

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF SOUTH CENTRAL)
BELL TELEPHONE COMPANY TO ESTABLISH)
PULSELINK PUBLIC PACKET SWITCHING) CASE NO. 10321
NETWORK SERVICE AND DATA TRANSPORT)
ACCESS CHANNEL SERVICE)

O R D E R

IT IS ORDERED that South Central Bell Telephone Company ("SCB") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible.

The information requested is due no later than October 21, 1988. If the information cannot be provided by this date, a motion for an extension of time must be submitted stating the reason for the delay and the date by which the information can be furnished. The Commission will give due consideration to such motions.

1. Please reference the cost support pages filed with the tariff.

a. Provide an analysis and a detailed explanation of how each factor ("Maintenance," "Administration Expenses," "Other," "Depreciation Expense," "Cost of Money," "Income Taxes," and "Gross Receipts Taxes") was derived.

b. Why are gross receipts taxes included twice?

2. Please reference the cost support for "Basic Protocol Transport Charges, per segment."

a. Provide total investments and a break-down of these investments, including the amount of the investment, a complete description of each type of equipment, identify the life of each type of equipment and indicate whether these lives are based on Kentucky authorized depreciation rates.

b. For all the expenses listed, provide the amount, by category, of estimated expenses on an annual basis.

c. Provide the usage forecast used in the analysis. Identify all components of the forecast, such as the forecasted number of virtual calls, packet sizes and lengths, and the number of segments. Specify the time period being forecasted.

d. Show how this forecast was used to derive the cost data provided.

e. Please explain why a "segment" was selected as the appropriate pricing unit.

f. The tariff allows the subscriber to either negotiate or specify certain parameters, such as flow control parameters and link level parameters. How do costs vary with changes in these parameters?

g. With the number of segments held constant, do costs vary with the number of packets? Packet size? Virtual calls?

h. What would motivate an end-user to limit the number of retransmission attempts?

i. What would motivate an end-user to limit packet sizes?

j. Since intuitively it appears that several virtual calls would utilize the network more than a single virtual call with an equal number of segments, please explain why "call set-up" charges are not appropriate for all virtual calls.

3. Please reference the cost support for nonrecurring costs and describe what marketing costs are included in the "Marketing Implementation" cost component.

a. What marketing costs are omitted?

b. What marketing costs are included in other cost elements?

4. Please reference tariff section A29.2.2.B.3, which states in part that "Data Terminating Equipment (DTE) may be required at the customer's premises and/or terminating central office depending on the type of service associated with the channel." Is the DTE referred to offered under a regulated or unregulated basis?

5. Please reference tariff section A29.2.2.B.4.b, which states in part that "Customer provided terminal equipment must be compatible with the Company provided data set at the central office."

a. For the customer provided equipment to be compatible with the company's data set must they both be of the same manufacture, or are there sufficient industry standards to insure that a wide range of equipment will be compatible?

b. Is the customer provided terminal equipment referred to the same as the data terminating equipment previously referred to?

c. If not answered above, please explain the difference between data sets and data terminating equipment.

6. Please reference tariff section A29.2.3.B.2, which specifies the rates and charges for "Central Office Data Sets, Direct Access Channel Service - Analog." Why do the data sets for a 4.8 kbps transmission speed have a higher rate than data sets for a 9.6 kbps transmission speed?

7. Please reference tariff section A29.5.1.D, which states that "Other costs associated with protocol conversion, in addition to the NURE and not part of regulated accounts, will be passed on a detariffed basis to those vendors who market and enhance the Company's PulseLink PPSN service." What other costs are referred to in this sentence?

8. Please identify the advantages and disadvantages of the Fast Select feature.

9. Please reference tariff section A29.5.2.C.2 which states that "Dial access into PulseLink PPSN service is only available to those vendors who market and enhance (i.e., perform protocol conversion) the Company's basic PulseLink PPSN service and who are authorized by the Company and applicable regulatory authorities to

receive dial access." Please explain this restriction, to include responses to the following questions:

a. Recognizing that it is necessary to convert asynchronous to X.25 in order to utilize dial access services, why is it necessary to also "market" protocol conversion services?

b. How will SCB enforce the marketing requirement?

c. What other criteria will SCB use to qualify applicants for authorization to use the service?

d. What regulatory restrictions are currently in existence?

10. With its dial access service, is SCB proposing to colocate enhanced service providers equipment in its central offices or is it that the enhanced service providers will be charged the same rates as BSAN even though they would require the local loop portion in order to access the service? If the latter, how will the costs for these local loops be recovered?

11. Attachment 1, pages 2 and 3, to the letter dated June 29, 1988 which accompanied the tariff filing, are diagrams of the PulseLink network.

a. Where would the facilities of BSAN be located in these pictures?

b. Where would the facilities of an enhanced service provider other than BSAN be located?

c. If not answered above, where would asynchronous to X.25 protocol conversion occur for both enhanced service providers and BSAN?

12. Please reference the letter dated June 29, 1988, which accompanied the tariff filing.

a. On page 2 of the letter it states that "Approximately 30 percent of the market is expected to utilize basic service." Does this imply that 30 percent of the market will not require asynchronous to X.25 protocol conversion, assuming that other protocol conversions would be minimal?

b. Please provide the basis for this expectation.

13. Please provide a copy of FCC 85-101 which is referenced on page 2 of the June 29 letter.

14. Please discuss the rationale of using incremental costs to price the PulseLink tariff, giving special consideration to the fact that the FCC's cost allocation principles for services provided to an affiliate be based on fully allocated costs. Recognizing that the FCC procedures do allow services to be provided to affiliates under tariffs, why should these tariff rates not be based on other FCC cost allocation principles?

Done at Frankfort, Kentucky, this 7th day of October, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Newman, Jr.
For the Commission

ATTEST:

Executive Director