

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LONG DISTANCE)
TELEPHONE SAVERS, INC. FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO PROVIDE RESALE OF) CASE NO. 9830
TELECOMMUNICATIONS SERVICES AND)
OPERATION OF FACILITIES WITHIN)
KENTUCKY)

O R D E R

On December 29, 1986, Long Distance Telephone Savers, Inc., ("LDTS") filed its application for a Certificate of Public Convenience and Necessity to provide resale of telecommunications services and operation of facilities within Kentucky. Confidential treatment of financial information was also requested pursuant to 807 KAR 5:001, Section 7. LDTS was informed of filing deficiencies by letter dated January 12, 1987. Its application was supplemented by information filed January 29, 1987. LDTS was requested to supply additional information by Order dated March 27, 1987. Its response was filed on April 15, 1987.

LDTS is a wholly owned subsidiary of SouthernNet Services, Inc., which is owned by SouthernNet, Inc. SouthernNet, Inc., is a telecommunications common carrier providing switched long distance service in the southeastern portion of the United States and has constructed a fiber optic transmission network in portions of that area. LDTS plans to provide resold telecommunications services by

routing all calls originating in Kentucky to its point of presence in Ashland. From Ashland, traffic will be transported over analog microwave leased from another carrier to LDTS' switch in Huntington, West Virginia.

The Commission has authorized competition in the long distance market in two separate proceedings. In Admin. Case No. 261, An Inquiry into the Resale of Intrastate WATS, the Commission found that the resale of WATS was in the public interest and therefore lifted its prohibition on the service within Kentucky. In Admin. Case No. 273, An Inquiry into Inter-and IntraLATA Intrastate Competition in Toll and Related Services Market in Kentucky, the Commission authorized interLATA competition by facilities-based carriers. These carriers were not authorized to provide intraLATA service, unlike the WATS resellers which had been given statewide operating authority. Although LDTS has not specifically requested certification as a WATS reseller on the basis of Admin. Case No. 261, its request for authority to provide resale of telecommunications services has been construed as a request to provide resold WATS. However, in order for a WATS reseller to retain reseller status, all calls must be transported via transmission facilities leased from certified carriers under the appropriate tariffs. Therefore, the Commission does put LDTS on notice that if LDTS should choose to construct transmission facilities in the future, this certificate to resell WATS statewide will be revoked and it should then seek certification as an interLATA carrier.

In its Order dated March 27, 1987, the Commission requested LDTS to clarify its tariff definition of "chargeable time" since most resellers' switching equipment is unable to detect when the called number is answered. In its response, LDTS stated that "the definition 'chargeable time' has been adopted from dominant carrier tariffs, an industry standard definition." This response provided no clarification since the dominant carrier industry standard is to begin charging when the called number is answered and LDTS admits that its switch is incapable of hardware answer detection. The industry standard in this situation is to allow a number of free seconds before chargeable time begins. The Commission is of the opinion that specification of the exact number of free seconds in tariffs is not an unreasonable requirement. Therefore, LDTS should modify its tariff to reflect this.

FINDINGS AND ORDERS

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

1. LDTS should be granted a certificate of Public Convenience and Necessity to resell WATS within the Commonwealth of Kentucky and is subject to all rules and regulations pertaining to WATS resellers.
2. LDTS' petition for confidential treatment of the financial information contained in Exhibit D of its application should be granted.
3. The rates and charges in Appendix A should be approved for services rendered on and after the date of this Order.

4. LDTS should file its tariff sheets to reflect the rates and charges in Appendix A.

5. LDTS should file a tariff amendment to reflect the exact number of free seconds allowed before chargeable time begins.

IT IS THEREFORE ORDERED that:

1. LDTS be and hereby is granted a Certificate of Public Convenience and Necessity to resell WATS within Kentucky, subject to the conditions described herein.

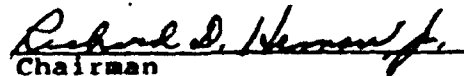
2. LDTS' petition for confidential treatment of the financial information contained in Exhibit D of its application be and hereby is granted.

3. The rates and charges in Appendix A be and hereby are approved.

4. Within 30 days from the date of this Order LDTS shall file its tariff sheets as specified in Findings 4 and 5.

Done at Frankfort, Kentucky, this 10th day of June, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9830 DATED June 10, 1987.

The following rates and charges are prescribed for the customers in the area served by Long Distance Telephone Savers, Inc.

Basic Service

a) Nonrecurring charges:

A nonrecurring account established charge is applicable to set up the customer's basic service and for the assignment of the customer's first authorization code.

<u>Service Establishment</u>	<u>Nonrecurring Charge</u>
i. Residential	\$15.00
ii. Business	\$75.00

b) Usage rates:

A charge per call will apply for each call connected based upon the mileage distance of the call between (a) the originating city where equal access is available or (b) from the carrier's switch location in non equal access exchanges, and the terminating rate center (city) as determined by standard V & H coordinate mileage measurement methods, and the following rate schedule. (All calls are measured based upon chargeable time and rounded to the next full minute)

- (1) Long Distance Rates for week day periods (8:00 am to 5:00 pm)

	IntraLATA		InterLATA	
	<u>Initial Minute</u>	<u>Each Add'l Minute</u>	<u>Initial Minute</u>	<u>Each Add'l Minute</u>
1-10	.190	.133	.180	.126
11-16	.247	.180	.234	.171
17-22	.294	.228	.279	.216
23-30	.332	.266	.313	.252
31-40	.380	.304	.360	.288
41-55	.418	.342	.390	.324
56-70	.450	.370	.456	.370
71-85	.494	.399	.494	.399
86-100	.522	.418	.523	.418
101-124	.541	.437	.542	.437
125-148	.560	.456	.560	.450
149-196	.579	.465	.579	.465
197-244	.579	.465	.598	.475
245-292	.579	.465	.617	.485
293-430	.579	.465	.627	.494
over 431	.579	.465	.636	.503

(2) Time of Day Discounts

1. Time of Day:*

- (a) Evening 35%
(5pm-11pm except Saturdays)
- (b) Night and Weekend 60%
(11-pm-8am, all day Saturday, Sunday until 5pm)
- (c) Carrier Recognized Holidays

Evening rate discounts will apply to all calls placed through the Carrier on Carrier recognized National Holidays except when a lower rate would normally apply. Carrier recognized Holidays are listed in Section A, under definitions.

(3) Volume Billing Discounts

A discount is applicable to the customer's total monthly billing amount for long distance calling in accordance with the following schedule:

Billing Volume

Discount

0-\$ 99	0
\$ 100-\$299	5%
\$ 300-\$499	6%
\$ 500-\$999	8%
\$1,000 or more	12%

Dedicated Service

- a. Determine the total minutes of monthly usage for each rate period over all dedicated access lines in a service group.
- b. Determine the total number of access lines in service during the month (access lines in service for a partial month will be prorated).
- c. Determine the average usage for each rate period per access line by dividing the minutes for each rate period from (a) above by the number of lines from (b) above.
- d. Determine the usage charge per rate period for each access line by multiplying the total minutes in each usage increment and adding the totals for all usage increments.
- e. Determine the total usage increment for that rate period by multiplying the usage charge per dedicated access line from (d) above by the number of access lines from (b) above.
- f. Determine the total usage charge for all rate periods in each service group by adding the results of (e) above.

g. Rates

Average Monthly Minutes of Use
per Dedicated Access Line

0-900 minutes (1st 15 hrs)		900.1-2400 minutes (Next 25 hrs)	
Business		Business	
.3231 Day	.2196 Eve	.2888 Day	.1877 Eve
2400.1-4800 minutes (Next 40 hrs)		over 4800 minutes (Over 80 hrs)	
Business		Business	
.2520 Day	.1683 Eve	.2133 Day	.1395 Eve

All Minutes
Nights and Weekends

.1330

Travel Service Rates:

Travel Service is not a stand alone service. It is provided only in conjunction with Basic Service.

a) Travel Service Rate	\$2.50 per month
b) Per minute usage rate (not discounted)	\$.45 per minute

Authorization Codes:

First code	no charge
Additional codes up to 10, per code	\$.50 per month
Remote access codes, per code,	\$2.50 per month

Dedicated Port:

Installation Charge	\$100.00
Dedicated Port, monthly minimum usage charge, per port	\$ 75.00

Reestablishment of Service Charge:

Reestablishment of Service Charge \$ 10.00

Bad Check Charge:

Bad check charge per check \$ 10.00