

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EXEMPTING DUO COUNTY	)	
TELEPHONE COOPERATIVE	)	
CORPORATION'S NON-LOCAL	)	CASE NO. 99-485
DIRECTORY ASSISTANCE SERVICE	)	
FROM TARIFF REGULATION	)	

O R D E R

On December 1, 1999, Duo County Telephone Cooperative Corporation ("Duo County") filed a petition, pursuant to KRS 278.512, to exempt its proposed Non-Local Directory Assistance ("NDA") service from tariff regulation. Pursuant to KRS 278.512, the Commission may exempt or reduce regulation of telecommunication services and products if it determines that exemption or reduced regulation is in the public interest. Duo County proposes that the revenues derived from the services remain regulated and asserts that exemption from tariffing is consistent with the public interest objectives listed in KRS 278.512.

Duo County proposes to resell, within its own territory, NDA service purchased at a wholesale rate from another company. Duo County submits that the price it charges for the NDA service will equal or exceed the wholesale price that it pays for the service, and therefore will not be subsidized by other tariffed services. To further support its petition, Duo County points to both large and small companies offering its customers NDA service that is fundamentally equivalent to, and perfect substitutes for, the service it will offer. According to Duo County, these interstate offerings are provided under the

regulatory auspices of the Federal Communications Commission, which has determined that the interstate services are competitive and therefore has chosen not to regulate them. Finally, Duo County argues that exemption will allow it to respond to marketing programs of its competitors on a more timely basis, to develop innovative marketing programs, and to be flexible in bundling services to respond to competitive offers by large national competitors.

In evaluating the reasonableness of Duo County's request, the Commission has considered the extent to which competing NDA services are available in the relevant market, the existing ability and willingness of competitive providers to make functionally equivalent or substitute services readily available, and the number and size of competitive providers. The Commission has also weighed public interest concerns with Duo County's ability to react to competitive challenges. Finally, the Commission considered Duo County's request in light of the fact that the large companies cited as providing NDA on an untariffed basis at the federal level, do file intrastate tariffs for the services in Kentucky.

The Commission finds that Duo County's petition does not provide clear and satisfactory evidence that granting the petition is in the public interest, especially in view of the fact that the large companies cited as major telecommunications companies providing NDA service in Kentucky are required to file tariffs for the service. However, the Commission will allow Duo County's NDA tariff to be effective on one day's notice.

Having reviewed the filing and being otherwise sufficiently advised, the Commission finds that, pursuant to KRS 278.512, Duo County should be required to

tariff its NDA service; however, the tariff may be made effective on one day's notice, and it will be presumptively valid.

IT IS THEREFORE ORDERED that:

1. Duo County's request for exemption from tariff regulation for its NDA service is denied.

2. Duo County shall file its tariff for NDA service, including a cost study demonstrating that the tariffed price covers the incremental cost of providing the service.

3. Duo County's NDA tariff will be effective on one day's notice and will be presumptively valid.

4. A copy of this Order shall be served on incumbent local exchange carriers.

Done at Frankfort, Kentucky, this 3<sup>rd</sup> day of March, 2000.

By the Commission

ATTEST:

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Executive Director