

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF PEOPLES)
RURAL TELEPHONE COOPERATIVE)
CORPORATION, INC. TO EXPAND) CASE NO. 2001-074
LOCAL CALLING AREAS AND CHANGE)
CALLING FEATURES)

O R D E R

On February 15, 2001, Peoples Rural Telephone Cooperative Corporation, Inc. ("Peoples") filed new pages in its PSC Kentucky Tariff 1 – Local Exchange Tariff. The company proposes to expand its local calling areas between its exchanges, introduce several new service features, clarify the terms under which several current features are offered, and modify slightly the company's rates for optional calling features.

Peoples proposed that the customers of its Booneville exchanges be given two-way local calling with those customers of the company's McKee, Annville, and Sand Gap exchanges. These latter three communities have local calling between each other and toll to Booneville. Booneville is toll to all other Peoples' exchanges.

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 such that it is revenue neutral and does not affect the rest

of the general subscribership through revenue shortfalls or excessive profits to the utility.¹

Peoples states that the expanded calling area in the affected exchanges reflects their communities of interest and that there is significant demand from those customers. The impact to Peoples will be a \$60,235 reduction in annual revenues from reduced access charge revenue and billing and collections revenues. Peoples has proposed adding several custom calling services to its tariff and increasing the rates of certain others detailed below. The net forecasted impact to Peoples is a decrease in annual revenues of \$3,289.

Peoples has proposed to make several changes to its optional calling features. The company currently provides a volume discount on optional calling features. Peoples wishes to discontinue offering any discounts because of difficulties in administration of the discounts. As an alternative it will offer certain “bundles” of features at discounted prices.

Peoples has proposed to add a “cancel call waiting” option with all of its call waiting services. Peoples will also enhance its call waiting services with caller ID information being provided on call waiting to customers that subscribe to both services. There will be no premium charge for this service. However, Peoples does propose to increase its base call waiting rate for residential and business subscribers by 25 cents and 50 cents respectively.

¹ Administrative Case No. 285, An Investigation Into the Economic Feasibility of Providing Local Measured Service Telephone Rates in Kentucky, Order Issued October 25, 1990.

Peoples has proposed to modify its caller name and number delivery service to include the anonymous call rejection feature. This feature allows customers, through a special code activation, to block calls from lines carrying the privacy indicator. With the addition of this service to its Caller Name delivery, the price will increase \$1.00 for residential customers and \$2.00 for business customers.

Peoples has proposed to introduce the "Peoples Choice" package. This will allow subscribers to pay a flat monthly fee of \$11.00 for residential customers and \$14.25 for business customers to choose from any of its optional calling features.

It has proposed to modify its tariff to increase the number of options available for call forwarding. There are no rate changes associated with this modification.

Peoples has proposed to add to its tariff an option for business customers for hunting service. Hunting service allows a business subscriber with multiple lines to have calls forwarded to the next available line or trunk should the dialed trunk be busy. The rate for this option will be \$1.00 per month.

Peoples has proposed to increase its basic Caller ID service by 50 cents per line. Peoples will also make available its caller name and number blocking service on a flat monthly rate and will continue to offer this service on a per use basis at no charge.

It has proposed to modify the language for its application of late payment charges to reflect that a payment is considered late if not received by the due date rather than the next bill date. This will prevent problems in the application of the late payment charge.

The Commission finds that the expansion of Peoples' local calling areas provides great benefit to the subscribers of Peoples and should be approved. The Commission

also concurs with the additional changes made to Peoples' tariff to expand and reprice certain optional calling features.

IT IS THEREFORE ORDERED that Peoples' proposed changes be approved effective April 1, 2001.

Done at Frankfort, Kentucky, this 30th day of March, 2001.

By the Commission

ATTEST:


Executive Director