

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PROPOSED TARIFF FILING OF)	
ALLTEL KENTUCKY, INC. FOR)	CASE NO.
PROPOSED AREA CALLING SERVICE)	95-009

O R D E R

On November 1, 1994, ALLTEL Kentucky, Inc. ("ALLTEL") filed a tariff to introduce an area calling service ("ACS") to ALLTEL exchanges. This proposed tariff was filed in conjunction with the proposed ACS tariff of South Central Bell Telephone Company ("South Central Bell"), Case No. 94-414.¹

The ACS tariff of ALLTEL offers two customer choices. ALLTEL Callers Choice service extends to customers the option to call any location in an extended "full local calling area" on a flat rate basis. This area consists of the existing local calling area plus an extended calling area of exchanges that have a community-of-interest with the existing local area exchanges. Customers not selecting the ACS option will maintain their current flat rate service in the existing local calling area and will continue to be charged for calls to the extended calling area at tariffed toll rates. The ACS tariffed rates have been designed to be revenue neutral.

¹ Case No. 94-414, The Proposed Tariff Filing of South Central Bell Telephone Company for Proposed Area Calling Service Expansion.

The Commission notes that ALLTEL is not offering a measured extended area calling service option. ALLTEL does not have the equipment necessary to provide such service. Also, ALLTEL believes that customer demand for the measured extended area calling service option would be very small.

Long standing Commission policy holds that revenues obtained from one calling option may not be used to satisfy the revenue requirements of another option.² Hence, local measured service cannot be funded by raising existing rates. Though Callers Choice is not a measured service, this principle is nevertheless relevant. Accordingly, consumers retaining their existing service should not be required to pay increased access charges to cover the costs of the Callers Choice Service option. ALLTEL should not later request a rate increase for the existing local calling area customers because of incorrect pricing of the Callers Choice option or because incorrect pricing of the Callers Choice option reduces the number of customers in the existing local calling area.

The Commission finds that ALLTEL's tariff proposal filed with the Commission on November 1, 1994 for ACS should be approved as of the date of this Order. ALLTEL should comply with all of the Commission's directives in South Central Bell's original ACS case.³

² See Administrative Case No. 285, An Investigation Into The Economic Feasibility Of Providing Local Measured Service Telephone Rates In Kentucky.

³ Case No. 91-250, South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

The Commission, having been otherwise sufficiently advised,
HEREBY ORDERS that:

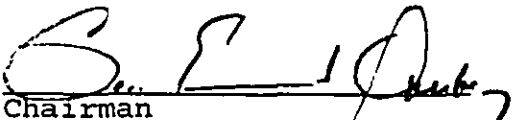
1. ALLTEL's tariff proposal for ACS, affecting all ALLTEL customers, is approved for service on and after the date of this Order.

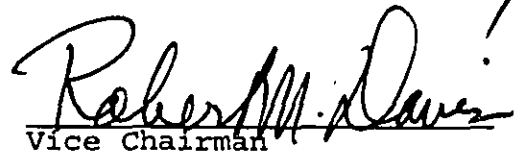
2. ALLTEL shall gather 12 months of Kentucky-specific data for this ACS as necessary to demonstrate the reasonableness and accuracy of the model forecast and calling option prices. ALLTEL shall include in this data the number of customer requests for a measured extended area calling service option. ALLTEL shall file this information with the Commission, within 15 months of the date of this Order, and submit any proposed changes to its ACS rates or to its service options if demand warrants.

3. ALLTEL shall not request a rate increase for the existing local calling area customers because of incorrect pricing of Callers Choice.

Done at Frankfort, Kentucky, this 10th day of January, 1995.

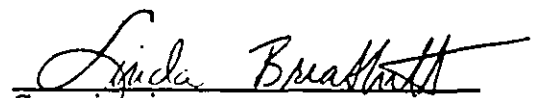
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Executive Director


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