

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CINCINNATI BELL TELEPHONE, INC.'S PROPOSED)	
TARIFF FILING TO CHANGE RATES FOR)	CASE NO.
SELECTED CUSTOM CALLING, CUSTOM)	2001-242
CALLING PLUS SERVICES, DIRECTORY LISTING)	
SERVICE, REMOTE CALL FORWARDING, HUNTING,)	
AND ANALOG TRUNK SERVICES)	

O R D E R

On June 5, 2001, Cincinnati Bell Telephone ("CBT") filed tariff pages to increase monthly and nonrecurring rates associated with Hunting, Custom Calling, Custom Calling Plus and Remote Call Forwarding Services, directory listings DID 20 # blocks, DID trunk terminations and Analog PBX trunks. Other revisions include the elimination of the discount plan associated with the Custom Calling and Custom Calling Plus Services and the grandfathering of the Package Service Discount Plans. These revisions affect both residential and business services. On June 28, 2001, CBT amended this filing to change the effective date to August 4, 2001.

In accordance with Case No. 98-292,¹ CBT has been given flexibility to change rates within the defined pricing parameters for each service dependent upon cell classification. Services included in this application filing are cell 1 noncore nonresidential services (Analog PBX trunks) which may increase 5 percent per year; cell 3 services (Custom Calling, Custom Calling Plus, Hunting, Remote Call Forwarding,

¹ Case No. 98-292, The Application Of Cincinnati Bell Telephone Company For Authority To Increase and Adjust Its Rates And Charges And To Change Regulations and Practices Affecting Same, Order dated January 25, 1999.

DID 20 # Blocks, DID trunk terminations and directory listings) which have the ability to increase a maximum of 75 percent from the services initial rate; and cell 4 services (some Custom Calling and Custom Calling Plus services) which have no specified upward pricing limitations.

The objectives of CBT's approved alternative regulation plan are to meet the customers' needs; enhance the efficiency of providing telecommunications services in Kentucky; maintain uniform rates in the Company's entire serving area of Kentucky, Ohio and Indiana by providing similar pricing throughout a single consolidated metropolitan statistical area; and continue to provide high quality service. The proposed increases for trunk services and directory listings are within the plan's parameters and appear reasonable in that they concern services that are reasonably available from alternative suppliers.

The remaining proposed increases also meet the technical requirements of the plan. They do not, however, appear to serve any purpose other than boosting the company's bottom line. No cost information was filed indicating that any of the services are presently priced below the company's costs. The company did not indicate that it wished to raise prices to meet competition. These tariff increases are very similar to those filed by BellSouth recently and rejected by the Commission in Case No. 2001-061.²

In that case, we held that pricing flexibility cannot reasonably be used to substantially increase prices for which there is virtually no competitive alternative and

² Case No. 2001-061, BellSouth Telecommunications, Inc. Proposed Tariff Filing To Change Rates For Selected Vertical Services, Directory Assistance Service, Late Payment Charges, And Analog Private Line Services, Order dated June 8, 2001.

when no cost justification exists. That reasoning also applies here. Permitting an incumbent local exchange carrier pricing flexibility is an excellent method of ensuring that the carrier is able to adjust quickly and reasonably to competitive pressures and market changes. However, Kentucky carriers should use such flexibility judiciously, while remaining aware that their customers, under Kentucky law, remain entitled to fair, just, and reasonable rates for services. Pursuant to Case No. 98-292, CBT's rate freeze under its alternative plan of regulation ends in January 2002. At that time, it may be appropriate to review additional, reasonably justified, pricing proposals that CBT wishes to make.

As a final note, we are aware that the tariff changes at issue have been approved in Ohio and that their acceptance here would serve the purpose of maintaining rate uniformity in CBT's Kentucky and Ohio jurisdictions. We do not take the issue of rate uniformity lightly. However, our policies will not always comport with those of Ohio, and that is the case here.

IT IS THEREFORE ORDERED that:

1. CBT's proposed changes to its tariff to increase the rates of residential and business recurring and nonrecurring charges and to eliminate the discount plan associated with the custom calling and custom calling plus services and remote call forwarding are denied.

2. CBT's proposed changes to its tariff to increase directory listings Direct Inward Dialing (DID) 20 # blocks, DID trunk terminations, and grandfathering of the package service Discount plans are accepted as proposed and are effective as of August 4, 2001.

Done at Frankfort, Kentucky, this 3rd day of August, 2001.

By the Commission

ATTEST:

Deputy W^m H. Fowler
Executive Director