

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BELLSOUTH)
TELECOMMUNICATIONS, INC. D/B/A)
SOUTH CENTRAL BELL TELEPHONE) CASE NO. 94-121
TO MODIFY ITS METHOD OF REGULATION)

ORDER

On August 1, 2000, BellSouth Telecommunications, Inc. ("BellSouth") filed a tariff to increase the "per use" charges for the Custom Calling feature Three-Way Calling and TouchStar[®] features Call Return, Repeat Dialing and BusyConnect[®]. The proposed rate for each of these services will increase from \$0.75 to \$0.80 for each activation. BellSouth also proposes to offset the increase in revenue with a decrease in the Non Traffic Sensitive Revenue Requirement ("NTSRR") of \$372,801.

The Price Regulation Plan ("the Plan") rules allow BellSouth to make changes to individual prices in the non-competitive basket of no greater than 10 percent with offsetting revenue decreases or as long as the service price index does not exceed the price regulation index. BellSouth has proposed to offset the revenue increase with a decrease to the NTSRR, which is not in the non-competitive basket. The Commission will treat the tariff filing as a motion to deviate from the Plan rules. The Commission has allowed similar deviations from the Plan rules in the past. However, because the Commission has ordered in Case No. 99-434¹ that reductions be made to the NTSRR

¹ Case No. 99-434, Review of Bellsouth Telecommunications, Inc.'s Price Regulation Plan.

that would eliminate this revenue requirement, BellSouth should propose an alternate offsetting revenue reduction from the non-competitive basket when it makes its tariff filings in compliance with the Order in Case No. 99-434.

On August 2, 2000, BellSouth filed tariff pages and the priceout support to mirror the interstate access filing that became effective July 1, 2000. This filing is made in compliance with the Plan. The revenue effect of the filing is a reduction of \$5,253,816, which includes a reduction to the NTSRR of \$161,733.

All inter-exchange carriers that pay NTS and access rates to BellSouth must file tariffs demonstrating that they have reduced intrastate long-distance rates in an amount equal to the access charge reduction associated with this filing.

The Commission being sufficiently advised, IT IS THEREFORE ORDERED that:

1. BellSouth's tariffs filed to increase the rates of the Custom Calling and TouchStar[®] services are approved.
2. BellSouth's tariffs filed to mirror the interstate access rates are approved.
3. Within 10 days of the date of this Order, BellSouth shall propose an alternate offsetting revenue reduction from the non-competitive basket as directed herein.
4. By October 1, 2000, all inter-exchange carriers that pay NTS and access rates to BellSouth shall file tariffs demonstrating that they have reduced intrastate long-distance rates in an amount equal to the access charge reduction associated with this filing.

Done at Frankfort, Kentucky, this 29th day of August, 2000.

By the Commission

ATTEST:


Executive Director