

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF FOOTHILLS)	
RURAL TELEPHONE COOPERATIVE)	
CORPORATION, INC. TO PROVIDE AN)	CASE NO. 2000-425
OPTIONAL LATA-WIDE CALLING PLAN)	
)	

O R D E R

On August 18, 2000, Foothills Rural Telephone Cooperative Corporation, Inc. ("Foothills RTCC") filed new pages in its General Subscriber Services Tariff. The purpose of the filing is to seek approval for the provision of a LATA-wide calling plan ("LCP").

The LCP enables customers in Foothills RTCC's serving area to receive discounted calling within their home serving LATA. Subscribers to the plan pay a \$5.00 monthly charge and \$0.05 per minute for all plan-eligible calls. Customers not selecting the LCP will continue to have their present local exchange service.

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 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.¹

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

Foothills RTCC states that the expanded calling area in the affected exchanges reflects their communities of interest and that there is significant demand from those customers. Foothills RTCC's proposed tariff for the LCP contains rates that are projected to reduce its annual revenues by \$4,912.

The Commission encourages the implementation of expanded area calling plans and will continue to enforce the requirements of Administrative Case No. 285. 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 Foothills RTCC's August 22nd proposal with an effective date of October 1, 2000. In addition, the Commission finds that Foothills RTCC should adhere to the guidelines discussed in Case No. 91-250.²

IT IS THEREFORE ORDERED that:

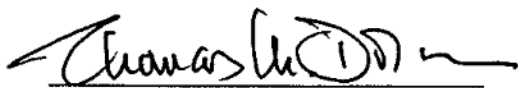
1. Foothills RTCC's proposed tariff is approved.
2. Based on a review of the financial impacts of the plan on Foothills RTCC, the company will not be required to gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its LCP.

² 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 13th day of September, 2000.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Charles W. [unclear]", written over a horizontal line.

Executive Director