

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH CENTRAL BELL TELEPHONE)
COMPANY'S PROPOSED AREA CALLING) CASE NO. 95-053
SERVICE TARIFF (PHASE IV))

O R D E R

On February 9, 1995, South Central Bell Telephone Company ("South Central Bell") filed a tariff to expand its Area Calling Service ("ACS") which was initially approved by the Commission on April 9, 1992 in Case No. 91-250.¹

South Central Bell's ACS tariff contains two options. The Standard ACS option allows customers to call anywhere in the designated calling area (the existing local calling area plus the extended calling area) at usage-based rates priced substantially below the current toll rates. These customers will also pay a flat rate access charge. The Premium Calling Usage service enables customers to call any location in their full local calling area on a flat rate basis. The full local calling area consists of the existing local calling area plus the extended calling area. Customers not selecting the Standard or Premium ACS option will maintain their current flat rate service in the existing local calling area and will continue to be charged for calls to the extended calling area at tariffed toll rates. South Central Bell's

¹ Case No. 91-250, South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

proposed tariff contains rates and conditions of service identical to the earlier phases of the ACS tariffs approved by the Commission. As in earlier phases, this ACS tariff has been designed to be revenue neutral. Furthermore, those restrictions delineated in Case No. 91-250 continue to apply to South Central Bell.

The proposed tariff addresses the communities of interest of South Central Bell's customers to Lexington, Kentucky, and other communities east and south of Lexington. This proposal does not address the ability of Lexington customers to call the exchanges on a reciprocal basis.

The Commission is concerned that projected revenue requirements for Phase IV are less than revenue neutral, primarily due to the one-way nature of a substantial portion of the proposal. However, when the four phases are combined, the results marginally exceed the revenue neutrality criteria established in Administrative Case No. 285.² Thus, the Commission will continue to review Kentucky-specific data as it becomes available and will require that South Central Bell adjust its ACS rates if warranted.

On March 7, 1995, AT&T Communications of the South Central States, Inc. ("AT&T") filed a motion for full intervention, suspension of the proposed tariff, and a hearing to consider issues to which AT&T is not now adequately represented. In support of its

² Administrative Case No. 285, An Investigation Into the Economic Feasibility of Providing Local Measured Service Telephone Rates in Kentucky, Order dated October 25, 1990.

motions, AT&T states that as a competitor of South Central Bell, its intervention is necessary to protect its interest, and that it is seeking an opportunity for customers to have a choice of carriers who can offer different services at competitive rates. It asks that the Commission re-examine specific aspects of the ACS plan which effectively precludes competition and works against the development of an efficient market. AT&T further asks the Commission to reject the proposed tariff, order substantial access charge reductions by the local exchange carriers, and reconsider its decision in Case No. 91-149³ not to impute access charges to the price of extended area local service calls completed by the local exchange carriers.

On March 9, 1995, South Central Bell filed its response to AT&T's motion in which it stated that AT&T was attempting to re-litigate issues resolved in the initial ACS proceeding. South Central Bell noted that MCI had filed a similar motion in Phase II and that MCI's motion had been rejected because the issues had previously been resolved. South Central Bell quoted the Commission Order in Case No. 91-149 describing how carrier common line charge revenue was to be treated. South Central Bell contends that because no new issue is raised regarding community of interest of the proposed exchanges, AT&T's petition should be dismissed.

Having reviewed the proposed tariff, AT&T's motion, and South Central Bell's response, the Commission finds that AT&T's motion

³ Case No. 91-149, Inquiry Into The Community Of Interest And Affect Thereof Between The Areas Of Georgetown, Kentucky, And Lexington, Kentucky.

should be denied. South Central Bell's proposed tariff raises no issues that have not been addressed by the Commission in the initial ACS filing. AT&T has no special interest that has not been adequately represented and its intervention will not present issues or develop facts which were not fully developed and fully considered in South Central Bell's initial ACS filing. In that proceeding, the Commission recognized the impact on toll competition but determined that toll competition must be balanced against the community of interest considerations.

In each of the previous three phases and, likewise, in this phase, the Commission has required South Central Bell to file Kentucky-specific data 15 months from the date of each Order. The most recent data was received on December 1, 1994. To simplify future filings, South Central Bell should annually file statewide data on December 1. However, a one-time filing should be submitted for each new phase containing the first 12 months of data specific to that phase. This data will continue to be required 15 months from the date of this Order.

The Commission finds that South Central Bell's tariff proposal filed with the Commission on February 9, 1995 for expanded ACS to exchanges east and south of Lexington, Kentucky, should be approved as of the date of this Order.

The Commission, having been otherwise sufficiently advised, HEREBY ORDERS that:

1. South Central Bell's tariff proposal for expanded ACS, affecting 14 telephone exchanges east and south of Lexington,

Kentucky, is approved for service on and after the date of this Order.

2. AT&T's motions are denied.

3. South Central Bell shall gather Kentucky-specific data for ACS as necessary to demonstrate the reasonableness and accuracy of the model forecast and calling option prices. South Central Bell shall file statewide information with the Commission annually each December 1, and concurrently submit any proposed changes to the ACS rates to achieve revenue neutrality as required by Administrative Case No. 285. In addition, within 15 months of the date of this Order, South Central Bell shall file data containing the first 12-month's impact for the tariff approved herein.

Done at Frankfort, Kentucky, this 13th day of March, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director