

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF COALFIELDS )  
TELEPHONE COMPANY FOR DEVIATION ) CASE NO. 99-197  
FROM 807 KAR 5:011, SECTION 10(1)(c) AND (e) )

O R D E R

On April 13, 1999, Gearheart Communications, Inc. d/b/a Coalfields Telephone Company ( Coalfields ) filed a revision to its entire General Subscriber Services Tariff. The purpose of the filing is to cancel its currently approved tariff, to reflect a name change, to correct miscellaneous errors, to reformat the tariff, and to add additional information. One of the additional items that Coalfields seeks to add to its tariff is a nonrecurring late payment charge. In its filing, Coalfields requested a deviation from the requirements of 807 KAR 5:011, Section 10(1)(c) and (e).

807 KAR 5:011, Section 10, relates to nonrecurring charges and permits a utility to seek a rate revision for a nonrecurring charge outside a general rate proceeding. 807 KAR 5:011, Section 10(1)(c), requires the submission of a detailed statement explaining why the proposed change could not have been included in the most previous general rate case or deferred until the next general rate request. 807 KAR 5:011, Section 10(1)(e), requires the utility to submit its income statement and balance sheet for a recent twelve-month period. Having reviewed the filing and being otherwise sufficiently advised, the Commission finds that the information filed therein is sufficient to enable

the Commission to adequately review Coalfields' filing. Therefore, the deviation should be granted.

In accordance with 807 KAR 5:011, Section 8, Coalfields will provide to its customers, on or about May 8, 1999, notice of the proposed late payment charge. It will not begin applying the assessment of any late payment charges until its billing cycle of July 17.

Coalfields also seeks approval of an Area Calling Service ( ACS ) plan it proposes to offer its customers. ACS subscribers will be permitted to purchase bulk toll calling to reduce toll charges to the subscribers community of interest. The plan is an optional plan offered by Coalfields in response to customer demand.

In the past, the Commission has approved expanded calling plans of this nature when certain conditions are met. First, the plans must encompass a community of interest and there must be an adequate customer demand for the service. Second, the pricing of the service must be revenue neutral and must not affect the rest of the general subscribership through revenue shortfalls or excessive profits to the utility.<sup>1</sup>

Coalfields states that the expanded calling area in the affected exchanges reflects the communities of interest and that there is significant demand from those customers. Coalfields proposed tariff for the Optional ACS contains rates that are projected to reduce its annual revenues by \$5,590.

The Commission encourages the implementation of expanded area calling plans and will continue to enforce the requirements of Administrative Case No. 285.

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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 issued October 25, 1990.

However, where a company's financial position indicates that it can absorb revenue decreases as the result of implementation of these plans, the company will not be required to accumulate company-specific financial information to substantiate its estimate of revenue reductions. Also, revenue reductions resulting from expanded area calling plans will not be considered in a rate-making proceeding.

Thus, the Commission approves Coalfields' proposal effective May 17, 1999. In addition, the Commission finds that Coalfields should adhere to the guidelines discussed in Case No. 91-250,<sup>2</sup> a copy of which is attached hereto and incorporated herein.

IT IS THEREFORE ORDERED that:

1. Coalfields' proposed tariff shall be approved effective May 17, 1999, with the exception of the portion of the tariff pertaining to the late payment charge. This section of the tariff shall be effective July 17, 1999.

2. Based on a review of the financial impact to Coalfields, it will not be required to gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its Optional ACS.

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

Done at Frankfort, Kentucky, this 17<sup>th</sup> day of May, 1999.

By the Commission

ATTEST:

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Executive Director