

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO INTER- AND INTRALATA)
INTRASTATE COMPETITION IN TOLL AND) ADMINISTRATIVE
RELATED SERVICES MARKETS IN KENTUCKY) CASE NO. 273

O R D E R

In order to avoid continuing its hearings on March 9, 1984, the Commission announced that it would issue an Order requesting all parties to state responses to general questions relevant to all participants.

Accordingly, IT IS THEREFORE ORDERED that all parties shall file verified responses to the questions listed in Appendix A to this Order by March 23, 1984.

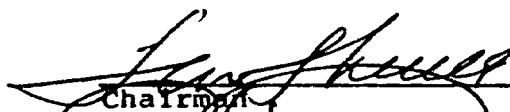
IT IS FURTHER ORDERED that MCI, pursuant to its agreement at the March 7-8, 1984, hearings, shall also file verified responses to the questions listed in Appendix B to this Order by March 23, 1984.

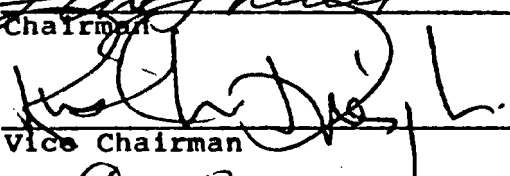
IT IS FURTHER ORDERED that all parties shall file briefs addressing those issues listed in Appendix C to this Order and any other relevant issues desired by March 20, 1984.


IT IS FURTHER ORDERED that all items requested by staff at the March 7-8, 1984, hearings shall be filed by March 23, 1984.

Done at Frankfort, Kentucky, this 13th day of March, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

1. Is it possible for an Other Common Carrier ("OCC") with an ENFIA-A or line side connection to the local switch to block intrastate calls? If so, explain how? If not, why not? If yes, how much would it cost?

2. Would it be possible for OCCs to block calls if they had "equal access"?

3. What specific service standard reporting do you think should be required of the OCCs (i.e., quality of service, etc.)?

4. What do you think could be done to minimize intraLATA calls completed by the OCCs if intraLATA competition is not allowed?

5. What is your position on "de-averaging" rates from a statewide basis and setting rates on a "point-to-point" basis depending on the market being served?

6. How would you go about setting these rates on a "point-to-point" basis?

a. What factors would you consider? (Competition, cost, market size, etc.)

b. How would you consider these factors?

c. How should the Commission consider these factors?

7. In what form should the Commission have rate jurisdiction over these rates?

a. Should these rates be cost-based? If not, what pricing methodology should be used to determine rates?

b. Should the rates be on file with the Commission as part of your tariff?

8. KRS 278.170 prohibits undue discrimination as to rates or service, "...between localities, or between classes of service for doing a like or contemporaneous service under the same or substantially the same condition."

a. Wouldn't point-to-point pricing be prohibited under this statute?

b. If not, then explain how discrimination would not occur if you charged different rates between different locations while providing the same service.

c. Are demonstrated cost differences sufficient basis for discrimination which is otherwise prohibited?

d. Does your company have its own cost studies?

e. If so, to what level of detail are they currently maintained?

9. Should the Commission consider the financial viability of an enterprise by its potential or forecasted demand, as well as its assets, in deciding whether or not to grant a certificate?

10. Can and should the Commission require that an OCC or reseller "escrow" or insure its customers' deposits?

11. What other information should be included in the basic application for certification? (For example, facilities plans.)

12. In what time frame should certification take place?

13. If intraLATA competition is permitted, should the exchange carriers be permitted to discontinue filing Form M for toll or should the OCCs be required to file Form M?

14. What annual and monthly filing requirements do you see as necessary for the Commission to monitor, initially (e.g., Balance Sheet, Income Statement, Construction, Number of customers, etc.)?

15. Should OCCs and resellers be required to comply with the Commission's regulations on "discontinuance of service" and "deposits"?

a. If a local exchange carrier's access charge tariff specifies that it will handle these matters, cite those sections and describe how they would work.

16. Should the Commission require all telephone companies to provide equal access as has been required in the interLATA market for South Central Bell ("SCB") and General Telephone? Should it be limited to interLATA or also required for intraLATA purposes? Specify your current estimates of the cost of interLATA equal access and the cost of both inter- and intraLATA equal access.

17. Over what time frame should equal access be accomplished?

18. At whose expense should this additional investment be undertaken and what protection should be taken to prevent exit without adequate payment by firm(s) requesting equal access?

19. Who should bear the cost of overestimated capacity of the local exchange carrier due to overestimation of demand by interexchange carriers? How should this risk be addressed in designing rates?

Local exchange telephone companies only:

20. Where is touch tone service not yet available in Kentucky? (Identify each exchange and number of access lines and/or customers involved.)

21. What is the overall availability of touch tone service on your telephone system? (State number of touch tone access lines and total access lines.)

22. Of those subscribers with touch tone service available, how many subscribe to it?

South Central Bell only:

23. Does Judge Greene's March 9, 1984, Order alter SCB's position concerning intraLATA competition? (See attached copy.)

re Adm. Case 273

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

| | |
|----------------------------------|---|
| UNITED STATES OF AMERICA, |) |
| |) |
| Plaintiff, |) |
| |) |
| v. |) |
| |) |
| WESTERN ELECTRIC COMPANY, INC., |) |
| AND AMERICAN TELEPHONE AND |) |
| TELEGRAPH COMPANY, |) |
| |) |
| Defendants. |) |
| _____ | |
| UNITED STATES OF AMERICA, |) |
| |) |
| Plaintiff, |) |
| |) |
| v. |) |
| |) |
| AMERICAN TELEPHONE AND TELEGRAPH |) |
| COMPANY, et al., |) |
| |) |
| Defendants. |) |
| _____ | |

Civil Action No. 82-0192

FILED

MAR 9 - 1984

JAMES F. DAVEY, Clerk

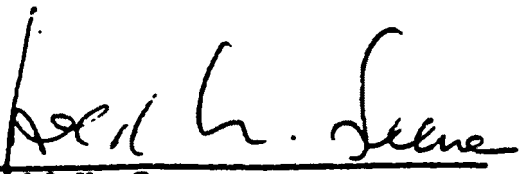
Misc. No. 82-0025 (PI)

ORDER

Upon consideration of the motion of the Association of Long Distance Telephone Companies (ALTEL) for the entry of an order prohibiting the Operating Companies from opposing the introduction of intra-LATA toll service competition before various state regulatory authorities, the responses thereto, ALTEL's reply, and the entire record herein, it appearing that ALTEL's motion, which was filed either on December 31, 1983, or January 3, 1984, may be out of time (see Memorandum Order dated December 21, 1983), and

it appearing further that the decree does not contain any provision which would limit the right of Operating Companies to advocate positions before state regulatory commissions, it is this 9th day of March, 1984,

ORDERED That the motion be and it is hereby denied.


Harold H. Greene
United States District Judge

APPENDIX B

1. It has been stated Kentucky subscribers can make "incidental" use of your network to make intrastate calls.

a. Has MCI estimated how much unauthorized intrastate use has occurred? If so, what is this estimate?

b. Have MCI's policies designed to deter such unauthorized use been effective? If yes, upon what is this answer based?

2. Assume the Commission delays the introduction of intra-LATA competition while allowing interLATA competition. Further assume the Commission will take some positive steps to prevent or discourage unauthorized intraLATA calling on the OCC's networks.

a. Present in detail, alternative plans, ranging from most stringent to least stringent, to accomplish the goal of preventing or discouraging such unauthorized calling under these conditions.

b. State MCI's preferred plan under these conditions and explain the reasons for this preference.

3. Assume that any calls received by an MCI switch have been originated by MCI subscribers in the local calling area of the switch.

a. Would MCI, at least for billing purposes, be able to distinguish between inter- and intraLATA calls?

b. Could a surcharge be imposed on intraLATA calls? Would this require prohibitively costly alterations to MCI's current billing procedures?

4. Could not MCI in its promotional material, explain LATA configurations and inform customers that a surcharge would be placed on any completed intraLATA calls? Would MCI be willing to undertake to do so in order to be certificated for interLATA carriage? If not, explain.

APPENDIX C

1. Is the Commission to designate dominant and non-dominant status to carriers, assuming either interLATA competition or both, interLATA and intraLATA competition, is permitted? Are different filing requirements for non-dominant carriers vis-a-vis dominant carriers legally sustainable?

2. Absent cost support, is rate "de-averaging" legally permitted under KRS 278.170?

3. If OCCs are certificated will they have eminent domain powers?