

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KATHLEEN M. JAMES)	
)	
COMPLAINANT)	
)	
v.)	CASE NO.
)	2002-00421
BELLSOUTH TELECOMMUNICATIONS, INC.)	
)	
DEFENDANT)	

ORDER

On November 4, 2002, Kathleen M. James (Complainant) filed a formal complaint with the Commission against BellSouth Telecommunications, Inc. (BellSouth) arguing that BellSouth should not be allowed to charge customers a mileage (a/k/a Band Zone) charge. Complainant alleges that BellSouth is the only telecommunications provider of which she is aware that assesses a mileage charge.

On December 18, 2002, BellSouth filed its answer. BellSouth first contends that Complainant has failed to state a claim upon which relief may be based. BellSouth also asserts that the Band Zone charges that it charges are appropriate and are duly charged under its tariff that the Commission has approved. Finally, BellSouth requests that the Complaint be dismissed.

BACKGROUND

The parties met, with Commission Staff, at an informal conference at the Commission s offices on May 19, 2003. The primary purpose of the conference was to better clarify the principles supporting the Band Zone charges. BellSouth restated its

position regarding the justification for the Band Zone charges, primarily that the purpose was to recover the cost of expanding service beyond its base rate area. BellSouth stated that it continues to look at all rates in its rate structure to determine the appropriateness in the market. Commission Staff noted that it may ask BellSouth to look specifically at this rate in the Commission's review of BellSouth's Transition Regulation Plan in the fall of 2003.

Complainant stated that she understood the rationalization for the charges and was satisfied that the issue may be addressed in the fall of 2003.

DISCUSSION

Band Zone charges were established to help cover the costs of extending service outside of urban areas. The charges, primarily, are based upon the distance, in air miles, from the nearest point on the Base Rate Area Boundary. These charges are properly tariffed and have been approved by the Commission. Over the past 12 years, these rates have diminished significantly. For example, the Band Zone charge for a customer located greater than seven miles outside of the Base Rate Area has been reduced from \$22.50 in 1986 to \$5.20. The Band Zone charge Complainant pays has been reduced from \$15.75 in 1986 to \$5.20. The Commission approved and, in some instances, encouraged all of the charge reductions.

The Band Zone charge is related to cost recovery for extending service outside of the Base Rate Area. Thus, it has not been considered unreasonable. The charge is also not discriminatory, as it applies to all similarly situated customers of BellSouth.

BellSouth represented that it may analyze its Band Zone charges to see if it can further reduce, or eliminate, them. The Commission applauds such an action and hopes

that BellSouth can address the charges in a manner that harms neither customers nor BellSouth.

The Commission finds that the Band Zone charges are reasonable and properly approved. Consequently, IT IS HEREBY ORDERED that this case is dismissed with prejudice and is removed from the Commission s docket.

Done at Frankfort, Kentucky, this 9th day of July, 2003.

By the Commission

ATTEST:


Executive Director