

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BELLSOUTH TELECOMMUNICATIONS, INC.'S)
PROPOSED EXPANSION OF ITS AREA) CASE NO. 95-537
CALLING SERVICE TARIFF)

BELLSOUTH TELECOMMUNICATIONS, INC.'S)
AREA CALLING SERVICE ANALYSIS FILED) CASE NO. 95-567
DECEMBER 1, 1995)

O R D E R

On December 1, 1995, BellSouth Telecommunications, Inc. ("BellSouth") filed new and revised pages in Sections A3, A20, and A120 of its General Subscriber Services Tariff which included proposed expansion of its area calling service to 52 exchanges and the introduction of area calling service in 49 exchanges.¹ With this expansion, BellSouth proposed to eliminate related optional calling plans. The proposed expansion will allow new local routes for placing calls from BellSouth exchanges to specified other exchanges, including other local exchange companies, across the Commonwealth. BellSouth plans to implement the new calling areas starting February 8, 1996 and concluding by March 7, 1996.

¹ Area Calling Service was initially approved by the Commission on April 9, 1992 in Case No. 91-250, South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Also on December 1, 1995, in compliance with the Commission's Order of March 8, 1995 in Cases No. 91-250 and No. 93-114,² BellSouth filed a cost analysis of its existing area calling service plans in Kentucky. The analysis covered the 12-month period ending August 1995 and included all customers with area calling service at the end of that period. The analysis included a discussion of the business take-rate as required.

Along with the analysis, BellSouth requested that the Commission suspend the requirements for future area calling service evaluations because it is now operating under price regulation and its area calling service options have been revenue neutral in the past.

The Commission has reviewed the information filed December 1, 1995 and concurs with BellSouth's findings that area calling service continues to be essentially revenue neutral as mandated in Case No. 91-250 and is in the public interest. At this time, the existing rate structure and the rate levels should not be changed. However, the Commission finds that BellSouth should continue to examine area calling service availability and pricing and, when appropriate, modify its service to meet the needs of its customers. Although BellSouth is now operating under price regulation, the Commission finds that it is imperative that area calling service remain revenue neutral and that it not exert any upward pressure on

² Case No. 93-114, The Proposed Tariff of South Central Bell Telephone Company for Proposed Area Calling Service Expansion.

other rates, particularly when rate rebalancing takes place. Additionally, the Commission must periodically review area calling service to monitor its effect on developing competition. For these reasons, BellSouth's request that future analyses not be required should be denied.

To further clarify the filing of future area calling service evaluations, the Commission finds that the requirements to file an independent evaluation in the January 10, 1995 Order in Case No. 94-414³ and the March 13, 1995 Order in Case No. 95-053⁴ should be rescinded and that the input from all area calling service filings be combined to be filed annually on December 1.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, HEREBY ORDERS that:

1. BellSouth's proposed tariff of December 1, 1995 to expand its area calling service is approved.
2. BellSouth's request for permission to discontinue filing price information and future area calling service evaluations is denied.

³ Case No. 94-414, The Proposed Tariff Filing of South Central Bell Telephone Company for Proposed Area Calling Service Expansion, Order dated January 10, 1995.

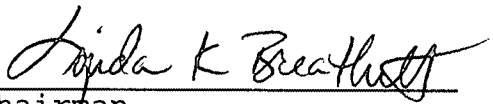
⁴ Case No. 95-053, South Central Bell Telephone Company's Proposed Area Calling Service Tariff (Phase IV), Order dated March 13, 1995.

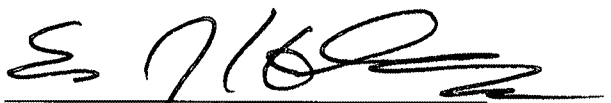
3. BellSouth shall file a comprehensive statewide analysis each December 1 evaluating the mandated revenue neutrality of area calling service and concurrently shall submit any proposed changes to area calling service rates.

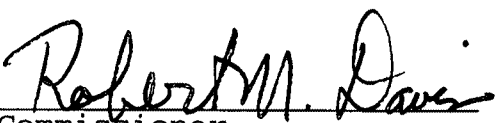
4. Interim evaluations required in Cases No. 94-414 and No. 95-053 are no longer required.

Done at Frankfort, Kentucky, this 3rd day of January, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director