DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

JOE CUSICK

WAYNE HART

DAVID SCOTT

WORKING FILE

FROM:WELDON STUTZMAN

DATE:APRIL 24, 1997

RE:CASE NO. GNR-T-97-5

PETITION OF MCI AND AT&T TO CERTIFY COMPLIANCE OF LECS WITH FCC PAY PHONE ORDERS.

On April 11, 1997, a Petition was filed by MCI Telecommunications Corporation (MCI) and AT&T Communications Inc. (AT&T) entitled Emergency Petition of MCI and AT&T to Certify Certain LECs as to Compliance with FCC Payphone Orders.  By their Joint Petition, MCI and AT&T ask the Commission to investigate the compliance of seventeen different local exchange companies with Federal Communications Commission (FCC) orders regarding payphone reclassification.  The Petitioners contend that the relevant FCC orders require local exchange companies with payphones to remove from intrastate operations their deregulated payphone investment and associated expenses and to make corresponding reductions in their intrastate revenue requirements and rates.  MCI and AT&T request that the Commission certify to the FCC and the other parties whether each of the seventeen LECs has complied with the FCC payphone orders.

The Commission recently approved payphone tariffs filed by the LECs to comply with FCC requirements, subject to refund should the Commission determine that the rates in the tariffs are inappropriate.  The Petitioners apparently desire to be part of the process to determine whether the proposed tariff rates are appropriate and properly allocate costs.  Specifically, the Petitioners ask the Commission to:

1.Direct LECs subject to the FCC’s payphone orders to file with the Commission a rate reduction proposal, supported by verifiable cost support, to remove the deregulated payphone investment and associated expenses from their intrastate operations;

2.Certify to the FCC and the parties to this proceeding wether the individual LECs subject to the FCC payphone orders are in compliance with the FCC payphone requirements, including the removal of investment and expenses from all intrastate rates, including access charges;

3.Inform the FCC, based on a Commission’s review of payphone requirements, which LECs are eligible to receive payphone compensations; and,

4.Suspend or not approve the pending and any future basic payphone service tariffs unless and until it is determined that all intrastate rates, including access charges, have been properly adjusted to reflect the elimination of payphone investment and expenses.

Staff recommends that the Commission issue a Notice of Petition and Notice of Pretrial Conference in this case.  The pretrial conference could be scheduled during the second week of May to enable the parties to discuss the issues raised by the Petition, arrange for the parties to agree to share confidential information, and determine the best course to proceed to process the Petition.

Commission Decision:

Should the Commission issue a Notice of Petition and Notice of Pretrial Conference in this case?

Weldon Stutzman

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