

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EZ PHONE, INC. FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO PROVIDE LOCAL EXCHANGE) CASE NO. 97-266
TELECOMMUNICATIONS SERVICES IN THE)
STATE OF KENTUCKY)

O R D E R

On August 22, 1997, EZ Phone, Inc. ("EZ Phone") filed an application for a Certificate of Public Convenience and Necessity to provide local exchange intrastate telecommunications service. EZ Phone is an Ohio corporation with its principal offices in the state of Ohio.

EZ Phone seeks authority to provide prepaid local telecommunications resale service to consumers who are unable to receive telephone service from the incumbent local exchange carrier ("ILEC") because of poor credit or prior payment histories. EZ Phone will offer the customer all services available for resale from the ILEC.

On August 22, 1997, EZ Phone submitted its proposed tariff. However, the proposed tariff is undated and unsigned. It should be resubmitted in accordance with 807 KAR 5:011.

EZ Phone seeks a waiver from 807 KAR 5:006, Section 3(5), which requires utilities to adopt the Uniform Systems of Accounts ("USOA"). EZ Phone currently maintains its

books and records in accordance with the Generally Acceptable Accounting Principles ("GAAP"). The request should be granted

EZ Phone requests a waiver from 807 KAR 5:006, Section 13(2), which requires the provider to negotiate and accept reasonable partial payment plans from its customers. Because EZ Phone customers will be those whose payment history has limited their ability to obtain service from more traditional local carriers in a competitive local exchange market, the Commission finds that the request should be granted on the condition that EZ Phone state its payment plan in plain language on all customer contracts.

EZ Phone requests a waiver from 807 KAR 5:006, Section 13(5), which requires the provider to notify the customer prior to termination. Because EZ Phone customers will be those whose payment history has limited their ability to obtain service from more traditional local carriers in a competitive local exchange market, the Commission finds that the request should be granted on the condition that EZ Phone state its lack of notification prior to termination in plain language on all customer contracts.

EZ Phone requests a waiver from the requirements of 807 KAR 5:006, Section 14, regarding refusal or termination of service. EZ Phone plans to charge its customers on a monthly basis, in advance, for prepaid local service. Payment must be received in full by the bill due date or EZ Phone will disconnect the service. Because EZ Phone customers will be those whose payment history has limited their ability to obtain service from more traditional local carriers in a competitive local exchange market, the Commission finds that the request should be granted on the condition that EZ Phone state its termination rules in plain language on all customer contracts.

EZ Phone seeks a waiver from 807 KAR 5:061, Section 5, which requires the service provider to dispense annual directories to its customers. EZ Phone's subscribers shall receive a local directory via a contractual arrangement with the ILEC. This seems to meet the requirements of Section 5, making a waiver moot.

EZ Phone seeks a waiver from 807 KAR 5:061, Section 11, which requires an ILEC to provide at least one public payphone per exchange. Because EZ Phone will be a non-facilities-based reseller of an ILEC's network, the Commission grants this waiver.

EZ Phone has obtained a bond in support of its future Universal Service Fund obligations. The amount of the bond is an estimate of 6 percent of the estimated gross receipts to be received from its provision of intrastate telecommunications service.

EZ Phone and BellSouth Telecommunications, Inc. ("BellSouth") also have submitted their negotiated interconnection agreement for Commission approval pursuant to the Telecommunications Act of 1996, 47 U.S.C. Section 252(e). In accordance with Administration Case No. 355,¹ EZ Phone has established a bond to support its Universal Service Fund obligations.

The Commission has reviewed EZ Phone's agreement with BellSouth and finds that no portion of the agreement discriminates against a telecommunications carrier not a party to the agreement. The Commission also finds that the implementation of the agreement is consistent with the public interest, convenience, and necessity.

The information provided in EZ Phone's application and exhibits thereto demonstrate its financial, managerial, and technical capability to provide utility service. The Commission

¹ Administrative Case No. 355, An Inquiry into Local Competition, Universal Service, and the Non-Traffic Sensitive Access Rate, Order dated September 26, 1996.

finds that EZ Phone should be authorized to provide intrastate telecommunications services within the Commonwealth of Kentucky, as described in this Order and its application.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, HEREBY ORDERS that:

1. EZ Phone is granted authority to provide local intrastate telecommunications services within the Commonwealth of Kentucky as described herein and in its application, on and after the date of this Order.

2. EZ Phone is granted a waiver from 807 KAR 5:006, Sections 3(5), 13(2), 13(5), 14, and 807 KAR 5:061, Section 11.

3. EZ Phone's negotiated agreement with BellSouth is approved.

4. EZ Phone shall comply with the monitoring requirements set forth in Administrative Case No. 355.


5. Within 30 days from the date of this Order, EZ Phone shall file its Kentucky tariff pursuant to 807 KAR 5:011.

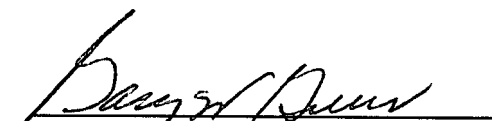
6. The waivers regarding termination and customer notice that are granted herein shall apply only so long as EZ Phone continues to provide service to persons who cannot receive telephone service from the ILEC because of poor credit or prior payment histories.

Done at Frankfort, Kentucky, this 18th day of November, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director