

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF SOUTH CENTRAL)	
RURAL TELEPHONE COOPERATIVE)	
CORPORATION, INC. TO PROVIDE)	CASE NO. 98-274
OPTIONAL EXTENDED AREA SERVICE)	
TO ADDITIONAL EXCHANGES)	

O R D E R

On April 27, 1998, South Central Rural Telephone Cooperative Corporation, Inc. ("South Central RTCC") filed revised tariff pages of its General Subscriber Services Tariff. The purpose of the filing is to seek approval for the provision of Optional Expanded Extended Area Service ("Call-Extend Plan"). This Call-Extend Plan is similar to the plan filed and approved in Case No. 96-575.¹

The Call-Extend Plan enables customers to call any location in the expanded local calling area for a flat rate of \$5.00 per month in addition to the basic local exchange rate. Customers not selecting the Call-Extend Plan will continue to be charged for calls to that area at tariffed toll rates.

The Commission has had a longstanding practice of approving expanded calling plans of this nature when certain conditions are met. First the plans must encompass a community of interest and there must be adequate customer demand for the service. Second, the pricing of the service must be such that it is revenue neutral and does not

¹ Case No. 96-575, The Tariff Filing of South Central Rural Telephone Cooperative Corporation, Inc.'s Proposed Optional Expanded Extended Area Service and General Rate Reduction.

affect the rest of the general subscribership through revenue shortfalls or excessive profits to the utility.²

South Central RTCC states that the expanded calling area in the affected exchanges reflects their communities of interest and there is significant demand from those customers. South Central RTCC's proposed tariff for the Call-Extend Plan contains rates that have been designed to be revenue neutral based on the expected stimulation of demand and is projected to reduce South Central RTCC's revenues by \$216,108. Therefore, the Commission will require South Central RTCC to file a report on its actual results for the first 12 months and, if necessary, the Call-Extend Plan should be required to be revenue neutral. In addition, the Commission finds that South Central RTCC should adhere to the guidelines discussed in Case No. 91-250.³

Thus, the Commission finds that the proposed tariff should be approved.

IT IS THEREFORE ORDERED that:

1. South Central RTCC's proposed tariff to implement its Optional Call-Extend plan on a flat-rated basis is approved for service rendered on or after the date of this Order. South Central RTCC shall file revised tariff pages with the Commission to reflect the new effective date.

2. South Central RTCC shall gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its Optional Call-Extend Plan. South Central RTCC shall file this information with the


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

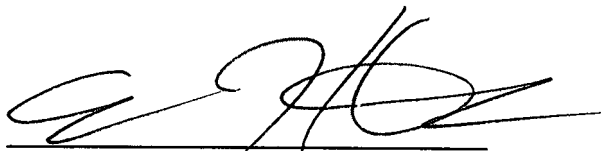
³ Case No. 91-250, South Central Bell Telephone Company's proposed Area Calling Service Tariff, Order Issued April 9, 1992.

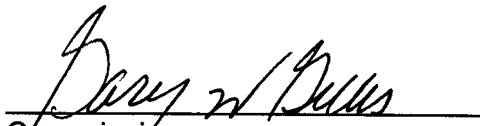
Commission by September 30, 1999. South Central shall also submit any proposed changes to the Optional Call-Extend Plan rates to bring the revenue impact into compliance with the Commission objective of revenue neutrality.

Done at Frankfort, Kentucky, this 15th day of July, 1998.

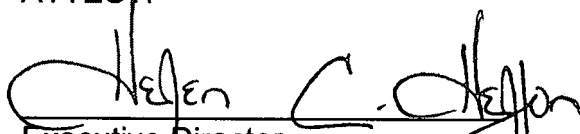
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director