

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILINGS OF GTE SOUTH)	
INCORPORATED TO REDUCE RATES)	
AND PROVIDE FOR AN EXPANSION)	CASE NO. 2000-082
OF ITS OPTIONAL LOCAL CALLING PLANS)	

O R D E R

On February 9, 2000, GTE South Incorporated ("GTE") filed revised pages in its General Customer Services Tariff. GTE made two separate filings; the first includes changes to its monthly exchange rates, miscellaneous service rates, and long distance message telecommunications service. The second filing adds new exchanges to GTE's Local Calling Plans ("LCP"). GTE made these filings in response to the Commission's Order in Case No. 99-296.¹

In Case No. 99-296, the Commission ordered GTE to make its LCPs available to all of its subscribers in Kentucky. Additionally the Commission ordered GTE to enter into discussions with Commission Staff to negotiate revenue reductions. GTE filed tariffs to reduce its access charges on January 11, 2000. The reduction totaled \$5,639,366. GTE is proposing in these two filings to reduce its revenues by \$11,502,411.

¹ Case No. 99-296, Joint Application of Bell Atlantic Corporation and GTE Corporation For Order Authorizing Transfer of Utility Control, Order Dated September 7, 1999.

In the first filing, various one party rates for business service will be reduced as well as all PBX rates. Usage rates for all GTE LCPs will be restructured to offer local calls at \$0.015 per minute and all other distance bands at \$0.055 per minute. Monthly rates for certain business and residence customers subscribing to rotary service will be reduced. The Network Access Register monthly rate will be reduced for all exchanges. The monthly rate for direct inward dialing trunks will be reduced and the nonrecurring engineering charge will be eliminated. The usage rate for GTE "One Easy Price Plan" for residence will be reduced from \$0.15 per minute to \$0.10 per minute, and GTE "Easy Savings Flat Rate Plan" for business will be restructured to remove the contract terms and monthly flat rate and to reduce the usage rate to \$0.10 per minute. The total reductions will be \$5,639,366 per year. GTE requests that the Commission approve this filing within 20 days in accordance with the provisions of KRS 278.180.

The second tariff filing by GTE proposes to add 23 new exchanges to GTE's LCPs. With the approval of this filing, LCPs will be available to all subscribers of GTE service in Kentucky. This filing will have the effect of reducing GTE's revenues \$378,070 on an annual basis. GTE proposes to make this filing effective June 26, 2000.

In the past, the Commission has approved 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 revenue neutral and not affect the rest of the general subscribership through revenue shortfalls or excessive profits to the utility.²

The Commission encourages the implementation of expanded area calling plans and will continue to enforce the requirements of Administrative Case No. 285. However, where a company's financial position indicates that it can absorb revenue decreases as the result of implementation of these plans, the company will not be required to accumulate company-specific financial information to substantiate its estimate of revenue reductions. Also, revenue reductions resulting from expanded area calling plans will not be considered in a rate-making proceeding.

Thus, the Commission approves GTE's February 9, 2000 proposal with an effective date of June 26, 2000. In addition, the Commission finds that GTE should adhere to the guidelines discussed in Case No. 91-250.³

IT IS THEREFORE ORDERED that:

1. GTE's proposed tariffs are approved.
2. In accordance with KRS 278.180, GTE's tariff filing shall be effective on 20 days notice.
3. Based on a review of the financial impacts of the plan on GTE, the company will not be required to gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its LCP.

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.

Done at Frankfort, Kentucky, this 29th day of February, 2000.

By the Commission

ATTEST:

Executive Director