

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INQUIRY INTO THE)
RESALE OF INTRASTATE)
WIDE AREA TELECOM-) ADMINISTRATIVE CASE NO. 261
MUNICATIONS SERVICE)

O R D E R

On February 11, 1983, the Commission sustained a motion made by South Central Bell Telephone Company ("Bell") in this matter to the extent that the hearing scheduled for February 15, 1983, was continued generally. Bell also requested that the hearing be consolidated with hearings on proposed restructured tariff filings for Intrastate Wide Area Telecommunications (WATS") because the Federal Communications Commission ("FCC"), in Docket No. 83-40, had ruled that resale and sharing restrictions may not be lawfully applied to intrastate WATS used to terminate interstate communications. The FCC's ruling did not extend to restrictions which pertain solely to the provision of WATS used in intrastate communications.

While the FCC's decision is limited to the use of intrastate WATS to terminate interstate communications, the parties to that proceeding contended that they are unable to determine the point of origin of calls in order to screen and block purely

intrastate calls. In effect, once intrastate WATS is provided, it can be used for both intrastate and interstate communications, without any party being able to "police" its use.

Bell further suggested that, in light of the FCC ruling, it would promptly file restructured and repriced Kentucky intrastate WATS tariff schedules to make such rates more usage sensitive for resale purposes. Bell also proposed to remove the resale and sharing prohibitions from its tariffs.

After considering this matter, the Commission finds that a hearing should be held for the purpose of receiving testimony relative to the following issues:

- 1) Whether the prohibitions in the tariff against resale and sharing of purely intrastate WATS should be maintained;
- 2) If such tariff prohibitions are found reasonable and should be maintained:
 - a) Should PSC have any regulatory requirements for users of intrastate WATS who only terminate interstate calls?
 - b) Can users of intrastate WATS for termination of their interstate calls screen and block only intrastate calls?
 - c) Should there be a separate rate structure for this use of intrastate WATS?
 - d) Are there any other relevant issues?
- 3) If such tariff prohibitions are unreasonable and are removed:

- a) What regulatory requirements should the Commission order for users of intrastate WATS who resell or share such service?
- b) Should there be a separate rate structure for intrastate WATS which is to be resold or shared?
- 4) What is the justification for the large rate differential between WATS and conventional toll charges?
- 5) What is the need for and effect of Bell's proposed restructured and repriced WATS tariff?
- 6) Should intrastate WATS be discontinued, by making the service obsolete with respect to any new customers, and perhaps "grandfathering" in current customers?

Because this Order has restated the topics that will be examined during the pendency of this proceeding, the Commission will continue to entertain motions to intervene from persons having an interest in this proceeding, such motions to be filed not later than March 15, 1983.

IT IS THEREFORE ORDERED that on and after March 6, 1983, the effective date of the FCC's ruling in Docket no. 83-40, telephone utilities under this Commission's jurisdiction may not deny intrastate WATS for the purpose of terminating interstate calls.

IT IS FURTHER ORDERED that Bell shall file its proposed restructured and repriced intrastate WATS tariffs not later than March 15, 1983.

IT IS FURTHER ORDERED that any additional persons who wish to participate in this proceeding shall move to intervene not later than March 15, 1983.

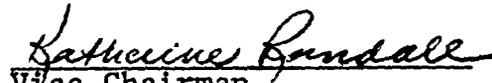
IT IS FURTHER ORDERED that participating parties shall file with the Commission, with copies to parties of record, an original and 10 copies of written direct testimony not later than March 28, 1983.

IT IS FURTHER ORDERED that a public hearing be and it hereby is scheduled for April 20, 1983, at 9:00 a.m., E.S.T., in the Commission's offices at Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 4th day of March, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary