

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE LIGHTGATE DIGITAL SERVICE)
TARIFF FILING OF SOUTH CENTRAL) CASE NO. 9073
BELL TELEPHONE COMPANY)

O R D E R

Procedural Background

On March 6, 1984, South Central Bell Telephone Company ("SCB") filed the Lightgate Digital Service* ("LDS") tariff. The tariff was filed with an effective date of April 5, 1984. However, SCB extended the effective date, first to May 5, 1984, and, subsequently, to June 5, 1984. On June 5, 1984, the Commission suspended the tariff for additional investigation and possible hearing, pursuant to KRS 278.190.

Discussion

LDS can be used for either voice or data communication. Although it can be used for either voice or data communication, it is oriented to the data market, and especially to that part of the data market in need of extensive dedicated data lines. LDS can be installed with either digital or analog capability, in various package sizes, over various contract periods.

*Service mark applied for.

The Commission has examined the LDS tariff and various information filed by SCB in connection with the tariff, and has no fundamental objection to the LDS tariff. The decision to offer or not to offer LDS is a management decision. The responsibility of the Commission is to assure that the terms and conditions of the offering of LDS are consistent with statutory requirements and regulatory policy.

In support of the LDS tariff, SCB filed "current cost" information which is the same methodology used by SCB to support its other tariff filings. Apart from isolated Orders to reprice services on an embedded cost basis, the Commission has never indicated to SCB that it considers "current cost" methodology to be inappropriate and, indeed, has never developed any pricing standards. With this Order, the Commission gives notice to SCB that it intends to develop such standards and that these standards will be used to evaluate future tariff filings, especially competitive service offering tariffs. Moreover, the LDS tariff is approved as an "experimental" tariff pending the development of appropriate pricing standards and future review of the LDS tariff. The standards will also be used to reconsider any other tariff filings that may become effective before the standards are completed.

To develop appropriate standards and pricing guidelines, the Commission will conduct a conference with appropriate persons from SCB's staff and the Commission's staff to jointly consider and reach agreement regarding the proper costing methods and other pertinent studies. The first

conference is to be scheduled for 9:00 a.m., Eastern Daylight Time, September 20, 1984. Further conferences will be scheduled as needed. When a joint determination of appropriate guidelines has been reached by SCB and the Commission staff, the Commission will review said guidelines and take appropriate action in this and any related cases.

In addition to the pricing issue, the Commission is concerned about the volume usage measured rate service option available under the LDS tariff since this is inconsistent with the measured service moratorium ordered in Case No. 8847, Notice of South Central Bell Telephone Company of an Adjustment in its Intrastate Rates and Charges. However, the Commission is allowing the usage sensitive pricing in the tariff filing since this tariff is experimental.

The Commission is aware of at least one customer interested in LDS who must make an immediate budgetary decision, and the Commission further does not wish to unduly inhibit the introduction of service alternatives. Therefore, the Commission will allow the implementation of LDS effective August 1, 1984, on an experimental basis, subject to the development of pricing standards and the possible "grandfathering" of customers upon reconsideration of the tariff.

Findings and Orders

The Commission, having examined the evidence of record and being advised, is of the opinion and finds that:

1. The LDS tariff should be approved effective August 1, 1984, subject to the development of pricing

standards by the Commission, and subject to reconsideration at a later time.

IT IS THEREFORE ORDERED that the LDS tariff be and it hereby is approved effective August 1, 1984, subject to reconsideration.

IT IS FURTHER ORDERED that a conference with SCB and the Commission staff shall be held in the Commission's offices in Frankfort, Kentucky, on September 20, 1984, at 9:00 a.m., Eastern Daylight Time, for the purpose of developing appropriate standards and pricing guidelines for consideration by the Commission.

IT IS FURTHER ORDERED that within 30 days from the date of this Order SCB shall file revised tariff pages with the Commission stating the rates, rules and regulations approved herein.

Done at Frankfort, Kentucky, this 7th day of August, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary