

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE COMMUNITY CONNECTION)
SERVICE TARIFF FILING OF) CASE NO. 9953
CINCINNATI BELL TELEPHONE)
COMPANY)

O R D E R

On May 28, 1987, Cincinnati Bell Telephone Company ("CBT") filed a proposed Community Connection Service ("CCS") tariff. CCS is a usage sensitive alternative extended area service/toll rate plan that would be made available to customers in selected exchanges on an experimental basis. In the instant matter, CCS would be implemented on a two-way basis for calls between CBT's Butler Exchange and the Alexandria and Independence Exchanges for a trial period of one year. The trial would enable CBT and the Commission to evaluate calling data and actual revenue and cost effects created by CCS.

A public hearing was held in this matter on November 6, 1987. In addition to CBT's testimony, the Boston Concerned Citizens, a group interested in extended telephone service for the Boston community in Nelson County, presented a statement through counsel, giving qualified support to the concept of CCS. Additional information requested at the hearing was filed by CBT on November 16, 1987.

DISCUSSION

A CCS tariff has already been approved for a one-year trial between CBT's Ripley and Oxford Exchanges in Ohio. CBT proposed this tariff as an alternative where full Extended Area Service ("EAS") is not warranted, and the Ohio Public Utilities Commission approved the tariff, allowing calls between those exchanges at the banded optional measured service rates currently approved in Ohio.

CBT's proposed CCS tariff has raised questions relating to current Commission policy. Certain questions have been raised about whether the CCS tariff could be considered a form of deaveraged toll, whether offering CCS is consistent with the moratorium on measured service,¹ and whether the provision of CCS should be contingent on compliance with the EAS Guidelines. Also there is a concern that if the tariff is approved on an experimental basis, it could be difficult to revert to the traditional toll structure between the involved exchange areas at the end of the trial period.

However, the Commission is also concerned about the many requests for EAS in various areas of Kentucky. The Commission's current EAS Guidelines, adopted by Order dated October 31, 1980, in Administrative Case No. 221, In The Matter of Extended Area Telephone Service, define a step-by-step process which must be

¹ C.N. 285 - In The Matter Of An Investigation Into The Economic Feasibility Of Providing Local Measured Service Telephone Rates In Kentucky

successfully completed in order to implement the proposed EAS. The Commission has found that generally a "two-way" community of interest is not exhibited in those instances where the EAS Guidelines have been applied. However, there may be certain instances where some alternative to traditional EAS should be considered. Because of this concern, the Commission will approve the proposed CCS tariff, on an experimental basis and for a one-year trial period, in order to study CCS as a possible alternative to traditional EAS.

In order to properly conduct this experiment, the Commission directs its staff and CBT to regularly communicate during the trial period, but at least as often as once per quarter beginning from the date of this Order. These communications should facilitate the Commission in gaining information to evaluate CCS as an alternative to EAS. CBT should file information with the Commission on a monthly basis related to such factors as network and billing software changes made pursuant to implementation, call stimulation, lost toll revenue, distribution of calling based on demographic data, and such other information as will be jointly developed by CBT and the Commission staff. Traffic studies should be directed toward determining the existence of a community of interest and include statistical analysis of significance.

The Commission also directs its staff and CBT to communicate relative to determining what information is relevant in determining community of interest, such as economic and demographic considerations. This information will assist the Commission in

determining the value of CCS as an alternative to EAS and under what conditions CCS should be considered in other areas of Kentucky.

CBT should fully understand that this is an experimental trial. Therefore no additional expansion of this service to other CBT area will be considered until this experiment has been completed and the Commission has an opportunity to fully evaluate the results. Additionally, this case will not be considered a precedent for other telephone utilities to attempt the same experiment. Finally, should CBT desire to continue this service between the Butler Exchange and Alexandria and Independence Exchanges beyond the end of the trial period, CBT must make specific application to the Commission for an extension of the trial period and should provide specific reasons why an extension is justified.

Notice to affected subscribers prior to the actual implementation of the service should be given and should specifically inform those subscribers that the tariff will be effective only for a one year period from that implementation date. A copy of such notice should be provided to the Commission prior to implementation of CCS.

FINDINGS

After considering the evidence of record, and being advised, the Commission is of the opinion and finds that:

1) CBT's proposed tariff should be approved for a one-year trial period on and after its implementation for calls between the Butler Exchange and the Alexandria and Independence Exchanges;

2) The approved CCS tariff should be considered as an experimental tariff, to be used to determine the appropriateness of CCS as an alternative to EAS;

3) CBT and the Commission staff should regularly communicate during the trial period but at least on a quarterly basis;

4) CBT should provide information on a monthly basis concerning call stimulation, cost of additional facilities, lost toll revenue, distribution of calling based on demographic data, and such other information as jointly developed by CBT and Commission staff due to CCS implementation;

5) CBT should file information on a monthly basis concerning its preparation to provide CCS;

6) CBT should provide notice to affected subscribers prior to the actual implementation date and specifically inform those subscribers that the service will be effective only for a one-year period; CBT should file a copy of such notice with the Commission prior to implementation of CCS;

7) CBT and Commission staff should communicate during the trial period to determine what information is relevant in considering community of interest in order to decide under what conditions CCS should be considered in other areas of Kentucky;

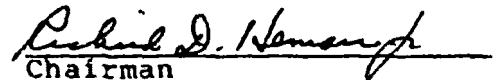
8) CBT should not attempt to expand CCS to other areas during the trial period and this case should not be considered as a precedent for other telephone utilities to attempt the same experiment; and

9) CBT should make specific application to the Commission should the utility desire to continue the approved CCS beyond the one-year period, and provide specific reasons why an extension is justified.

IT IS THEREFORE ORDERED that Findings one through nine of this Order be directed as if each were individually so Ordered.

Done at Frankfort, Kentucky, this 28th day of December, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director