

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO INTRALATA TOLL)
COMPETITION, AN APPROPRIATE COMPENSATION) ADMINISTRATIVE
SCHEME FOR COMPLETION OF INTRALATA CALLS) CASE NO. 323
BY INTEREXCHANGE CARRIERS, AND WATS) PHASE I
JURISDICTIONALITY)

O R D E R

On March 1, 1993, several parties filed comments on the report of the Industry Task Force established by the Commission to address the feasibility of 1+ intraLATA presubscription. GTE South Incorporated and Contel of Kentucky d/b/a GTE Kentucky ("GTE") filed comments and a request for a public hearing to address implementation costs, the time frame for 1+ presubscription in Kentucky, and the cost recovery mechanism for intraLATA 1+ presubscription.

Having reviewed the comments of all parties and GTE's request for hearing, the Commission finds that GTE's request for hearing should be granted. Further, having reviewed the task force report and the comments, the Commission has tentatively concluded that the interexchange carriers ("IXCs") and resellers should pay the entire cost of providing intraLATA equal access. The Commission has determined that intraLATA competition is in the public interest. However, this determination must be balanced against concerns over universal service at affordable rates. The Commission must also consider the rates necessary for the local exchange carriers to

modernize their network as part of the telecommunications infrastructure required for Kentucky to be competitive in the future. Parties should, therefore, be prepared to present testimony concerning fair and equitable procedures for IXCs and resellers to pay for the cost associated with intraLATA equal access.

All parties should respond to the following requests for information:

1. Provide the estimated, itemized costs of 1+ presubscription that would be recoverable under FCC Part 36.421 or the NECA cost recovery plan.

2. Provide the basis for the FCC's decision to refuse full recovery of costs at the interstate level.

3. How should equal access costs be recovered? For instance, should recovery be on a per-minute-of-use basis, a per-trunk basis, or through some other methodology? Explain the reasons for choosing a particular methodology.

4. Do you agree with MCI Telecommunications Corporation's ("MCI") position that subscribers not making an affirmative choice of carriers should be subject to an allocation process? Explain the basis for your response.

5. Should equal access participation be mandatory or voluntary? Explain the basis for your response.

6. Are any of the nonrecoverable costs discussed by MCI in the last two paragraphs on page 14 of its March 2, 1993 response reflected in the task force report? If yes, provide a listing of

these costs. Do you agree with MCI's cost recovery proposal? Explain the basis for your response.

7. Should equal access cost recovery be limited to only those carriers which choose to participate in the intraLATA toll market, or should the recovery methodology include all toll carriers in the state? Explain the basis for your response.

8. Provide an estimate of the loss of LEC Private Line customers and revenues on an intraLATA basis resulting from intraLATA competition.

9. Provide estimates or actual market data concerning the gain (loss) of customers and revenue due to approval of intraLATA 10XXX dialing.

10. a. Have IXC's or resellers responded to South Central Bell Telephone Company's ("South Central Bell") Area Calling Service ("ACS") tariff by reducing or altering in any way their toll rates to end-users in the areas affected by ACS?

b. Do any IXC's or resellers foresee any toll rate reductions to compete more effectively with South Central Bell's ACS plan rates?

GTE should also respond to the following questions:

1. With regard to the costs illustrated in Item 4, Page 3, of the company's comments filed on March 1, 1993 relating to the task force equal access report:

a. Provide only those costs which would be allocable to the Kentucky jurisdiction if these costs were allocated among all of the states in which GTE/Contel operates. Itemize the costs,

describe how the costs were allocated, and the assumptions used in the allocations, if any.

b. For the costs illustrated above, show those which would be recoverable under FCC Part 36.421, the NECA methodology if different than the FCC's, and the total costs which GTE/Contel seeks to recover.

2. Provide the Kentucky-specific costs for "certain capital and continuing costs" mentioned in Paragraph 5, which are recoverable under each plan mentioned in 1(b) above.

South Central Bell should also respond to the following question:

1. What was the percentage of South Central Bell's intraLATA toll calls which the ACS plan converted from toll to local calls?

2. What percentage of South Central Bell's intraLATA toll calls does South Central Bell's proposed ACS expansion tariff, filed with the Commission on March 26, 1993, seek to convert from toll to local calls?

Each response to these questions should include the name of a witness who will be available for cross-examination on that material at the public hearing.

All parties should notify the Commission of the names and qualifications of witnesses to be presented at the public hearing. This should include the names and qualifications of witnesses who will be adopting the comments filed in early March 1993 for the purpose of cross-examination at the public hearing.

IT IS THEREFORE ORDERED that:

1. GTE's request for hearing shall be and it hereby is granted.

2. Within 30 days of the date of this Order, parties shall respond to the data requests enumerated herein and shall include the name of a witness with each response.

3. Within 30 days of the date of this Order, parties shall notify the Commission of the names and qualifications of witnesses to be presented at the public hearing including witnesses who will adopt comments filed in early March 1993.

4. Within 30 days of the date of this Order, any additional prefiled testimony regarding the Commission's tentative conclusion or any other issues related to intraLATA 1+ presubscription shall be filed.

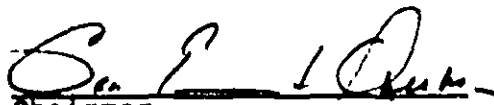
5. A hearing has been scheduled on June 2, 1993, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky 40601.

6. The Commission shall enter a prehearing Order regarding the order of witnesses to be presented at the public hearing and other procedural matters no later than ten days before the commencement of the public hearing.

Done at Frankfort, Kentucky, this

13th day of April, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director