

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO REPORTING)
REQUIREMENTS AND ASSESSMENTS FOR) ADMINISTRATIVE
CUSTOMER-OWNED COIN-OPERATED) CASE NO. 348
TELEPHONES)

O R D E R

The Commission issued an Order establishing this case on April 5, 1993 to investigate whether it should modify current reporting requirements and assessments for customer-owned, coin-operated telephone utilities ("COCOTs"). This investigation was initiated by the Commission in response to numerous complaints by COCOTs that the filing requirements and the minimum annual assessment are burdensome, especially for COCOTs with few phones in service. In some cases, the annual assessment is more than the revenue received by the COCOT. All COCOTs were made a party to the proceeding and ordered to submit recommendations and other comments by May 20, 1993. The Commission received comments from 24 COCOTs and scheduled a hearing for August 18, 1993.

Coin Phone Management Company ("Coin Phone") appeared at the hearing and testified that it is a COCOT with approximately 1,000 payphones in service in Kentucky. Coin Phone opposes any change in the Commission's reporting requirements or assessments as it believes such regulation encourages COCOTs to either provide quality service or contract with large companies like Coin Phone for assistance in providing payphone service. Coin Phone is

striving for an enhanced professional image as a public utility in its efforts to maintain the current level of Commission regulation.¹

AT&T Communications of the South Central States, Inc. ("AT&T") presented opening and closing statements at the hearing proposing that all COCOTs be relieved from reporting requirements and assessments under KRS 278.512 due to the competitive nature of the COCOT market. In the written comments AT&T submitted May 20, 1993, it urged the Commission to recognize the provision of pay telephone services is a highly competitive segment of the interstate and intrastate telecommunications markets. There are approximately 200 COCOT providers in Kentucky with a total of 4,500 phones in service. Coin Phone agreed that there is competition in the COCOT industry.² In fact, the only barrier to entry into the payphone market appears to be the Commission's current regulatory scheme. There has been some indication that a large number of small providers have abandoned service due to the frustration they experienced in complying with the Commission's reporting requirements and the obliteration of their minimal revenues due to the assessments.³

¹ Testimony of James C. Carman ("T.E."), p. 9-21, August 18, 1993 hearing.

² T. E., p. 32.

³ According to Commission records, when jurisdiction was initiated in 1991, there were 554 COCOT vendors. In August 1993, 358 of those vendors had become inactive; only one of those 358 inactive vendors owned more than four phones.

After considering the record in this case and being otherwise sufficiently advised, the Commission finds that the COCOT market is sufficiently competitive to warrant alternative regulation under KRS 278.512. The Commission is interested in promoting the provision of pay telephone service to the public and believes reduced regulation will further that goal. COCOTs will be exempt from reporting requirements and assessments but will still be required to file schedules of rates and services with the Commission. The Commission continues to maintain jurisdiction over COCOTs and will provide a forum for service or rate complaints.

IT IS THEREFORE ORDERED that:

1. COCOTs are exempt from the provisions of KRS 278.130 beginning with the fiscal year 1994-1995. All assessments for the 1993-1994 fiscal year were due July 1, 1993 and must be paid in full.

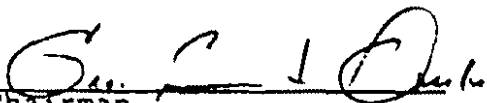
2. The requirement, found in Ordering Paragraph 6 of the Commission's Order dated October 7, 1991 in Administrative Case No. 337,⁴ that COCOTs shall file an annual report with the Commission by March 31 of each year is hereby vacated. All other provisions of the above-referenced Order remain valid and have the full force of law.

3. COCOTs shall file a written notification with the Commission of any change in address or owner within 30 days of such change.


⁴ Administrative Case No. 337, The Investigation and Review of Customer-Owned, Coin-Operated Telephone Regulation.

Done at Frankfort, Kentucky, this 26th day of October, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director