

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CINCINNATI BELL TELEPHONE )  
COMPANY FOR EXEMPTION OF VOICE MESSAGING ) CASE NO. 93-008  
SERVICE FROM REGULATION )

O R D E R

On November 23, 1993, this Commission issued an Order which granted Cincinnati Bell Telephone Company's ("CBT") petition for exemption of its voice message enhanced services. The petition for exemption was granted pursuant to KRS 278.512.

Advanced Telecommunications Corporation ("ATC"), CBT's competitor and an intervenor in this proceeding, did not object to CBT's request to provide voice message services on a nontariffed basis. However, at the September 29, 1993 hearing and in its brief, ATC alleged that CBT provides free referrals of potential business voice message customers to an affiliated company, Cincinnati Bell Directory ("CBD"), as CBT does not offer voice mail service to business customers. ATC asserts that this is a discriminatory practice which should have been addressed in the Commission's November 23, 1993 Order and, therefore, requests a rehearing. This practice would constitute the type of cross-subsidization prohibited by KRS 278.512(3)(e) and KRS 278.514(1).

Although ATC's concern with CBT's referral practices was not specifically addressed, it was considered and generally addressed in the Order. The Commission considered the criteria in KRS

278.512 and KRS 278.514. In evaluating the issue of cross-subsidization between regulated tariffed services and exempted services, the Commission determined that cross-subsidization could occur through improper allocation of costs or improper pricing of tariffed services. The safeguards which are designed to prevent potential abuses of cross-subsidization are also discussed in the Order.

To the extent that CBT refers captive customers to an affiliated company, excluding other competitors, this constitutes an anticompetitive practice and should be eliminated. To the extent that CBT refers customers to other service providers, that portion of time should be properly allocated and accounted for through CBT's Cost Allocation Manual required by Parts 32 and 64 of the FCC's Rules and Regulations.

Therefore, the Commission having evaluated the cross-subsidization issue through its consideration of KRS 278.512(3)(e) finds that a rehearing of the Commission's November 23, 1993 Order is unnecessary.

The Commission further finds that ATC's specific concerns regarding referral practices could be more appropriately addressed if ATC filed a complaint against CBT requesting the Commission to investigate the matter.

IT IS THEREFORE ORDERED that ATC's motion for rehearing is denied.

Done at Frankfort, Kentucky, this 27th day of December, 1993.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director