

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AMERICAN TELEPHONE NETWORK, INC.)	
)	
_____)	CASE NO. 92-306
)	
ALLEGED VIOLATION OF KRS 278.020)	
AND KRS 278.160)	

SHOW CAUSE ORDER

On May 7, 1992, American Telephone Network, Inc. ("American Telephone Network") submitted an application for a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the state of Kentucky.¹

In response to a data request dated June 5, 1992, American Telephone Network indicated it has provided service in Kentucky without Commission approval. American Telephone Network's response is attached hereto and incorporated herein as Appendix A.

Accordingly, the Commission finds that a prima facie case has been established that American Telephone Network failed to file its application for a certificate to provide service and its tariff with the Commission prior to collecting compensation for such utility service resulting in a violation of the provisions of KRS 278.020 and KRS 278.160.

¹ Case No. 92-199, Application of American Telephone Network, Inc. for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Telecommunications Services Within the State of Kentucky.

IT IS THEREFORE ORDERED that:

1. American Telephone Network, shall appear at a hearing scheduled August 11, 1992 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, and be prepared to show cause why it should not be penalized pursuant to KRS 278.990 for failing to comply with KRS 278.020 and KRS 278.160.

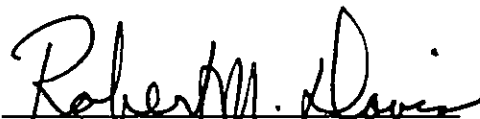
2. American Telephone Network shall immediately cease and desist charging for any and all telecommunications services within the Commonwealth of Kentucky.

Done at Frankfort, Kentucky, this 24th day of July, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director, Acting

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-306 DATED 7/24/92

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

AMENDMENT TO APPLICATION OF
AMERICAN TELEPHONE NETWORK, INC.
FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO
OPERATE AS A RESELLER OF
TELECOMMUNICATION SERVICES
WITHIN THE STATE OF KENTUCKY

GENERAL

CASE NO. 92-199

American Telephone Network, Inc. ("Applicant" or "ATN") files additional information into Case No. 92-199 as requested by the Commonwealth of Kentucky Public Service Commission's order dated June 5, 1992. As requested, the information is tabbed according to the Commission's Order.

Respectfully submitted this 2nd day of July, 1992 at

American Telephone Network, Inc.
2313 6th Avenue South
Birmingham, Alabama 35233

By:

John R. Thomas

John R. Thomas

President

2313 6th Avenue South

Birmingham, Alabama 35233

(205) 320-2000

1. Has American Telephone Network or any of its affiliates ever provided and/or collected any money from the public for the provision of intrastate telecommunications services in Kentucky? If so, explain in detail.

Yes, American Telephone Network, Inc. ("ATN") was formed on May 11, 1990 to provide small and medium size businesses with the opportunity to achieve savings on their long distance telephone bills. ATN subscribed to one of AT&T's interstate multi-location plans under the provision of AT&T's interstate multi-location plans under the provisions of AT&T's Tariff FCC 1 Custom Software Defined Network ("SDN") using the Location Account Billing Option. Pursuant to the SDN plan subscribed to by ATN at that time, ATN was the agent of the member. By joining an interstate multi-location plan, a small or medium size business had the buying power of all members of the group. The member subscribed to the service with AT&T and AT&T performed the following functions:

- (1) checked the credit;
- (2) collected the deposit;
- (3) set the rates;
- (4) billed the member;
- (5) collected the payments;
- (6) booked the sales revenue; and
- (7) made the decision as to if and when to disconnect a member for non-payment.

Each member was directly and solely liable to AT&T for all interstate and intrastate charges incurred and was AT&T's customer. ATN only put members together as a group to take advantage of economics of scale and to achieve the resulting savings. Thus, ATN was not a reseller as it originally commenced its activities.

As ATN's operations developed and the national marketing plan achieved great success, the number of members and the increase in locations resulted in AT&T no longer treating the members as an AT&T customer. AT&T ceased providing the functions listed above. In May, 1991, ATN began performing the billing function and the former members became ATN's customers. Since then, ATN has collected for the provision of intrastate telecommunications services for 24 customers. Attached as Confidential Exhibit 1.A are the names, addresses, dates of service commencement and amounts collected from each customer. ATN will send the Commission a copy of the actual billing statements for each customer as soon as they are copied.

When this occurred, ATN immediately started filing with the various state Commissions for authority to operate as a switchless reseller. ATN has registered or received authority from the respective Commission to operate in the following states: Alabama, California, Florida, Georgia, Kansas, Indiana, Louisiana, Massachusetts, Maryland, Missouri, Montana, North Carolina, New Jersey, New York, Oklahoma, Pennsylvania, South Carolina, Texas and Wisconsin.

ATN has not actively marketed service in Kentucky since it became a switchless reseller. Most of the Kentucky accounts that were signed up came from one of two sources: (1) the member location was part of a national or regional account; or (2) the account was a referral from a satisfied customer. ATN strongly believes that no Kentucky business has been harmed in any way as a result of subscribing to our service.

ATN plans to fully comply at all times with all applicable rules and regulations of the Commission. Therefore, ATN has attached a proposed settlement offer to resolve the issues related to providing service without a Certificate of Convenience and Necessity.