

T65-0724



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PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Blvd., PO Box 615
Frankfort, KY 40602

May 21, 2004

Case 2004-00247

Dear Ms. O'Donnell:

Enclosed for filing are one original and three copies of revisions to Tariff KY PSC - General Subscriber Services Tariff. With this filing, the company ("PRTC") proposes to modify its rate for directory assistance services.

As shown in the accompanying documentation, PRTC's proposed changes will result in a modest increase in annual revenues for the Company increase services available to its subscribers. However as shown here good reason exists that the revisions should be permitted as filed.

Because PRTC has not filed a general rate case in some time and does not anticipate filing one in the foreseeable future, PRTC, pursuant to 807 KAR 5:011, Section 14 requests that the Commission waive 807 KAR 5:011, Section 10 (1:c). In addition, the income statement and balance sheet required by 807 KAR 5:011, Section 10(1:e) is on file with the Commission; accordingly, the company requests a waiver of this requirement as well.

In accordance with 807 KAR 5:011, Section 8 PRTC will notify its customers of the proposed changes to its tariff on or around May 21, 2004. A copy of that notice is provided in Attachment 1.

If there are any questions, please contact Eileen Bodamer at 770-649-1886.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Gabbard', is written over a light-colored background.

Keith Gabbard, General Manager
enclosures

General Manager: Keith Gabbard

P.O. Box 159 U.S. Highway 421 McKee, Kentucky 40447

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Fax: (606) 287-8332 Email: prtc@prtcnet.org

MISCELLANEOUS

XIV. DIRECTORY ASSISTANCE SERVICE (continued)

B. Application of Charges (continued)

1. Charges are not applicable to the following customers that request listing information within their local calling area:
 - a. Customers who have been certified by a physician or appropriate agency as unable to use a telephone directory because of a visual or physical handicap (this provision is not intended to allow the exemption for large business subscribers who employ only a few handicapped employees), and
 - b. Customers who make a call for a telephone number that was incorrectly published in or omitted from the alphabetical section of the directory due to Company error.

C. Rates and Charges

Directory Assistance service – request of a listing (maximum of two requests per call)

1. Within the Company's local calling area for the originating line

	<u>Rate</u>	
Per call	\$0.75	(I)

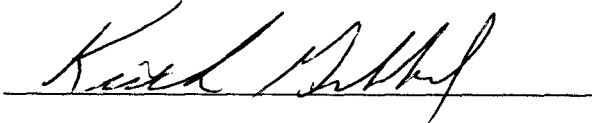
2. Outside the Company's local calling and LATA/NPA serving areas for the originating line

Per call	\$0.75
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Issued: May 21, 2004

Effective: June 21, 2004

By: Keith Gabbard, Manager



Introduction

People's Rural Telephone Cooperative ("PRTC") provides here description and justification of its proposed tariff filing. This filing eliminates the dual-tier rate structure for directory assistance services in favor of a single rate.

Background

On August 16, 2000 PRTC introduced a new extended directory services that allowed its customers to request national listings by dialing "411". In addition, the base rate of local directory assistance service was raised from 30 to 35-cents per call. For both local and extended directory assistance calls, subscribers could request two listing per call. Company waivers of directory assistance charges for customers exempted for medical and other reasons continue to apply to all 411 calls regardless if the calls are for local or national directory listing requests.

After the service tariff was approved, PRTC found that its vendor of underlying services was unable to differentiate for billing purposes between its "local" and "extended" DA services. As a result, while PRTC had a tariff that permitted it to charge higher rates for the extended DA service, it found it could not do so and accordingly assessed all its DA calls at its lower "local" rate of 35-cents. Because the volume was initially low and expected to remain minimal, the Company chose to make no modifications to its tariff at that time.

Justification

During the four years since the August filing, PRTC members have modified their calling patterns and PRTC finds that its growth in directory assistance services is being driven by the availability of its members to access national services through 411.

With this filing, PRTC proposes to modify its directory rate for all 411-services to the higher 75-cent rate. This increase is justified for the following reasons:

Market Value

The market value for both local and national directory assistance is well above the rate proposed in this filing. For example, even at 75-cents per call, PRTC will charge significantly less for its directory services than BellSouth (\$1.25) or ATT (\$1.99). In fact, in a survey of directory charges assessed by other providers, only its own affiliate PRTC-LD provided directory services to its members for less than \$1 per call at 95-cents per call.

Discretionary Service

PRTC members now receive multiple directories publications from competing "white page" providers. These books are not duplicative and members have indicated that they find the extended listings provided by the different publishers have decreased their reliance on 411. As a result, members now have at least two free options – in addition to search engines available through the internet – to request directory information. 411 access is becoming more of a convenience and accordingly should be priced at market value.

Minimal Revenue Impact

As shown below, PRTC anticipates that the increase in assessable revenue from this filing is \$1100 a month or approximately 10-cents per line. This increase in revenue is negligible and does not include the cannibalization of the other services provided by the Company, such as access and billing and collections to other market providers, which reduce the overall net increase that company actually experiences.

Peoples Rural Telephone Cooperative

Sample of 411-calls

		Tariff Rate	Projected Revenue	Proposed Tariff	Revised Revenue	Net Increase
Local DA <i>estimated</i>	2,940	\$ 0.35	\$1,029.00	\$ 0.75	\$2,205.00	\$ 1,176.00
Extended <i>estimated</i>	<u>3,847</u>	\$ 0.75	<u>\$2,885.25</u>	\$ 0.75	<u>\$2,885.25</u>	\$ -
Billed 411-calls	6,787		\$3,914.25		\$5,090.25	\$ 1,176.00

PEOPLE'S RURAL TELEPHONE COOPERATIVE.
PUBLIC NOTICE

On May 21, 2004 People's Rural Telephone Cooperative filed revisions to its local service tariff, Tariff KY PSC - General Subscriber Services Tariff. That filing increases the rate for directory service from 35 cents to 75 cents per call. Any corporation, association, body, politic or person may request leave to intervene within thirty days after notice of the proposed change is given. The motion shall be submitted to the Public Service Commission at 211 Sower Blvd., PO Box 615, Frankfurt, KY 40602 and shall set forth the grounds for such motion including the status and interest of the party. A copy of the filing can be obtained from the business office, at US Highway 421, McKee, Kentucky during regular business hours or by contacting the business office at 606-287-7101.