

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFFS OF GTE SOUTH INCORPORATED)	
TO INTRODUCE AND EXPAND ITS OPTIONAL)	CASE NO. 98-411
LOCAL CALLING PLAN PHASE IV)	

O R D E R

On August 5, 1998, GTE South Incorporated ("GTE") filed a proposed tariff, to be effective September 8, 1998, which expands its Local Calling Plan ("LCP") in two exchanges. Also, on August 5, 1998, GTE filed a second proposed tariff, to be effective September 14, 1998, which provides expanded local calling to 20 new exchanges. As part of its filing, GTE supplied to the Commission the community of interest analysis in which it stated that the expansion of the LCP was designed to respond to expressed customer requests and to maintain parity with previously approved expansions.¹ GTE considered call volumes between exchanges, the extent of an exchange's existing local calling and county-wide calling, and the benefit of giving choices to customers.

In the current filings, GTE has projected that it will incur a de minimis net loss in one filing and a de minimis net gain in the other. However, these projections, when combined with actual losses as provided in its updated revenue impact filed May 7, 1998, concern the Commission. As emphasized in Case No. 95-162, the Commission

¹ Case No. 95.162, The Tariff Filing of GTE South Incorporated to Introduce Optional Local Calling Plans; Case No. 95-371, The Tariff Filing of GTE South Incorporated to Introduce and Expand its Optional Local Calling Plans; and Case No. 98-069, The Tariffs of GTE South Incorporated to Introduce and Expand its Optional Local Calling Plan Phase III.

expects GTE to maintain revenue neutrality as required in Administrative Case No. 285.³ The Commission will continue to monitor GTE's LCP and if necessary will require GTE to modify its rates and restructure its options to achieve revenue neutrality.

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

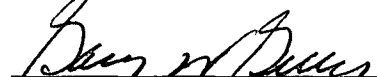
1. GTE's tariff proposal of August 5, 1998 is approved effective September 8, 1998.
2. GTE's tariff proposal of August 5, 1998 is approved effective September 14, 1998.
3. GTE shall provide by May 1, 1999 an analysis based upon year-end 1998 12 months of Kentucky-specific data necessary to demonstrate the reasonableness and accuracy of forecasts and prices contained in its LCP filings. GTE shall submit proposed changes to its calling plans, if such changes are required to maintain revenue neutrality.

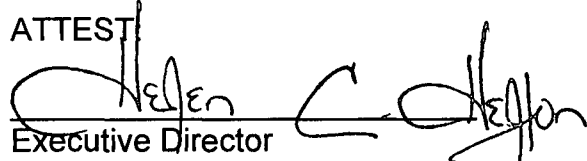
Done at Frankfort, Kentucky, this 8th day of September, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST

Executive Director

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