

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF INTERLATA)
CARRIER BILLED MINUTES OF USE) ADMINISTRATIVE
AS A ULAS ALLOCATOR) CASE NO. 311

O R D E R

Introduction

On April 30, 1987, the Commission released an Order that established this investigation. On May 18, 1987, the Attorney General of the Commonwealth of Kentucky, through his Utility and Rate Intervention Division, filed a motion for deviation from the schedule of procedure ordered by the Commission. On May 28, 1987, the schedule of procedure was modified to accommodate the Attorney General's motion.

The Commission established this case to investigate interLATA carrier billed minutes of use as an alternative to the channel count allocator now in use. However, the Commission invited the parties of record to suggest other alternative ULAS allocators that might be incorporated into this investigation. On May 15, 1987, South Central Bell Telephone Company ("SCB") filed a motion to consider intrastate usage as an allocator. Also, on May 15, 1987, the American Telephone and Telegraph Company of the South Central States, Inc., ("AT&T") filed correspondence suggesting terminating access minutes of use as an allocator. The Commission will treat AT&T's transmittal as a motion to incorporate. Finally, on June 1, 1987, the Attorney General filed a motion to

consider an alternative channel count allocator. However, on June 2, 1987, the Attorney General filed to withdraw his motion. In the opinion of the Commission, the motions of SCB and AT&T should be granted and their proposals should be considered in this investigation.

Discussion

In its motion, SCB indicates that it is not advocating any particular ULAS allocator. However, SCB also indicates that the Commission should not "limit its investigation of minutes of use to 'billed minutes of use.'"¹ Instead, the Commission should "consider intrastate usage, whether 'billed' or not, as an allocator in lieu of the channel count allocator presently in use."²

AT&T suggests that the Commission consider terminating access minutes of use on the grounds that it is "virtually non-bypassable" and offers "two advantages over interexchange carrier billed minutes of use: (1) it would minimize the required sharing of market sensitive information, and (2) it would not require any additional administrative expense by either the interexchange carriers or the local exchange companies."³

The Commission anticipates that each of these parties will elaborate on these recommendations and develop a record sufficient

¹ SCB, Motion to Consider Intrastate Usage as an Allocator, page 1.

² Ibid., page 2.

³ Charles S. Willis, Assistant Vice President, AT&T, transmittal dated May 15, 1987, page 1.

for careful consideration through the discovery process and the testimony of expert witnesses.

In addition, the Commission anticipates that each party will carefully address issues of concern to the Commission relative to the interLATA carrier billed minutes of use alternative.⁴ These issues are as follows:

1. Should the Commission use interLATA carrier billed minutes of use instead of channel counts for allocating non-traffic sensitive revenue requirement?

(a) If yes, then will billed minutes of use either deter or provide incentive for interLATA carriers to bypass local exchange facilities?

(b) What efficiency advantages, if any, would billed minutes of use have over the current channel count allocator?

(c) Provide any available estimates of the cost associated with changing the ULAS allocator to billed minutes of use.

2. How should interLATA carrier billed minutes of use be defined?

(a) Should billed minutes of use include measured usage?

(b) Should billed minutes of use include non-measured usage? If no, then explain the basis for the exclusion and the

⁴ As used in this Order, interLATA carrier billed minutes of use means usage billed by interLATA carriers to their customers, as opposed to access minutes billed by local exchange carriers to interLATA carriers.

effect of such an exclusion on consumer service selection. If yes, what method(s) should the Commission use to estimate non-measured usage?

3. If the Commission should decide to adopt interLATA carrier billed minutes of use as the ULAS allocator, what usage data should be included to determine allocation factors?

(a) What would be the source(s) of the usage data included in the billed minutes of use allocator?

(b) Are the data sources listed in the above response readily available?

(c) Are the data sources listed in the above response readily auditable?

4. If the Commission should decide to retain the channel count allocator, then what adjustments or changes could be made to correct for the following criticisms?

(a) How can the Commission ensure that all interLATA carriers are operating under the same definition of voice equivalent channel?

(b) Can a reasonable adjustment be made to correct for double counting due to the "back haul" phenomenon?

5. If the Commission should adopt interLATA carrier billed minutes of use as the ULAS allocator, then should the Commission require all interLATA carriers to adopt a consistent methodology for the jurisdictional allocation of billed minutes of use? (Each interLATA carrier should propose a method for determining the jurisdictional allocation of billed minutes of use.)

6. Would an interLATA carrier billed minutes of use ULAS allocator increase or reduce the incentive for interLATA carriers to offer off-peak discounts?

7. If the Commission should adopt interLATA carrier billed minutes of use as the ULAS allocator, then should it adopt measures to minimize month-to-month volatility in minutes of use? If yes, then recommend specific measures.

8. If the Commission should adopt interLATA carrier billed minutes of use as the ULAS allocator, then should discounts on non-premium usage be allowed?

9. Should the Commission consider unauthorized intraLATA traffic in determining ULAS allocations? If no, explain why it should not be considered.

10. SCB, as ULAS pool administrator, should file a model tariff assuming all intrastate usage billed by interLATA carriers as the ULAS allocator.

11. Discuss the advantages of the channel count allocator as compared to an interLATA carrier billed minutes of use allocator.

12. Should the Commission consider using only billed access minutes of use as the ULAS allocator?

Findings and Orders

The Commission, having considered the evidence of record, is of the opinion and finds that:

1. The motions of SCB and AT&T should be granted and their proposals should be considered in this investigation.

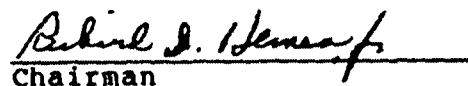
2. SCB and AT&T should address the details of their own proposals.

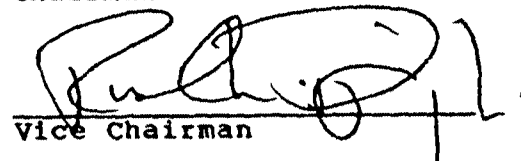
3. SCB, AT&T, and the other parties of record should address the issues enumerated in this Order.

Accordingly, the above findings are HEREBY ORDERED.

Done at Frankfort, Kentucky, this 22nd day of June, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director