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October 23, 2012

RECEIVED

OCT 25 2012

**PUBLIC SERVICE
COMMISSION**

Mr. Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Notification of Affordable Phone Services, Inc.'s Intent to Discontinue Services

Dear Mr. Derouen,

Affordable Phone Services, Inc. ("Affordable" or the "Company"), through the undersigned counsel, hereby notifies the Commission that it intends to discontinue the provision of resold prepaid local exchange and interexchange services to customers within the State of Kentucky. In response to changing market conditions, Affordable has determined that it is no longer feasible to offer these service packages. The proposed discontinuance will not result in harm to the affected customers because they are being provided ample advance notice of the discontinuance and equivalent service offerings are available from other carriers, including the underlying carrier whose services Affordable resells.

In connection with this filing, Affordable submits the following information:

I. Description of Discontinuance

The Company

Affordable Phone Services, Inc.
P.O. Box 831372
Ocala, FL 34483

Affordable provides intrastate services in Kentucky pursuant to its registration with the Commission.¹ Because Affordable may continue to provide telecommunications services in Kentucky with a reformulated offering, the Company does not wish to surrender its authorization at this time.

Date of Proposed Discontinuance

Subject to receipt of necessary regulatory approvals, the Company plans to discontinue the affected services on December 31, 2012. *All customers will have received notice at least 65 days in advance of this shut-off date.*

Services to be Discontinued & Affected Customers in Kentucky

Affordable proposes to discontinue prepaid local exchange and interexchange service currently provided to customers using AT&T as the underlying carrier. At this time, Affordable delivers these services to approximately 376 customers in Kentucky.

Date and Method of Customer Notice

On October 9, 2012, Affordable sent written notice by first-class mail to affected customers, informing them that the Company will cease providing the prepaid local exchange and long distances services that they currently receive, effective December 31, 2012. The notice clearly underscores that customers must make arrangements with another carrier to avoid loss of service and provides a toll-free telephone number that customers may call to reach Affordable service representatives for assistance with this transition. A sample copy of this notice, which also complies with the requirements of the Federal Communications Commission ("FCC"), is appended as Exhibit A.²

¹ Utility ID 5053600.

² Affordable has filed a Section 63.71 application with the FCC for approval to discontinue the domestic interstate services provided as part of these service offerings. A copy of that filing has been served on the Commission. As noted, Affordable does not provide international services.

II. Contacts for this Notice

Questions and correspondence regarding this Notice should be addressed to:

Winafred Brantl
Kelley Drye & Warren, LLP
3050 K Street, NW #400
Washington, DC 20007
(202) 342-8819
(202) 342-8451 (fax)
wbrantl@kelleydrye.com

with copies to:

Tina C. Allen
Senior Compliance Manager
Telecom Service Bureau, Inc
4352 SE 95th Street
Ocala, FL 34480
Fax: 352-233-2724

III. Circumstances of Discontinuance

As discussed above, Affordable has determined that market conditions make unfeasible its continued provision of prepaid intrastate services using AT&T as the underlying carrier. Consequently, the Company proposes to discontinue these service offerings at this time. Following implementation of this decision, Affordable will reassess its best alternatives for continued operations in the intrastate and interstate telecommunications markets. Because the Company anticipates that it may continue to provide regulated intrastate services in Kentucky, Affordable does not wish to surrender its telecommunications authorization at this time.

IV. Public Interest Considerations

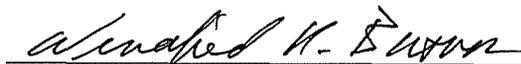
Affordable's proposed discontinuance is consistent with the public interest. The services offered by Affordable are available from other providers in the Kentucky market. Consequently, Affordable's customers will not be unduly harmed as they will be able to transition to new providers. Consistent with Commission and FCC requirements, Affordable's customers have been given sufficient advance notice of the need to select a new provider such that they will be

able to do so in a thoughtful and informed manner. Company representatives will be available throughout the transition period to assist customers with this process.

V. Summary

Subject to any required regulatory approvals, Affordable expects to implement the proposed discontinuance on December 31, 2012. Should the Commission have any questions regarding this filing, please contact the undersigned counsel for Affordable.

Respectfully submitted,



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3050 K Street, NW #400
Washington, DC 20007
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Counsel for Affordable Phone Services, Inc.

Exhibit A

Sample Customer Discontinuance Notice



Customer Name
Address Line 1
Address Line 2

October , 2012

Notice of Discontinuance of Your Telephone Service by Affordable Phone Services, Inc.

Dear Customer:

Affordable Phone Services, Inc. ("Affordable") regrets to inform you that it is preparing to cease providing prepaid local and long distance service to customers in a significant part of its service area.¹ **In order to avoid a disruption in telephone service, you must make arrangements for service with a new telephone company before the cut-off date noted below.** The names and telephone numbers of local telephone service companies, which also typically provide long distance service, are listed in your telephone directory. Customer service representatives at these companies will help you to select services to most effectively replace your current Affordable service. If you arrange for new service before your Affordable service is terminated and wish to keep your current telephone number(s), please be sure to address this with your new service provider.

Subject to regulatory approvals, your service cut-off date is December 31, 2012. If you do not arrange to have your telephone service provided by a new telephone company prior to December 31, 2012, you may lose telephone service (which means that you will be unable to make local calls including 911) and you may not be able to keep your current telephone number(s) with the new service provider. Effective with this notice, Affordable will no longer make any changes to or reconnect existing service and will not accept orders for new service.

¹ This discontinuance affects customers for Affordable's prepaid wireline local and long distance service in those parts of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee where AT&T is the incumbent local exchange carrier.

The Federal Communications Commission requires us to provide you with the following notice in connection with its review of the proposed discontinuance:

The FCC will normally authorize this proposed discontinuance of service unless it is shown that customers would be unable to receive service or a reasonable substitute from another carrier or that the public convenience and necessity is otherwise adversely affected. If you wish to object, you should file your comments as soon as possible, but no later than 15 days after the Commission releases public notice of the proposed discontinuance. Address them to the Federal Communications Commission, Wireline Competition Bureau, Competition Policy Division, Washington, DC 20554, and include in your comments a reference to the § 63.71 Application of Affordable Phone Services, Inc. Comments should include specific information about the impact of this proposed discontinuance upon you or your company, including any inability to acquire reasonable substitute service.

We thank you for being an Affordable customer and wish you well with your new provider. Should you have any questions, please contact Affordable at 877-369-0999.

Sincerely,

Affordable Phone Services, Inc.
PO Box 831327
Ocala, FL 34483