

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN AMENDMENT OF PRIVATE)	
LINE TARIFF, PSCK NO. 3,)	
FILING OF CINCINNATI)	CASE NO. 8308
BELL, INC.)	

O R D E R

INTRODUCTION

On July 17, 1981, Cincinnati Bell, Inc., ("Cincinnati") filed a tariff with the Commission to restrict the availability of a private line service known as Telpak. On August 7, 1981, the tariff was suspended for investigation and hearing. On February 17, 1982, a hearing was held. The Commonwealth of Kentucky, Finance and Administration Cabinet, ("Finance") and the United States Department of Defense, Defense Communications Agency, on behalf of all Federal Executive Agencies, ("FEA") requested and were granted leave to intervene.

BACKGROUND

Local and general exchange service is dedicated to public use and accessible by all general exchange service subscribers. Private line service is dedicated to the use of an individual subscriber. Thus, private line service is neither directly connected to the exchange service network nor directly accessible by exchange service subscribers.

Private line service is furnished between specific subscriber locations for voice communications, teletypewriter service, data transmission, remote metering, special signaling and other purposes. Telpak is a private line service pricing arrangement. Telpak subscribers lease base capacity instead of individual channels and receive the benefit of a rate discount. The Telpak rate discount is variable, depending on the amount of base capacity, the network configuration and the type of channels in service. The rate discount is substantial and increases with distance. Furthermore, it represents lost revenue that otherwise would be available to reduce the revenue burden on other categories of service.

Cincinnati provides Telpak service jointly with South Central Bell Telephone Company ("South Central"). The Commission heard this case in conjunction with Case No. 8389, The Series 5000 Channel Service (Telpak) Tariff Filing of South Central Bell Telephone Company. A thorough discussion of Telpak service and its economic impact was presented at the hearing and through various informational requests.

OPINIONS AND FINDINGS

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Telpak rates and charges are not compensatory. The cost information filed by Cincinnati indicates that the price structure results in a net revenue deficit to the company. Therefore, the continuance of Telpak is not in the public interest and should be restricted. Furthermore, consistent with the Commission's decision in Case No. 8389, Telpak should be discontinued.

2. In order to allow sufficient time for subscribers to obtain alternative service, Telpak should be "grandfathered" for a 2-year period during which no new customers or expansion of base capacity will be permitted. Following this period, Telpak should be discontinued.

ORDERS

IT IS THEREFORE ORDERED that Telpak shall be "grandfathered," effective August 1, 1982. Telpak shall not be available to new subscribers, and the expansion of Telpak base capacity shall not be permitted.

IT IS FURTHER ORDERED that Telpak shall be discontinued, effective August 1, 1984.

IT IS FURTHER ORDERED that within 20 days from the date of this Order, Cincinnati shall file revised tariff sheets with the Commission implementing the regulations approved herein.

Done at Frankfort, Kentucky, this 6th day of August, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Katherine Randall
Vice Chairman

Ann Carney
Commissioner

ATTEST:

Secretary