

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED SPECIAL CONTRACT OF SOUTH )  
CENTRAL BELL TELEPHONE COMPANY ON )  
BEHALF OF THE LOCAL EXCHANGE ) CASE NO. 95-151  
CARRIER TELEPHONE GROUP FOR THE )  
KENTUCKY INFORMATION HIGHWAY )  
RFP ET-41-95 )

O R D E R

On March 17, 1995, BellSouth Telecommunications, Inc., d/b/a South Central Bell Telephone Company ("South Central Bell"), on behalf of the Local Exchange Carrier Telephone Group ("LECTG"), filed a proposed special contract ("contract") between the state of Kentucky and the LECTG for provision of the Kentucky Information Highway and Communications services. The contract is scheduled to become effective on July 1, 1995. On March 30, 1995, AT&T Communications of the South Central States, Inc. ("AT&T") filed for full intervention. In its motion, which has been granted by separate Order, AT&T alleges that rates contained in the contract are discriminatory, that the LECTG has not followed Commission guidelines regarding access cost imputation, and that these subsidized rates will be borne by other Kentucky ratepayers.

The Commission finds that, pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the contract terms. Due to the July 1, 1995 contract implementation date, the procedural schedule attached as Appendix A is necessarily tight. In addition, the Commission finds that confidentiality matters, specifically those at issue in Commission

Cases 95-105,<sup>1</sup> 95-106,<sup>2</sup> and 95-110,<sup>3</sup> which cases are incorporated herein by reference, should be handled expeditiously.

IT IS THEREFORE ORDERED THAT:

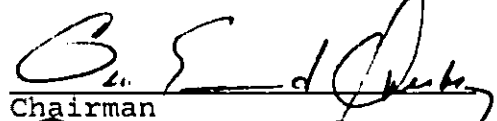
1. The proposed contract be and is hereby suspended from April 5, 1995 up to and including June 30, 1995.

2. Nothing contained herein shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

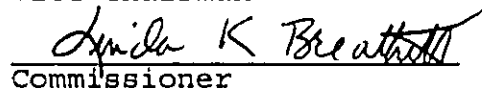
3. AT&T, any other intervenors, and the LECTG shall respond to the requests for information contained in Appendix B hereto within 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 6th day of April, 1995.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

<sup>1</sup> Case No. 95-105, Cincinnati Bell Telephone Company's Petition for Confidential Treatment of Cost Data Filed in Connection with Kentucky State Government Request for Proposal ET-41-95.

<sup>2</sup> Case No. 95-106, Request for Confidential Treatment of the Cost Support Material Filed with the Proposed Contract of South Central Bell Telephone Company on behalf of the Local Exchange Carrier Telephone Group for the Kentucky Information Highway and Communication Services RFP ET-41-95.

<sup>3</sup> Case No. 95-110, Request for Confidential Treatment of the Cost Support Material Filed with the Proposed Contract of South Central Bell Telephone Company on behalf of the Local Exchange Carrier Telephone Group for the Kentucky Information Highway and Communication Services RFP ET-41-95.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 95-151 DATED APRIL 6, 1995.

All Requests for Information To LECTG and Intervenors shall be due at the Commission no later than . . . . .	04/14/95
Intervenors and LECTG responses shall be due at the Commission no later than . . . . .	05/01/95
Intervenor testimony, if any, shall be due at the Commission no later than . . . . .	05/12/95
Last day for LECTG to publish notice of hearing date .	05/15/95
Public Hearing is to begin at 9:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of cross-examination of witnesses of LECTG and witnesses of the Intervenors . . . . .	05/22/95

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 95-151 DATED APRIL 6, 1995.

Questions propounded to AT&T and any other intervenors:

1. Provide a copy of AT&T's protest, filed after award of the state contract to the LECTG, and any responses received.
2. a. Compare AT&T's proposed rates and those submitted by LECTG in a column format on a service by service basis.  
b. Explain any differences between each set of service rates.  
c. Has LECTG omitted cost elements which should have been included in its proposed rates?

Questions propounded to LECTG:

3. Explain how the LECTG has imputed costs, such as access charges, on a service by service basis.
4. Are the rates in LECTG's proposed special contract now available or will they be available in the future to any entity other than state government? If yes, explain how the rates for other customers will be determined.
5. Provide the LECTG's projected revenues, costs, and contribution to revenue requirement of:
  - a. the LECTG group being awarded the contract.
  - b. another entity being awarded the contract, but required to use local exchange carrier networks for access and related services.

c. business continuing as if the state had not issued a request for proposal.

6. Based on the projections provided in response to Question 5, explain in detail how the proposed Special Contract is in the public interest.

7. Refer to the cost study South Central Bell filed on behalf of the LECTG. List and discuss all assumptions supporting the demand projections on a service by service basis. Explain why some service demand projections are held constant, while others experience annual growth.