

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BELLSOUTH PUBLIC COMMUNICATIONS, INC.'S)
PETITION TO OPERATE AS AN INDEPENDENT) CASE NO. 97-101
PAYPHONE PROVIDER)

O R D E R

Pursuant to KRS 278.020, BellSouth Public Communications, Inc. ("BSPC") petitioned the Commission to transfer to it the authority currently held by BellSouth Telecommunications, Inc. ("BellSouth"), d/b/a BellSouth Public Communications, Inc., to provide independent payphone provider services outside BellSouth's franchise territory and to extend this authority throughout the Commonwealth.¹ BSPC was incorporated in the state of Georgia on August 23, 1996. A petition for authority to operate in the Commonwealth was filed on October 2, 1996.²

In its petition, BellSouth states it will transfer its payphones and related payphone assets to BPSC effective April 1, 1997.³ BSPC will provide those payphone services

¹ This authority was granted via the approval of a customer-owned-coin operated telephone ("COCOT") service in Kentucky outside of BellSouth's territory on November 14, 1994.

² See BSPC's tariff filing to operate as a long-distance reseller and operator services provider filed December 27, 1996.

³ Section 276 of the Telecommunications Act of 1996 requires the Federal Communications Commission ("FCC") to establish a "level playing field" for the payphone industry and prohibits any subsidy of payphone operations by regulated telephone operations. Pursuant to the Act and orders of the FCC, this Commission established Administrative Case No. 361, Deregulation of Local Exchange Companies' Payphone Service.

formerly provided by BellSouth. In addition, BSPC will continue to provide those public payphones currently provided pursuant to 807 KAR 5:061, Section 11, until decisions at the federal and state level are finalized.⁴ As discussed in Administrative Case No. 361, the FCC required deregulation of all payphone assets, elimination of intrastate and interstate payphone subsidies and required local exchange carriers to provide the same tariffed payphone services to other payphone service providers as they provide to themselves. In the petition, BellSouth provided a cost study showing a subsidy to its payphone operations of \$1.728 million. With the transfer of payphone operations to BSPC, BellSouth has proposed to reduce hunting charges \$1.736 million. In addition, BellSouth has filed tariff pages to remove reference to Public Telephone Service and Semi Public Telephone Service from its tariffs. This Commission retains jurisdiction over the local coin rates until October 8, 1997.

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

1. BSPC's petition to operate as an independent payphone provider and its tariff to offer payphone service to the entire Commonwealth is approved with the following modifications and subject to applicable interLATA restrictions and pending findings in Case No. 96-608.⁵

- a. The local rate must be specified.

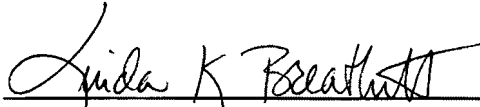
⁴ The FCC, in CC Dockets 96-12 and 91-35, has required states to identify and provide funding for public interest payphones by September 20, 1998. The Commission is addressing this issue in Administrative Case No. 361.


⁵ Case No. 96-608, Investigation Concerning the Propriety of Provision of InterLATA Services by BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

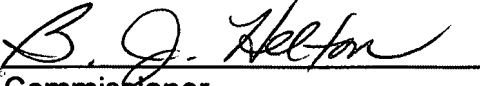
- b. The long-distance rates must be specified or the carrier identified.
 - c. The bad-check charge must be specified.
2. The transfer of assets to BSPC is approved on an interim basis subject to future decisions in Administrative Case No. 361.
3. The proposed tariff reduction in hunting charges is approved on an interim basis effective with the date of this Order.
4. The proposed tariff to remove references from BellSouth's tariffs as discussed above is approved effective the date of this Order.
5. Within 30 days of the date of this Order, BellSouth and BSPC shall file tariffs approved herein.

Done at Frankfort, Kentucky, this 1st day of April, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director