

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

Introduction

On February 17, 1989, MCI Telecommunications Corporation ("MCI"), AT&T Communications of the South Central States, Inc. ("AT&T"), and US Sprint Communications Corporation ("US Sprint") filed a Joint Motion moving the Commission to accept a Stipulation and Settlement Agreement. On February 23, 1989, the Attorney General of the Commonwealth of Kentucky, by and through his Utility and Rate Intervention Division ("Attorney General"), filed a response to the Joint Motion. Also, on February 28, 1989, South Central Bell Telephone Company ("South Central Bell") filed a response to the Joint Motion.

Discussion

In summary form, MCI, AT&T, and US Sprint agree and stipulate to the following terms:

1. The administrative burdens of a surrogate measure of private line usage outweigh the benefits of such a surrogate.

Therefore, a surrogate measure of private line usage should not be used to allocate ULAS¹ revenue requirement.

2. Local exchange carriers will recover their ULAS revenue requirement regardless of whether a surrogate measure of private line usage is part of the allocation process.

3. The Commission should: (a) dispose of the private line issue in this case by entering an Order granting the Joint Motion; (b) proceed to hearing on the issues of the assignment of all non-traffic sensitive revenue requirement to ULAS and ULAS billing frequency; and (c) sever the issue of whether WATS² resellers should be subject to ULAS from this case and establish a separate case to consider the issue.

The Attorney General notes that the Joint Motion is piecemeal in that it does not resolve all issues. Also, the Attorney General notes that the Joint Motion was not accompanied by any evidence that might refute the Commission's reasons for adopting a surrogate measure of private line usage.

South Central Bell does not oppose acceptance of the Joint Motion, but contends that acceptance should be conditioned on agreement by the movants that: (a) all issues except the WATS resellers issue are resolved by the stipulations and no further hearing is necessary; (b) Administrative Case No. 316³ be

¹ Universal Local Access Service.

² Wide Area Telecommunications Service.

³ Administrative Case No. 316, An Audit of Universal Local Access Service Channel Reports.

dismissed; and (c) judicial appeals of Case No. 8838⁴ be withdrawn. Also, South Central Bell agrees with the movants that the Commission should sever the issue of whether WATS resellers should be subject to ULAS from this case and establish a separate investigation.

In the opinion of the Commission, the Joint Motion should be denied in part and granted in part. The Commission will deny the Joint Motion insofar as it stipulates a settlement of the private line issue. The Commission agrees with the Attorney General's position that the Joint Motion was not accompanied by any evidence that might refute the Commission's reasons for adopting a surrogate measure of private line usage. Therefore, the Commission will proceed to further hearing on this issue and the issue of ULAS billing frequency.

The Commission will grant the Joint Motion insofar as it stipulates that the WATS resellers' issue be severed from this case and considered in another investigation. This action is reasonable in view of the various pleadings that have been filed.

Lastly, the Commission will take this opportunity to advise the parties that it will not consider further testimony on the issue of treating ULAS revenue requirement as a carrier common line rate additive. This issue was considered on initial hearing and the approach was rejected in the Commission's Order of September 29, 1988 in this case. Additionally, no party

⁴ Case No. 8838, An Investigation of Toll and Access Charge Pricing and Toll Settlement Agreements for Telephone Utilities Pursuant to Changes to be Effective January 1, 1984.

petitioned for rehearing on the issue, and it was not designated as an issue for further hearing in the Commission's Order of November 9, 1989 in this case. Similarly, the Commission will not consider testimony on the issue of assigning all non-traffic sensitive revenue requirement to ULAS. This issue was not considered on initial hearing and, therefore, will not be considered on rehearing in this case.


Findings and Orders

The Commission, having considered the Joint Motion and responses, and being sufficiently advised, is of the opinion and finds that the Joint Motion of MCI, AT&T, and US Sprint should be denied in part and granted in part, as discussed herein.

Accordingly, it is HEREBY ORDERED.

Done at Frankfort, Kentucky, this 23rd day of March, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director