

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF GTE SOUTH)
INCORPORATED TO REMOVE THE) CASE NO. 96-136
EXISTING RESALE PROHIBITION)
APPLICABLE TO 1+ INTRALATA TOLL)

O R D E R

On March 15, 1996, GTE South Incorporated ("GTE") filed tariff revisions proposing to remove the existing resale prohibition applicable to 1+ intraLATA toll, effective April 14, 1996. GTE asserts that the proposed tariff will allow competing carriers instant dialing parity for intraLATA toll, while negotiations pursuant to the Telecommunications Acts of 1996, §251 and 252, are pending and during the installation of intraLATA equal access. The Commission suspended the tariff to September 13, 1996 for further review.

On April 9, 1996, AT&T Communications of the South Central States, Inc. ("AT&T") moved to intervene. The Commission granted its motion on April 24, 1996. AT&T states that it does not want to delay the ability of telecommunications providers to resell services as required by the Telecommunications Act of 1996. However, the price discount for resale is to be governed by that Act and should be in conformity with the provisions of the Act. AT&T asserts that GTE's proposal does not conform to the requirements of the Act. According to AT&T, it is inappropriate to allow GTE to establish a 5 percent wholesale price for intraLATA toll services without GTE demonstrating any support for the specific discount, until the Commission has decided the resale issues in

Administrative Case No. 355.¹ The Telecommunications Act of 1996, §252(d)(3), requires wholesale prices for services to be based on the retail rate charged excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by the local exchange carrier.² Based on GTE's failure to show the resale rate is based on "avoidable" costs, AT&T contends that the proposed tariff should be rejected.

On May 10, 1996, GTE responded to the Commission's data request. GTE stated it had done no cost study to support the proposed tariff, but that it had filed the tariff to accelerate the deployment of competition.

On June 12, 1996, the Commission ordered any request for hearing with detailed statement of issues to be filed within 20 days, or the proceeding would be submitted to the Commission. AT&T did file comments, but specifically noted that no hearing was necessary.

The Commission, having considered the record and being otherwise sufficiently advised, finds that GTE's proposed tariff should be denied pending decisions in Administrative Case No. 355.

IT IS THEREFORE ORDERED that GTE's proposed tariff to remove the existing resale prohibition and establish a discount rate is denied pending the Commission's

¹ Administrative Case No. 355, An Inquiry Into Local Competition, Universal Service, and the Non-Traffic Sensitive Access Rate.

² Comments of AT&T filed July 1, 1996 at 2.

decisions regarding avoided cost studies and wholesale discount rates in Administrative
Case No. 355.

Done at Frankfort, Kentucky, this 13th day of September, 1996.

By the Commission

ATTEST:





Executive Director

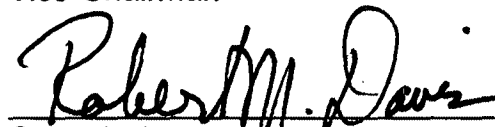
decisions regarding avoided cost studies and wholesale discount rates in Administrative Case No. 355.

Done at Frankfort, Kentucky, this 13th day of September, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director