

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INVESTIGATION OF TOLL AND ACCESS)
CHARGE PRICING AND TOLL SETTLEMENT)
AGREEMENTS FOR TELEPHONE UTILITIES)
PURSUANT TO CHARGES TO BE EFFECTIVE)
JANUARY 1, 1984)

Case No. 8838

O R D E R

The Federal Communications Commission ("FCC"), in its Docket No. 78-72, established guidelines for exchange carriers to implement a system of interstate access charges for service rendered to interstate interexchange carriers and residence and business end-users to be effective January 1, 1984. The system of interstate access charges for interstate interexchange service, as set out in the FCC's Orders in Docket No. 78-72, were designed to replace the existing separations and settlements process of division of interstate toll. The exchange carriers were required to file proposed tariffs with the FCC on or before October 3, 1983. The FCC was to review the proposed tariffs and approve final tariffs on or before January 1, 1984.

Because of the FCC's change in policy in Docket No. 78-72 and because of the divestiture of AT&T between interexchange and exchange carriers, the Commission opened the above-styled case to explore policy considerations and decide among alternatives to determine the appropriate methodologies exchange carriers in Kentucky should follow for intrastate charges on and after January 1, 1983.

On October 18, 1983, the FCC announced that it was suspending the proposed access charges filed pursuant to Docket No. 78-72 until April 3, 1984, to allow additional time for review. The FCC has further announced that in the interim period the existing division of revenue, under current separations and settlement procedures, will be continued.

The Commission had originally scheduled a hearing in this case to be held October 25, 1983, and a further hearing to be held November 21, 1983. In view of the delay and uncertainty surrounding the FCC decision, the Commission is of the opinion that these hearings should be cancelled and a new hearing schedule should be established at a later date. Testimony which was to be filed by the intervenors and the Staff in this case on November 7, and November 10, 1983, respectively, will not be required until a firm schedule of Commission action is issued. Supplemental testimony of the carrier's witnesses may be required depending on future FCC actions.

In the interim period, it is the Commission's intent that the current separations and settlements of intrastate toll among exchange carriers should continue without changes in the existing revenue distribution to each carrier. The separations and settlements process may involve changes in contracts and companies since AT&T Communications, if divestiture proceeds as

scheduled and if the Commission so authorizes, will become the intrastate-interlata toll carrier. Agreements between South Central Bell, the other exchange carriers, and AT&T Communications must be developed to retain the same effect as the current settlements and separations agreements. South Central Bell should, therefore, proceed to prepare unexecuted agreements in accordance with the Commission's intent. To assure all parties that intrastate toll division of revenues will continue without change from the existing division of revenues on and after January 1, 1984, the Commission will hold a formal conference or hearing, the time to be announced in a subsequent Order, with representatives of South Central Bell, AT&T Communications, the other exchange carriers under its jurisdiction and any other interested parties.

Prior to this formal conference or hearing, South Central Bell should report to the Commission and all other exchange carriers under this Commission's jurisdiction, within 10 days of this Order, its method of proposed settlement with AT&T Communication and other changes in agreements with exchange carriers as necessitated, financial information to assure the independent carriers that the intrastate toll division of revenues will remain the same, and any pleadings or changes in the Modification of Final Judgement from Judge Greene regarding either interstate or intrastate separations and settlements or other effects relating to divestiture.

IT IS THEREFORE ORDERED that the hearings of October 25, 1983, and November 21, 1983, in the above-styled case are cancelled and a new schedule of Commission action in this case will be issued at a later date.


IT IS FURTHER ORDERED that testimony to be filed by the intervenors and the Staff on November 7 and 10, 1983, respectively, shall not be filed.


IT IS FURTHER ORDERED that the division of revenues settlements and separations procedures during the interim period shall be developed to retain the same effect as the current separations and settlements agreements.

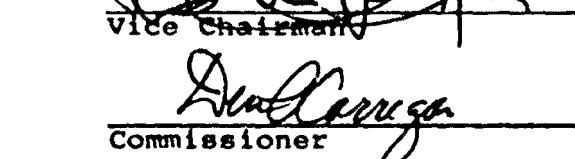
IT IS FURTHER ORDERED that within 10 days of the date of this Order South Central Bell shall file a report with the Commission in accordance with the above discussion.

Done at Frankfort, Kentucky this 21st day of October, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary