

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE ECONOMIC)
FEASIBILITY OF PROVIDING LOCAL) ADMINISTRATIVE
MEASURED SERVICE TELEPHONE RATES) CASE NO. 285
IN KENTUCKY)

O R D E R

On October 25, 1990, the Commission entered a decision in this case. On November 14, 1990, South Central Bell Telephone Company ("South Central Bell") and GTE South Incorporated ("GTE South") filed motions for rehearing. Responses to the motions for rehearing were filed on November 27, 1990 by the Independent Telephone Group ("ITG");¹ on November 29, 1990 by Contel of Kentucky, Inc. ("Contel"); and on November 30, 1990 by Joyce Reeves and Teresa Lasson through the Office of Kentucky Legal Services Programs ("Legal Services").

South Central Bell moves the Commission to grant rehearing and:

1. Allow South Central Bell to fashion a revenue neutral tariff package permitting expanded calling on an optional usage

¹ Ballard Rural Telephone Cooperative Corporation, Inc.; Brandenburg Telephone Company, Inc.; Duo County Telephone Cooperative Corporation, Inc.; Foothills Rural Telephone Cooperative Corporation, Inc.; Harold Telephone Company, Inc.; Highland Telephone Cooperative, Inc.; Logan Telephone Cooperative Corporation; Mountain Rural Telephone Cooperative Corporation; North Central Telephone Cooperative, Inc.; Peoples Rural Telephone Cooperative Corporation, Inc.; South Central Rural Telephone Cooperative Corporation, Inc.; Thacker-Grigsby Telephone Company, Inc.; West Kentucky Rural Telephone Cooperative Corporation, Inc.

basis, with all customers having the option of retaining their existing flat rate service.

2. Allow South Central Bell to price off-peak usage above zero cents.

3. That the Commission define local calling areas and the areas in which extended area calling will be permitted.

GTE South moves the Commission to grant rehearing and:

1. Adopt an alternative pricing methodology which GTE South believes will result in significant numbers of customers realizing the benefits of local measured service.

2. Allow GTE South to price off-peak usage above zero cents.

The ITG opposes rehearing to the extent that it moves the Commission to expand existing local calling areas. Contel supports rehearing to allow an alternative local measured service pricing methodology, positive charges for off-peak usage, and expanded local calling areas. Legal Services opposes rehearing to the extent that it might result in a change in the Commission's requirement that local measured service implementation be revenue neutral.

South Central Bell's request that the Commission reconsider its October 25 decision and allow calling outside existing local calling areas at local measured service rates should be denied. This issue was considered in the Commission's October 25, decision and South Central Bell has not introduced any new evidence to alter the decision.

Likewise, GTE South has not introduced any new evidence to alter the Commission's decision concerning local measured service pricing methodology. The pricing methodologies suggested by both GTE South and South Central Bell received careful consideration and were rejected due to their implications for local service revenue erosion that might result in unnecessary local service rate increases. The pricing methodology prescribed by the Commission avoids this pitfall while allowing consumers the option of local measured service.

As noted, neither South Central Bell nor GTE South has introduced any new evidence to support a charge for off-peak usage when the record clearly indicates that a charge is not appropriate. Therefore, the request to allow a charge for off-peak usage should be denied.

Finally, South Central Bell asks the Commission to define local calling areas and "the flexibility of local exchange carriers to incorporate expanded calling areas in their local measured service plans."² South Central Bell's general subscriber services tariff adequately defines local calling areas:

The area within which local telephone service is furnished to subscribers to the same class of service at a common rate based upon a specific schedule of exchange rates. A local service area may include one or more exchange service areas. All subscribers within the local service area may call all other subscribers within the same area without the addition of long distance or other related charges.³

² South Central Bell's Motion for Rehearing, page 5.

³ General Subscriber Services Tariff, A1. Definition of Terms, page 11.

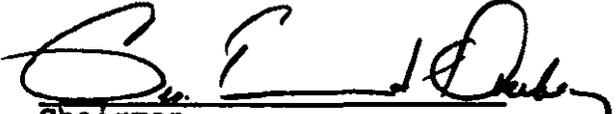
Accordingly, if measured service is tariffed as a local service offering, it must be confined to local calling areas where it is available, consistent with the Commission's October 25 decision.

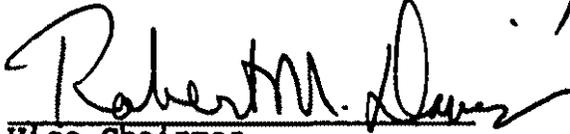
Having been otherwise sufficiently advised, the Commission **HEREBY ORDERS** that:

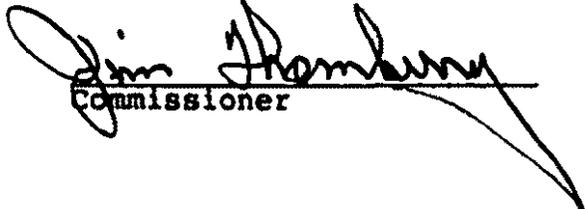
1. South Central Bell's motion for rehearing is denied.
2. GTE South's motion for rehearing is denied.

Done at Frankfort, Kentucky, this 4th day of December, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director