

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| AT&T TARIFF FILING PROPOSING |) | |
| MEGACOM/MEGACOM 800 SERVICE |) | CASE NO. 9874 |
| U.S. SPRINT'S TARIFF FILING PROPOSING |) | |
| TO RENAME ITS WATS PRODUCTS, CHANGE |) | |
| BILLING CALCULATIONS METHODS FOR WATS, |) | CASE NO. 9902 |
| INTRODUCE ULTRAWATS, TRAVELCARD, DIRECT |) | |
| 800 AND ULTRA 800 |) | |
| MCI'S TARIFF FILINGS TO ESTABLISH |) | |
| PRISM PLUS, PRISM I, AND PRISM II |) | CASE NO. 9928 |
| SERVICES |) | |

O R D E R

On August 12, 1987, MCI Telecommunication Corporation ("MCI"), by counsel, filed a Motion to Compel South Central Bell Telephone Company ("SCB") to answer its request for information propounded pursuant to Commission Order on July 17, 1987. In support of its Motion, MCI states that all of the data requests are relevant to the appropriate levels of compensation to the local exchange carriers for unauthorized intraLATA call completion. MCI states that current levels of earnings compared with authorized rate of return and authorized rate of return compared with today's economy are relevant to the issue of compensation for SCB.

Additionally, MCI argues that compensation for such intraLATA calling would establish an increase in SCB's rates or charges and, therefore, must be done pursuant to KRS 278.180 and KRS 278.190.

The data request which is at issue sought answers from SCB to 45 questions. On July 31, 1987, SCB responded by answering question number one and then stating that the remaining questions were irrelevant to the issues in this case.

On August 19, 1987, SCB filed its response to MCI's Motion to Compel. After stating that the first issue is whether the interexchange carriers should be ordered to conform their proposals to certificated areas of authority which would preclude intraLATA offerings, SCB then stated that the next issue is how to adequately reimburse the local exchange companies when their authorized services are displaced by unauthorized intraLATA call completion. SCB asserts that the displacement of authorized services necessitates a compensation scheme and that the company's earnings condition is irrelevant to the need for such a compensation scheme. Additionally, SCB asserts that MCI's questions are unduly burdensome and harassing.

On August 28, 1987, MCI filed a reply to the response of SCB, reiterating its belief of the material's relevancy. MCI asserts that SCB should not assume its certificate to provide intraLATA call completion is also a right to be free from competition or assume compensation is always appropriate even if it creates excessive earnings.

On September 4, 1987, SCB filed a rejoinder to MCI's reply in which it reiterated its views and again asked the Commission to deny MCI's Motion to Compel.

The Commission, being advised and having reviewed the questions propounded in the data request of MCI, is of the opinion

that MCI's Motion to Compel SCB to answer should be denied for the following reasons.

1. The Commission finds that questions concerning SCB's level of earnings are irrelevant to an investigation into the proper mode of compensating local exchange carriers for unauthorized intraLATA call completion.

2. In light of the generic proceeding which the Commission will initiate in January, 1988, as detailed in an Order in the instant case dated November 13, 1987, it is the Commission's intention to thoroughly investigate compensation for unauthorized intraLATA call completion. The issues sought to be addressed in MCI's Motion to Compel and SCB's response are more appropriate for that proceeding. Therefore, MCI and SCB may refile their motions and responses in the context of that proceeding. As is specified in the November 13, 1987, Order, the data requests and responses from the instant case will be made part of the record in the generic proceeding.

THEREFORE IT IS HEREBY ORDERED THAT MCI's Motion to Compel SCB to answer requests for information be and it hereby is DENIED.

Done at Frankfort, Kentucky, this 23rd day of November, 1987.

PUBLIC SERVICE COMMISSION

Richard D. Weman
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:

Executive Director