

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INQUIRY INTO THE PROVISION AND) ADMINISTRATIVE
REGULATION OF CELLULAR MOBILE) CASE NO. 344
TELEPHONE SERVICE IN KENTUCKY)

O R D E R

This proceeding is being initiated by the Public Service Commission ("Commission"), on its own motion, to investigate the provision and regulation of cellular mobile telephone service in Kentucky. In a previous order,¹ dated May 11, 1987, this Commission exerted jurisdiction over the wholesale rates of cellular mobile telephone service and has continued to require cellular providers to file tariffs relating only to wholesale rates and conditions of service.

On July 14, 1992, KRS 278.512 and 278.514 became effective relating to the exemption or alternative regulation of telecommunications services within the Commonwealth. Due to its competitive nature, cellular providers in Kentucky have always enjoyed relaxed regulation in certain areas. However, in view of the new legislation, the Commission recognizes that the public interest may require that the regulation of some phases of cellular

¹ Case No. 9851, The Application of Bluegrass Cellular, Inc., for Commission Approval to Operate and Charge Initial Rates.

mobile telephone service be considered fully exempt from regulation or require alternative regulation. Therefore, this proceeding is being initiated, pursuant to KRS 278.512, in order that the Commission may fully investigate the manner in which cellular service is being provided and to determine what, if any, regulatory changes are needed.


IT IS THEREFORE ORDERED that:

1. All cellular mobile telephone service providers with tariffs on file with this commission are made parties to this proceeding.

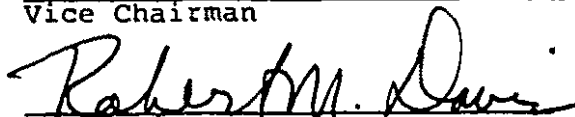
2. All parties shall within 30 days of the date of this order provide a written response to the information requested in Appendix A, which is attached hereto and incorporated herein.

Done at Frankfort, Kentucky, this 9th day of October, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN ADMINISTRATIVE CASE NO. 344 DATED 10/9/92

1. Does cellular competition actually exist and, if so, how is it manifested?

2. Provide tariff pages showing all rates and charges filed with the Public Service Commission.

3. Provide a comparison of the company's tariffed service offerings and prices with those of its cellular competitor(s).

4. Provide a complete price-out of the company's tariffed service offerings (price x units = revenue).

5. Are the rates and charges filed with the Public Service Commission tariffed at a "wholesale" or "retail" price level? For this question, retail price should be understood as the price charged to a customer per unit of service without the purchase of multiple units of service and wholesale price should be understood as the price charged to a customer per unit of service with the purchase of multiple units of service or a minimum service order.

6. Provide a complete narrative description of the company's rate structure for (a) access numbers, (b) air time usage, (c) optional service features, and (d) non-recurring charges.

7. Provide a list and brief description of all non-tariffed service offerings and the prices charged to the public, cross-referenced with tariffed service offerings and prices. Non-tariffed service offerings may be priced at either a wholesale or retail level and should be understood as any instance where a

price is charged for a service offering that differs from a tariffed price.

8. Provide a comparison of the company's non-tariffed service offerings and prices with those of its cellular competitor(s), if known.

9. Provide a complete price-out of the company's non-tariffed service offerings.

10. Does the company use sales agents to market its services? If so, describe in detail all contractual and compensation arrangements between the company and its sales agents.

11. If applicable, describe in detail the manner in which sales agents market the company's services and the determination of prices charged to customers acquired by sales agents.

12. If applicable, do any of the company's sales agents ever purchase wholesale services for resale at retail prices? If so, describe in detail all such resale arrangements.

13. If applicable, are customers acquired by sales agents ever billed by sales agents for cellular services rendered, i.e., are customers acquired by sales agents considered customers of the sales agent or the company?

14. If applicable, provide a list of all sales agents, including name, address, and telephone number.

15. Does the company employ a direct sales force? If so, does the direct sales force market the company's services at a wholesale or retail level?

16. If applicable, describe in detail the manner in which the direct sales force markets the company's services and the determination of prices charged to customers acquired by the direct sales force.

17. Does the company separate its marketing activities between wholesale and retail arms? If so, describe in detail the determination of wholesale prices charged to the retail arm and the nature of all financial transactions between the wholesale and retail arms. If not, describe in detail any other segmentation of the companies marketing activities that may exist.

18. Does the company permit resale of its services by other common carriers? If so, describe in detail any such resale arrangement that has existed in the past, currently exists, or is anticipated. If not, describe in detail the reason(s) for any such resale restriction.

19. If applicable, does the company charge resale common carriers wholesale or retail rates? If wholesale rates, then are the wholesale rates charged to resale common carriers the same as those charged to other wholesale customers, including the company's retail arm? If not, describe in detail the reason(s) for any price difference. If retail rates, then are the retail rates charged to resale common carriers the same as those charged to other retail customers? If not, describe in detail the reason(s) for any price difference.

20. Does the company require the purchase of any additional service in order for a customer to obtain an access number and must a customer purchase more than one access number in order to

obtain one access number? If so, describe in detail any such bundling of services.

21. Does the company require the purchase of any additional service in order for a customer to obtain air time usage and must a customer purchase more than one minute of air time in order to receive one minute of air time? If so, describe in detail any such bundling of services.

22. Does the company require the purchase of more than one optional service feature in order for a customer to obtain any one optional service feature? If so, describe in detail any such bundling of services.

23. Provide a map of the company's service area showing all cell site locations and their coverage of the company's service area.

24. Provide a schematic diagram of the company's service configuration, including the method(s) of interconnection with local exchange carriers.

25. Provide a best estimate of the maximum number of access numbers the company can service and the maximum number of simultaneous calls the company's switch(es) can process.

26. What market segments--e.g., business or residence--does the company target for the marketing of its services? If the company targets its marketing effort to specific audiences, describe in detail the company's marketing rationale. Also, provide examples of the company's last six (a) broadcast media and (b) print media advertisements each in its service area.

27. Provide an analysis of the company's average monthly bill by bill component. Also, briefly discuss whether the company believes its average monthly bill is attractive and affordable to potential customers in its service area.

28. Provide a brief analysis of the demographic characteristics of the company's service area and economic conditions in the company's service area.

29. Provide a best estimate of the company's market penetration in its service area--i.e., what proportion of all potential customers are served by the company?

30. Should the Commission continue to regulate wholesale rates for cellular telephone service? If not, describe in detail why the company believes continued regulation would not be in the public interest.

31. Should the Commission assert jurisdiction over retail rates for cellular telephone service? If not, describe in detail why the company believes regulation of retail rates would not be in the public interest consistent with the criteria set out in KRS 278.512(3).

32. With reference to KRS 278.512 and 278.514, provide a complete listing and thorough discussion of all changes to cellular telephone regulation that the company believes would be in the public interest consistent with the criteria set out in KRS 278.512(3).