

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF NORTH CENTRAL )  
TELEPHONE COOPERATIVE, INC. )  
TO PROVIDE AN OPTIONAL CALLING ) CASE NO. 99-063  
PLAN )

O R D E R

On February 4, 1999, North Central Telephone Cooperative, Inc. ( North Central ) filed new pages in its General Subscriber Services Tariff. The purpose of the filing is to seek approval for the provision of an optional calling plan ( OCP ).

The OCP enables customers to call any location in the expanded local calling area for a monthly charge of \$5.00 in addition to the basic local exchange rate. Customers not selecting the OCP will continue to be charged for calls to that area at tariffed toll rates.

The Commission has had a long-standing practice of approving expanded calling plans of this nature when certain conditions are met. First, the plans must encompass a community of interest and there must be adequate customer demand for the service. Second, the pricing of the service must be such that it is revenue neutral and does not affect the rest of the general subscribership through revenue shortfalls or excessive profits to the utility.<sup>1</sup>

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<sup>1</sup> Administrative Case No. 285, An Investigation Into the Economic Feasibility of Providing Local Measured Service Telephone Rates in Kentucky, Order dated October 25, 1990.

North Central states that the expanded calling area in the affected exchanges reflects their communities of interest and there is significant demand from those customers. North Central's proposed tariff for the OCP contains rates that have been designed to be revenue neutral based on the expected stimulation of demand. The Commission will require North Central to file a report on its actual results for the first 12 months and, if necessary, the OCP rates will be changed to ensure revenue neutrality. In addition, the Commission finds that North Central should adhere to the guidelines discussed in Case No. 91-250.<sup>2</sup>

Thus, the Commission finds that the proposed tariff should be approved.

IT IS THEREFORE ORDERED that:

1. North Central's proposed tariff to implement its OCP is approved for service rendered on or after the effective date of the tariffs filed.
2. North Central shall gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its OCP. North Central shall file this information with the Commission by June 30, 2000. North Central shall also submit any proposed changes to the OCP rates to bring the OCP into compliance with the Commission objective of revenue neutrality.

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<sup>2</sup> Case No. 91-250, South Central Bell Telephone Company's Proposed Area Calling Service Tariff, Order dated April 9, 1992.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of March, 1999.

By the Commission

ATTEST:

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Executive Director