

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKROTEC INTERNET SERVICES, INC.	)	
	)	
COMPLAINANT	)	
	)	
v.	)	CASE NO. 2002-00478
	)	
KENTUCKY ALLTEL, INC.	)	
	)	
DEFENDANT	)	

ORDER TO SATISFY OR ANSWER

Kentucky ALLTEL, Inc. ( ALLTEL ) is hereby notified that it has been named as defendant in a formal complaint filed on December 20, 2002, a copy of which is attached hereto.

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

Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

Done at Frankfort, Kentucky, this 3<sup>rd</sup> day of January, 2003.

By the Commission

ATTEST:



Executive Director

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of :

MIKROTEC INTERNET SERVICES, INC. )  
Complainant )

v. )

KENTUCKY ALLTEL, INC. )  
Defendant )

Case No. 2002-00478

FORMAL COMPLAINT

Mikrotec Internet Services, Inc. ("Mikrotec"), by counsel, for its formal complaint against Kentucky ALLTEL, Inc. ("ALLTEL"), pursuant to KRS 278.260, hereby states as follows.

1. The full name and address of Mikrotec is Mikrotec Internet Services, Inc. ("Mikrotec"), 1001 Winchester Road, Lexington, Kentucky 40505. Mikrotec is an internet service provider ("ISP") that provides dial-up and digital subscriber line ("DSL") internet service to its Kentucky customers.

2. The full name and address of ALLTEL is Kentucky ALLTEL, Inc., P.O. Box 1650, Lexington, Kentucky 40588-1650. ALLTEL is an incumbent local exchange carrier ("ILEC") that wholesales dial-up and DSL internet access to Mikrotec (for resale by Mikrotec to Mikrotec's end-user customers).

3. The facts supporting this complaint are set forth more fully below; but briefly, this complaint concerns ALLTEL's refusal or inability to provide reasonable billing service to Mikrotec.

### Applicable Law

4. KRS 278.030(1) provides, "Every utility may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person." *Id.*

5. KRS 278.030(2) provides, "Every utility shall furnish adequate, efficient and reasonable service, and may establish reasonable rules governing the conduct of its business and the conditions under which it shall be required to render service." *Id.*

6. 807 KAR 5:061 § 13 ("Customer Billing") provides, "Bills to customers shall be rendered regularly and shall contain clear listings of all charges. The utility shall comply with reasonable customer requests for an itemized statement of charges. . . ." *Id.*

### Factual Background

7. Since ALLTEL purchased Verizon's territory at the beginning of August this year, Mikrotec has experienced a multitude of problems with ALLTEL's billing services. Those problems are substantially impeding Mikrotec's ability to effectively operate its business in competition with ALLTEL and other ISP's.

8. The following bulleted list summarizes the typical ALLTEL billing problems that Mikrotec has experienced over the past four months.

- ALLTEL bills Mikrotec for "customers" who do not have Mikrotec DSL internet service and, in fact, have never even heard of Mikrotec in some instances<sup>1</sup>;
- ALLTEL bills both Mikrotec and Mikrotec's customer for the same circuit<sup>2</sup>, and when the customer (correctly) does not pay ALLTEL (regardless of whether Mikrotec pays), ALLTEL terminates service to Mikrotec's customer;

<sup>1</sup> In fact, and in addition, customers of other ISP's are being billed to Mikrotec.

<sup>2</sup> ALLTEL should not bill Mikrotec's customer for ISP service when the customer is a Mikrotec wholesale DSL customer. Mikrotec is a wholesaler of internet services, and thus the appropriate customer relationships are between ALLTEL and Mikrotec and between Mikrotec and its end-user subscriber. There is not (and should not be, under a wholesale arrangement) any relationship between ALLTEL and Mikrotec's customer.

- ALLTEL bills Mikrotec even when ALLTEL fails to complete Mikrotec's order (on behalf of its customer) for internet service;
- ALLTEL inconsistently uses different start dates for billing Mikrotec for DSL service installations;
- ALLTEL bills Mikrotec for late fees on incorrect, disputed bills;
- ALLTEL's invoices do not contain adequate data for Mikrotec employees to effectively and efficiently verify the accuracy of ALLTEL's bills<sup>3</sup>;
- In situations where ALLTEL has disconnected a Mikrotec customer's service, ALLTEL continues to bill Mikrotec for that customer's (terminated) service;
- ALLTEL bills Mikrotec the incorrect amounts for certain circuits (typically, ALLTEL bills the same circuit differently from month to month);
- ALLTEL bills Mikrotec for equipment that should be free of charge (e.g., modems) pursuant to the agreements between Mikrotec and ALLTEL; and
- ALLTEL acknowledges the problems with its billing services but forces Mikrotec to re-research and re-dispute these problems with ALLTEL each month; tellingly, ALLTEL has suggested that many of the above-listed problems could be avoided if Mikrotec would "give up" its attempts to bill the entire circuit and allow ALLTEL — Mikrotec's biggest competitor — to maintain the circuit billing relationship with Mikrotec's end-user customer.

9. ALLTEL has not, to date, undertaken any effective actions to resolve these issues despite numerous and lengthy conference calls between the parties. Accordingly, Mikrotec continues to experience these billing service problems as well as the resultant lost productivity and negative customer-service impact.

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<sup>3</sup> Mikrotec estimates that researching the line items on ALLTEL's invoices, including the piecemeal addition of data provided by ALLTEL in response to Mikrotec inquiries is costing Mikrotec 10-14 hours per month in non-productive billing research.

10. Currently, due to the number and magnitude of mistakes typically found in ALLTEL's bills to Mikrotec, Mikrotec is forced to spend substantial amounts of time attempting to research, verify, and reconcile ALLTEL's billing statements.

11. The effort that Mikrotec has been forced to devote to discovering and addressing these issues with ALLTEL could be better spent marketing Mikrotec's services, addressing Mikrotec's customer-service issues, or otherwise attempting to advance Mikrotec's competitive position in the ISP marketplace.

12. In addition, as Mikrotec's largest competing ISP, ALLTEL stands to gain considerably by using a substandard billing services system to impair Mikrotec's ability to effectively compete with ALLTEL.

13. Thus, unless ALLTEL is ordered to promptly and effectively rectify the multitude of billing service problems it has forced upon Mikrotec, competition in the ISP marketplace will be severely and irreparably damaged.

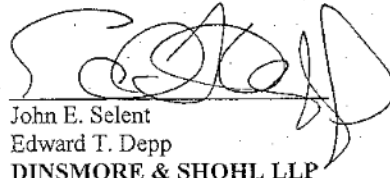
**WHEREFORE**, Mikrotec respectfully requests the Commission to take the following action.

- a. Order ALLTEL to immediately rectify the billing problems set forth in this complaint;
- b. Order ALLTEL to credit Mikrotec for all amounts improperly billed since August of 2002 (when ALLTEL acquired the properties from Verizon);
- c. Order ALLTEL to (until such time as its billing service problems are resolved to the Commission's satisfaction) consider all of its bills to Mikrotec the subject of a bona fide dispute, with all attendant late fees waived and payment due only after

ALLTEL renders accurate bills, as verified by Mikrotec within thirty (30) days of receipt;

- d. Take any other appropriate action to ensure that ALLTEL's billing services system is accurate and informative and that it does not impair competition in the ISP marketplace.

Respectfully submitted,



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