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January 18, 2005

HAND DELIVERY

JAN 18 2005
PUBLIC SERVICE COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: In the Matter of: Registration of TransWorld Network, Corp. with the Kentucky Public Service Commission
Case No. 2004-00138

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and four copies of TransWorld Network, Corp.'s Response to the Commission Staff's First Data Request Dated December 17, 2004 in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

Allyson K. Sturgeon

AKS/ec

Enclosures

cc: J.E.B. Pinney
Lourdes Vinas, TransWorld Network, Corp.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REGISTRATION OF TRANSWORLD)
NETWORK, CORP. WITH THE) **CASE NO. 2004-00138**
KENTUCKY PUBLIC SERVICE)
COMMISSION)

RESPONSE OF TRANSWORLD NETWORK, CORP.
TO THE COMMISSION STAFF'S
FIRST DATA REQUEST
DATED DECEMBER 17, 2004

Filed: January 17, 2005

**TRANSWORLD NETWORK, CORP.
CASE NO. 2004-00138**

**Response to the Commission Staff's First Data Request
Dated December 17, 2004**

Question No. 1

Responding Witness: Colin Wood, CEO

Q-1. In its Verified Offer of Settlement, TransWorld claims, for the purposes of a refund, that it would not be cost-effective to calculate the amount of revenue collected in Kentucky since 1998. State with specificity the costs and problems associated with such a calculation.

A-1. We are able to calculate the gross billed intrastate traffic in Kentucky since 1998 and can also determine amounts actually collected from Kentucky customers towards both intrastate and interstate traffic. From these amounts, we can estimate collected revenue attributable to Kentucky intrastate traffic for our overall customer base.

TransWorld Network, Corp (TWN) does not allocate payments received towards traffic type, nor do we allocate write-offs or credits towards specific states or traffic types. It is therefore very difficult to determine on an individual customer basis, actual amounts collected towards Kentucky intrastate traffic. Unfortunately, for purposes of individual refunds, the account of each affected Kentucky customer would need to be manually reviewed to determine how much traffic was: (1) Kentucky intrastate traffic, (2) actually paid for versus being written-off or credited.

On accounts where write-offs or credits did occur, an allocation percentage would need to be calculated to properly distribute the write-offs and collections towards the correct traffic type.

The above process would take an extensive amount of time and human resource when taking into consideration the number of accounts that would need to be reviewed exceeds 2100.

TRANSWORLD NETWORK, CORP.
CASE NO. 2004-00138

Response to the Commission Staff's First Data Request
Dated December 17, 2004

Question No. 2

Responding Witness: Colin Wood

Q-2. Provide the annual gross revenues TransWorld has received from intrastate service provided in Kentucky from 1998 to the present. State the reasons, if any, why TransWorld cannot provide the requested information.

A-2. In our telephone conference with the Commission, we cited gross collected revenue figures for both inter and intrastate services in Kentucky since 1998. We have also estimated, based on the traffic patterns how much of the collected revenue can be allocated between inter and intrastate traffic. These breakdowns are as follows:

<u>Year</u>	<u>Total KY Collected</u>	<u>KY intrastate percentage</u>	<u>Estimated collected towards KY intrastate traffic</u>
1998	\$ 5.86	45%	\$ 2.64
1999	\$ 1,334.84	45%	\$ 600.68
2000	\$ 856.96	45%	\$ 385.63
2001	\$ 6,025.90	45%	\$ 2,711.66
2002	\$ 30,257.62	45%	\$13,615.93
2003	\$124,532.40	45%	\$56,039.58
2004*	<u>\$ 49,982.65</u>	52%	<u>\$25,990.98</u>
	\$212996.23		<u>\$99,347.10</u>

*2004 figure is from January 01, 2004 through April 27, 2004 as TWN was granted Kentucky authority on April 28, 2004.

TRANSWORLD NETWORK, CORP.
CASE NO. 2004-00138
Response to the Commission Staff's First Data Request
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Question No. 3

Responding Witness: Colin Wood

Q-3. Provide the current number of active customers and the dates they became customers.

A-3. As of January 14, 2005 at 10am, there are a total of 1848 active Kentucky customers.

Of these, 8 signed up in 2000, 96 signed up in 2001, 504 signed up in 2002, 738 signed up in 2003, 489 signed up in 2004, and 13 have signed up in 2005.

Please bear in mind that the above counts are based on customer accounts bearing no account termination date. There are customers included in the above numbers that may have switched away from TWN service without notifying us to close their account(s).

**TRANSWORLD NETWORK, CORP.
CASE NO. 2004-00138**

**Response to the Commission Staff's First Data Request
Dated December 17, 2004**

Question No. 4

Responding Witness: Colin Wood

Q-4. Calculate the average length of time a customer remains with TransWorld and the average monthly bill of both residential and commercial customers.

A-4. Our figures indicate that 2407 customers spent a total of 42,269 months on TWN's long distance program through December 31, 2004. Therefore, the average length of time a customer remains on TWN service is 18 months.

As indicated in Question 3, TWN estimates that \$99,347 was collected towards Kentucky intrastate traffic from 1998 to April 27, 2004. As indicated in the answer to the first part of this question, TWN has calculated that its customers have spent a total of 42,269 months on our long distance program through December 31, 2004. The number of months as adjusted to April 27, 2004 is 28,205 months. This results in an estimated average monthly billing of \$3.52 towards Kentucky intrastate long distance traffic from 1998 to April 27, 2004.

Please note: Neither our revenue reports nor our traffic reports break information out by customer type (residential versus commercial). Given this, we are unable to assign a weighted average of overall revenue distribution between the two types. Therefore, we are unable to accurately or reliably distribute the above listed average figure between residential and commercial accounts.