

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE PETITION OF SOME RESIDENTS)
OF PAYNEVILLE, KENTUCKY FOR) CASE NO. 8096
EXTENDED AREA TELEPHONE SERVICE)
(EAS) WITH HARDINSBURG, KENTUCKY)

O R D E R

On November 12, 1980, a petition was filed with the Commission wherein some residents ("Petitioners") of the Payneville exchange of Brandenburg Telephone Company ("Brandenburg"), which exchange is located in Meade and Breckinridge Counties, requested EAS with the Hardinsburg exchange of South Central Bell Telephone Company ("Bell"), which exchange is located in Breckinridge County.

By Order dated December 16, 1980, the petition was made subject to the Commission's EAS Guidelines, as adopted in Administrative Case No. 221, dated October 31, 1980. It was further ordered that both Bell and Brandenburg should provide their response to the petition in accordance with the provisions of Step (1) of the Commission's EAS Guidelines. Brandenburg filed its response on January 14, 1981, and Bell filed its response on January 15, 1981.

After consideration of the responses, the Commission found that Petitioners were all located in the Breckinridge County portion of the Payneville exchange, and by Order dated March 12, 1981, the matter was removed from consideration under the Commission's

EAS Guidelines. The Commission further found that the petition should properly be considered as a request for a boundary line change, and the matter was set for hearing on April 9, 1981, at 1:30 P.M., Eastern Standard Time, in the Commission's offices at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were given the opportunity to be heard. There were no intervenors present at the hearing.

Discussion

The Commission has before it in this matter the question of a requested boundary line change. As of December 1980 there were 452 subscribers in the Payneville exchange. Of these, 51 resided in Breckinridge County and the remainder resided in the Meade County portion of the exchange. Payneville presently has EAS with Brandenburg, the county seat of Meade County, but subscribers of the Payneville exchange do not have EAS with Hardinsburg, the county seat of Breckinridge County. If the Breckinridge County portion of the Payneville exchange was relocated into the Irvington exchange, which has EAS with Hardinsburg and with Irvington, Petitioners would then have EAS to their county seat.

The Commission feels that this matter is one to be resolved in terms of a decision balancing the benefits to be derived by Petitioners against the overall costs which would have to be borne by all of Brandenburg's subscribers, if the requested boundary change were accomplished. The historic reasonableness of the existing exchange boundary line is not an issue in the instant proceeding, since exchange boundaries have historical and technical

justifications not necessarily related to particular geographic (i.e. political subdivision) considerations.

The Commission finds merit in Petitioners' need to call essential services in their county seat. However, cost information filed by Brandenburg on February 18, 1981, shows an estimated cost of over \$128,000 to accomplish the proposed boundary change. This does not include loss of toll revenue on a continuing basis.

Additionally, Brandenburg filed information on March 23, 1981, showing that Petitioners incurred toll charges totaling \$477.51 for calls to Hardinsburg for the six-month period from July through December, 1980, which would be less than \$1,000 per year. The Commission recognizes that calling activity is substantially increased when toll-free calling is available. In fact, cost studies related to the feasibility of toll-free calling in other similar situations have historically proven that calling activity would increase by a factor of from 500-1500%. This would indicate that, with the introduction of toll-free calling to Hardinsburg, Petitioners might derive an average total benefit of about \$10,000 per year. This would also cause all of Brandenburg's subscribers to be required to pay, through an increase in their monthly rates, the debt service requirements incurred by the expenditure of \$128,000, plus the loss of toll revenue incurred by Brandenburg. This debt service requirement would be substantially in excess of the potential benefit to Petitioners.

The Commission feels that in fairness and equity to all of Brandenburg's subscribers, the requested boundary change should not be approved. However, Petitioners should have a more economical

means to call essential services in their county seat. This can be accomplished thru Optional Calling Plan ("OCP") tariffs which should be made available to Payneville subscribers. Brandenburg filed rate information relative to OCP on May 4, 1981. Under these plans, Payneville subscribers who desire the service would pay a monthly fee, in addition to their basic service rate, for up to 60 minutes of calling into Hardinsburg, with an additional charge for each 1/10 hour beyond 60 minutes, under conditions as set forth in the OCP tariff. This will allow those subscribers who desire the service to receive the benefit of a discounted toll plan in order to call county seat services.

Findings of Fact

The Commission, after consideration of this matter, including the public hearing and all correspondence of record, and being advised, is of the opinion and finds that:

1) Petitioners' request should be denied, since the economic penalty incurred by all Brandenburg subscribers to change the subject boundary line would be disproportionate to the benefits derived by Petitioners; and

2) Brandenburg should have filed rates for OCP which will allow special rates for Payneville subscribers to call into Hardinsburg

IT IS THEREFORE ORDERED that the petition for a boundary line change to move the Breckinridge County portion of the Payneville subscribers into the Irvington exchange be and it hereby is denied.

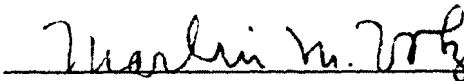
IT IS FURTHER ORDERED that Brandenburg Telephone Company shall have developed Optional Calling Plan tariffs and rates for Payneville subscribers to call into Hardinsburg, and further shall have those tariffs and rates filed with the Commission within 30 days of the date of this Order.

IT IS FURTHER ORDERED that the OCP tariffs filed shall include two plans: Residence only, one-way, off-hours; residence or business, one-way, all hours.

IT IS FURTHER ORDERED that Brandenburg Telephone Company shall, within 30 days of Commission approval of the Optional Calling Plan filing, inform its Payneville subscribers via the use of bill inserts of the availability, conditions, and rates of the approved Optional Calling Plans.

Done at Frankfort, Kentucky, this 28th day of May, 1981.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary