

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION

In the Matter of:

MRS. BEULAH BEAM, MRS. JUANITA
SMITH AND OTHER BULLITT COUNTY
CONSUMERS)

vs.)

SOUTH CENTRAL BELL TELEPHONE
COMPANY)
534 ARMORY PLACE)
LOUISVILLE, KENTUCKY 40202)

CASE NO. 6882

and)

ECHO TELEPHONE COMPANY)
1009 BUCKMAN STREET)
SHEPHERDSVILLE, KENTUCKY 40165)

O R D E R

On August 31, 1977, Mrs. Beulah Beam, Mrs. Juanita Smith, and other Bullitt County residents ("Petitioners") filed a complaint with the Commission seeking toll-free extended area telephone service ("EAS") for all Bullitt County residents with Louisville. This Complaint was filed against both South Central Bell Telephone Company ("Bell") and Echo Telephone Company ("Echo"). The ensuing history of this case was documented in the Commission's order in this matter dated August 17, 1981. A copy of that order is attached as Appendix A.

By further order dated September 25, 1981, the procedural format for the survey was directed by the Commission, pursuant to an informal conference of parties of record held in the Commission's offices on September 14, 1981. Following this order, both Bell and Echo mailed the surveys and letter of explanation on November 10, 1981, with the requirement that all survey cards must be postmarked by December 10, 1981.

The survey cards were tabulated in the Commission's offices on December 15, 1981. Representatives of Petitioners and the affected utilities were present, along with the Commission staff, during the tabulation of the results of the survey.

DISCUSSION

On December 17, 1981, the Secretary of the Commission informed all parties of record of the survey results, tabulated by exchange areas, a copy of which is attached as Appendix B.

Based upon the tabulations shown in Appendix A, the Commission first considered the responses in terms of a percentage of customers surveyed.

In the Louisville exchange area, of the 711 randomly selected subscribers who were surveyed, 63 responded "yes," and 335 responded "no," or 15.83 percent "yes," and 84.17 percent "no." Applying these percentages from the random sample to the entire subscriber account population results in 44,757 "yes" votes, and 237,977 "no" votes.

Since the Commission considered the random sample of the Louisville exchange area to be representative of the entire subscriber population, which includes non-respondents, it also considered the survey responses in the exchanges outside Louisville as representative of all customers surveyed, which includes non-respondents.

In tabular form, these figures are as follows:

<u>Exchange</u>	<u>Surveys Sent</u>		<u>% "Yes" of Respondents</u>	=	<u># "Yes" of Surveys Sent</u>
Shepherdsville	4186	X	81.07	=	3393.59
Mt. Washington	2362	X	81.07	=	1914.87
Zoneton	4588	X	9.49	=	435.40
West Point	725	X	54.86	=	397.74
Lebanon Junction	<u>994</u>	X	71.91	=	<u>714.79</u>
	12855				6856.39

% "Yes" of All Surveys Sent - 53.3%

It will be noted that 6856, or 53.3 percent of all subscribers surveyed in non-Louisville Exchanges voted "yes," while 46.7 percent, or 5999 subscribers voted "no."

Counting the vote of all exchanges, 51,613, or 17.46 percent, voted "yes," and 243,976, or 82.54 percent, voted "no." The EAS proposal was rejected.

As a percentage of all customers responding, and ignoring non-respondents altogether, the tabulations for non-Louisville exchanges are as follows:

<u>Exchange</u>	<u># "Yes"</u>	<u># "No"</u>
Shepherdsville)		
Mt. Washington)	4184	977
Zoneton	264	2517
West Point	271	223
Lebanon Junction	<u>558</u>	<u>218</u>
	5277	3935
5277 + 3935 = 9212 (- 12855 sent = 71.66% response)		
(57.3%) + (42.7%)		

These percentages do not vary the results significantly and are not significant when considered with the 84.17 percent "no" and 15.83 percent "yes" vote of Louisville.

As we pointed out in our August 17, 1981, order:

The era of unlimited and continuous expansion of services, including telephone service, is past. The advent of competition in the profitable areas of toll service and terminal equipment has reduced, and will continue to reduce, the revenues formerly available to help offset the cost of providing local service. In addition, deregulation of portions of the communications industry, which is currently being considered by the United States Congress and the Federal Communications Commission, appears likely to place further pressure on local basic service to pay more of its own costs. In effect, the trend is toward compelling 'cost causers,' more than in the past, to be 'cost payers.'

The majority of the potential cost payers have rejected the EAS proposal.

EAS is often referred to as "free" calling between exchanges, but this is obviously not true, since toll revenues lost by EAS must be regained through increased revenues from basic exchange rates, or a 'rate additive' to basic exchange rates. The Commission has observed this effect in several rate cases recently

where the utilities involved had large existing EAS complexes, causing basic exchange rates to be proportionately higher than neighboring telephone utilities.

The Commission, after consideration of this matter and all evidence of record, and being advised, is of the opinion and finds that:

(1) A fair and representative survey of potentially affected subscribers has been conducted;

(2) A majority of those surveyed have rejected the EAS proposal; and

(3) Petitioners' request in this matter should be denied.

IT IS THEREFORE ORDERED that Petitioners' request for EAS within Bullitt County and between Bullitt County and Louisville be, and it hereby is, DENIED.

Done at Frankfort, Kentucky, this 26th day of April, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voh
Chairman

Did not participate
Vice Chairman

Tom Carugan
Commissioner

ATTEST:

Secretary