for August and September, 1990. These bills result from applying the actual PIU's to the rates in place of the industry average. Further, beginning in May, 1991, South Central Bell altered its rates to LDM and TMC to reflect actual PIU resulting in substantially higher monthly bills.

(j) To the best knowledge of Complainants, they are the only re-sellers located in Kentucky associated with South Central Bell that has been audited in such a manner and whose rates are based upon their actual PIU's. Several competitors of LDM and TMC also are customers of South Central Bell and their rates are based upon the carrier's estimation of PIU that has not been similarly audited by South Central Bell.

(k) Although, South Central Bell has advised LDM and TMC that it intends to audit the competitors, South Central Bell has

admitted that it may take up to two (2) years or more to complete such audits.

(1) The higher rates to be charged to LDM and TMC resulting from this change in the calculation of PIU will place LDM and TMC at a severe competitive disadvantage by causing Complainants to raise their long distance rates to their customers by substantial amounts.

(m) As a result of the aforementioned, South Central Bell has:

1) Discriminated against LDM and TMC by charging rates to Complainants based upon audited PIU's while charging rates to Complainant's competitors based upon unaudited PIU's.

2) Increased its rates to a level that will cause LDM and TMC to become non-competitive and, therefore, reduce competition within the industry, all to the damage of those using long distance telephone service in the Commonwealth of Kentucky.

3) Discriminated against long distances carriers based in Kentucky such as LDM and TMC whose usage is primarily intrastate by charging such intrastate carriers higher access charges.

WHEREFORE, LDM and TMC respectfully request the following:

1) For a formal hearing before the Public Service Commission on the issues raised herein;

2) For an Order of the Commission: a) denying South Central Bell's attempt to increase rates against LDM and TMC; b) requiring South Central Bell to cease and desist its discriminatory practices; c) requiring South Central Bell to charge all of its re-seller customers of similar classification the same rates; d) requiring South Central Bell to implement its new rates based upon actual audited PIU against all carriers at the same time; e) requiring South Central Bell to refund to LDM and TMC all charges paid from May 1991 to date resulting from the PIU adjustment; and

3) Costs herein expended and a reasonable fee for Complainant's attorney.

Dated at Paducah, Kentucky, this 30th day of August, 1991.

LONG DISTANCE MANAGEMENT (a division of
Wright Businesses, Inc.)

By A. D. Wright Jr.
A. D. WRIGHT, President

TMC OF SOUTHERN KENTUCKY, a General
Partnership

By A. D. Wright Jr.
WRIGHT BUSINESSES, INC., Partner

Tom Garrett
TOM GARRETT
1500 Kentucky Avenue
P.O. Box 868
Paducah, KY 42002-0868

Attorney for Complainants

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