

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF APPLICATION OF CONTINENTAL)
TELEPHONE COMPANY OF KENTUCKY FOR THE)
ELIMINATION OF EXCHANGE LINE MILEAGE) CASE NO. 9444
CHARGES IN EXCHANGES HANDLED BY THE)
LONDON DIGITAL ISLAND)

O R D E R

On September 25, 1985, Continental Telephone Company of Kentucky ("Continental") proposed a revision of its four-party tariff to eliminate extra exchange line mileage charges in those exchanges located within its London Digital Island. The timing of the elimination of the mileage charges would depend on the expected date that each of the digital central offices and related outside plant facilities would be cut over for use. The purpose of the elimination of the extra exchange mileage charge is to encourage four-party subscribers to migrate to one-party service.

On October 17, 1985, the Commission suspended the proposed tariff to permit an investigation of the revenue impact of the elimination of the mileage charge. On January 15, 1986, the Commission ordered Continental to conduct a consumer survey based on a statistically acceptable methodology to estimate demand for one-party service in the London Digital Island. This study was

completed and filed with the Commission on February 27, 1986.

After reviewing the consumer survey the Commission is of the opinion that the elimination of the mileage charge will have minimal impact on Continental's revenue. The Commission does recognize that the nature of statistical studies limits their reliability so it will require Continental to provide quarterly reports beginning July 1, 1986, on the movement of four-party customers to one-party service within the London Digital Island. At the same time the Commission will require Continental to provide a quarterly report on the level of service complaints within the Island. This reporting requirement will expire on July 1, 1988.

FINDINGS AND ORDERS

After examining the evidence of record and being advised the Commission is of the opinion and finds that:

1. Continental's proposed phased elimination of extra exchange mileage charges in the London Digital Island should be approved.

2. Continental should provide a quarterly report of four-party service migration to one-party service within the London Digital Island beginning July 1, 1986, and ending July 1, 1988.

3. Continental should provide a quarterly report summarizing service complaints within the London Digital Island beginning July 1, 1986, and ending July 1, 1988.

IT IS THEREFORE ORDERED that:

1. Continental's proposed tariff for phased elimination of extra exchange mileage be and hereby is approved for service

rendered on and after the date of this Order. The tariff approved herein is as follows:

Tariff Section B
Second Revised p. 1

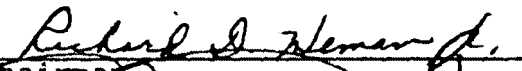
2. Continental shall provide a quarterly report of four-party service customer migration to one-party service within the London Digital Island beginning July 1, 1986, and ending July 1, 1988.

3. Continental shall provide a quarterly report summarizing service complaints within the London Digital Island beginning July 1, 1986, and ending July 1, 1988.

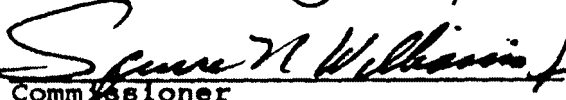
4. Continental shall file within 30 days of the date of this Order the tariff approved herein.

Done at Frankfort, Kentucky, this 14th day of March, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary