

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH CENTRAL BELL TELEPHONE)
COMPANY'S TARIFF PROPOSAL) CASE NO. 9527
IMPLEMENTING A LATE PAYMENT CHARGE)

O R D E R

On March 10, 1986, South Central Bell Telephone Company ("SCB") filed with the Commission a tariff proposing to put into effect a late-payment charge. The proposed charge of 1 1/2 percent per month would be applied to each subscriber's bill when the previous month's bill is not paid in full prior to the next billing date. The charge is to be applied to the total unpaid amount and due on the subscriber's current bill.

By an Order dated July 25, 1986, the Commission held a hearing on the proposed tariff and requested information from SCB which was received on August 8, 1986. From SCB's explanation of its billing cycle furnished in that information, it was determined that the proposed charge would be implemented if payment was received one day after the rendering of service, a substantially shorter time period than is common by most industry standards.

SCB has shown the annual net impact upon increased revenues of the proposed late-payment charge to be \$1,789,747. SCB has also stated that, if the charge is approved, it would liberalize its existing deposit policy to further the goal of universal telephone service by requiring deposits only from customers who

have an unsatisfactory credit rating. As a result of the liberalized deposit policy, SCB anticipates a rise in uncollectables which it projects will more than offset any additional revenue received from the late-payment charge. However, SCB has not adequately considered these effects nor has it considered any increase in revenues from additional customers resulting from the liberalization of its deposit policy in its calculations. Furthermore, SCB has stated that presently all ratepayers bear the additional costs incurred from collecting late accounts, yet it has failed to show any planned decrease in rates for the present ratepayers. Until the entire effects have been quantified, including rate reductions, the Commission cannot adequately determine the full impact on revenue requirements. However, when SCB has completed its affordability study, the Commission may reconsider this issue upon SCB's request.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that the late payment charge, as proposed by SCB, is neither fair, just nor reasonable and is not in the best interest of the public.

IT IS THEREFORE ORDERED that SCB's late-payment penalty be and it hereby is denied.

Done at Frankfort, Kentucky, this 4th day of September, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Ideman Jr.
Chairman

R. C. L.
Vice Chairman

Spencer Williams
Commissioner

ATTEST:

Executive Director