

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOME)	
RESIDENTS OF MUHLENBERG)	
COUNTY FOR EXTENDED AREA)	CASE NO. 8361
TELEPHONE SERVICE WITHIN)	
MUHLENBERG COUNTY)	

O R D E R

On September 10, 1981, some residents ("Petitioners") of the Dunmor exchange of Logan County Telephone Cooperative, Inc., ("Logan") filed with the Commission a petition wherein they requested that the Muhlenberg County portion of the Dunmor exchange be transferred to the Greenville exchange of South Central Bell Telephone Company ("Bell"). In the alternative, Petitioners requested that if Bell was not allowed to take over the service, there should be some sort of mandated interconnection between the two systems.

By Order dated October 6, 1981, the Commission denied the request for a transfer of the Muhlenberg County portion of Logan's Dunmor exchange to Bell's Greenville exchange since the engineering and construction work necessary to establish these exchanges has already been accomplished, and the requested change would result in expensive and wasteful duplication of facilities. The Commission further directed

that Petitioners' alternative request for extended area telephone service ("EAS") should be considered subject to the provisions of the Commission's EAS Guidelines, as adopted in Administrative Case No. 221 by Order dated October 31, 1980. Bell and Logan were directed to respond to the EAS request in accordance with step one of the EAS Guidelines.

On October 23, 1981, Logan responded that it did not concur with the petition. Logan further stated that it does not have funds available to provide the requested service and that to do so would place a financial burden not only on the Petitioners, but also on the entire exchange. On November 5, 1981, Bell responded that it did not concur with the petition. Bell further stated that to provide EAS would result in a higher monthly rate for all customers in both the Dunmor and Greenville exchanges and that in Bell's opinion, existing Optional Calling Plans ("OCP"), as currently tariffed, would be a more equitable means of providing the service since only those subscribers who desired the service would pay for it.

On January 12, 1982, the Commission entered an Interim Order in this matter, wherein Petitioners were required to seek, as a valid indication of general subscriber interest, the signatures of subscribers in both Logan's Dunmor exchange and Bell's Greenville exchange. This was in accordance with step two of the EAS Guidelines.

Petitioners were directed to file these petitions within 60 days of January 12, 1982. They did not do so. By

Order entered March 22, 1982, the Commission directed that since step two of the EAS Guidelines had not been completed, the consideration process should move directly to step four, which requires a public hearing in the matter.

A public hearing was held on April 20, 1982. All interested parties were allowed to present testimony. At the hearing Petitioners filed forms containing several hundred names of persons interested in toll-free calling between the Dunmor exchange and other exchanges in Muhlenberg County. Some of those forms were styled: "Petition for Free Telephone Service." Others stated that the telephone service would be provided at no increased expense. None of the petitions were on the Commission petition form, which states that provisions of the service will probably require an additional monthly charge. Petitioners also testified that they desired to expand the EAS proposal to include the Dunmor, Greenville, Drakesboro, Central City, and Breman exchanges.

By Order dated June 16, 1982, the Commission directed that Petitioners be granted one additional 60-day period in which to gather signatures of subscribers as a valid indication of general subscriber interest in accordance with step two of the EAS Guidelines. Signed petitions were filed on August 9, 1982, with Petitioners exceeding the required number of signatures in each exchange. In its Order of August 24, 1982, the Commission directed that since step two of the Guidelines had been completed, the consideration

process should move to step three, which requires telephone toll traffic studies by the utilities involved. Both Bell and Logan were ordered to file the results of 30-day toll traffic studies by November 8, 1982. Logan filed its study results on October 25, 1982, and Bell filed on October 27, 1982.

DISCUSSION

The Commission's EAS Guidelines contain minimum criteria which must be met, as determined from toll traffic studies, before proceeding in an EAS proceeding. These criteria are defined in step three of those guidelines:

(a) In any petitioning exchange, there must be an average of at least four messages (toll plus any OCP) per subscriber to a desired exchange and at least 50% of the total subscribers in the petitioning exchange must have completed at least four calls to the desired exchange; and

(b) In the desired exchange, there must be present at least half that community of interest needed in (a), as expressed by an average of at least two messages (toll plus any OCP) per subscriber to a petitioning exchange and at least 50% of the total subscribers in the desired exchange having completed at least two calls to the petitioning exchange.

The toll traffic study results, as filed by Bell and Logan, are summarized as follows, with studies being conducted during the period August 1, 1982, through August 30, 1982:

<u>From Dunmor to</u>	<u>Calls Per Subscriber</u>	<u>Meets 4.0 Criteria</u>	<u>% Subscribers 4+ Calls</u>	<u>Meets 50% Criteria</u>
Breman	0.11 Calls	No	1.13%	No
Central City	1.34	No	11.79	No
Drakesboro	2.96	No	24.39	No
Greenville	3.49	No	26.01	No
<u>To Dunmor From</u>	<u>Calls Per Subscriber</u>	<u>Meets 2.0 Criteria</u>	<u>% Subscribers 2+ Calls</u>	<u>Meets 50% Criteria</u>
Breman	0.08 Calls	No	1.73%	No
Central City	0.20	No	3.58	No
Drakesboro	1.24	No	19.20	No
Greenville	0.38	No	6.27	No

The toll traffic study results indicate that the minimum required criteria were not met in any direction on any study route. There was some discussion at the public hearing that the required calling volume criteria did not take into account the fact that such volumes would increase if EAS were instituted. These criteria were designed on the premise that calling volumes would increase substantially if EAS were introduced as a substitute for the existing toll structure. However, the required minimum calling volumes must be satisfied in order to reasonably expect that subscribers would have enough interest in the proposed EAS to warrant the continuation of the matter. The toll traffic study results in this proceeding do not indicate the minimum level of subscriber interest necessary to proceed in this matter.

FINDINGS AND ORDER

The Commission, having considered this matter, including the public hearing and evidence of record, and being

advised, is of the opinion and finds that:

1. The toll traffic study results submitted by Bell and Logan show that the minimum calling volume criteria required by the Commission's EAS Guidelines were not satisfied.


2. The public hearing of April 20, 1982, failed to produce any evidence which would justify continuation of this matter beyond the toll traffic studies which were conducted.

3. Petitioners' request for EAS should be denied.

IT IS THEREFORE ORDERED that the petition for EAS between the Dunmor-Greenville, Dunmor-Drakesboro, Dunmor-Central City, and Dunmor-Breman exchanges be and it hereby is denied.

Done at Frankfort, Kentucky, this 1st day of December, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary