

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE REVIEW OF BELLSOUTH) CASE NO.
TELECOMMUNICATIONS, INC.'S PRICE) 2003-00304
REGULATION PLAN)

DATA REQUEST OF COMMISSION STAFF TO BELLSOUTH
TELECOMMUNICATIONS, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that BellSouth Telecommunications, Inc. ("BellSouth") file with the Commission, within 14 days of the date of this request, the original and 8 copies of the following information, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who is responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

The following requests relate to the proposal filed by BellSouth on October 3, 2003 to eliminate band zone charges:

1. According to the filing, BellSouth collects approximately \$12 million from band zone charges. BellSouth proposes to eliminate these charges over a 3-year period by way of rate increases to single line residential and business lines and also measured use service. Provide financial justification for the need to retain this revenue

stream. Such justification should include analysis of operational and maintenance expenses of the company in the areas in which band zone charges are applied and a revenue analysis showing the differential in overall contribution to costs between basic local service (i.e., POTS dial-tone) end-user revenues and total service (i.e., vertical services, access compensation, non-regulated services, etc.) end-user revenues for each customer class.

2. Part of the proposal would bring all single line residential rates (1FR) to a single statewide rate. It would also continue to increase single line business rates in rate groups 1, 2, and 3. Explain why “value of service pricing” should no longer apply to residential or business rates.

3. Provide the amount of federal universal support collected by BellSouth-Kentucky during the years 2001, 2002, 2003, and projected for 2004.

4. Provide an explanation of how universal service funds have been used over the past 3 years to support the required services in BellSouth’s network. Discuss the scale and scope, including total project cost and cost per access line, of any specific projects that exclusively targeted areas with band zone charges.

5. Provide supporting documentation that will show that the elimination of band zone charges without a corresponding increase in revenue will create a deficiency in serving those rural customers that the current band zone charges support.

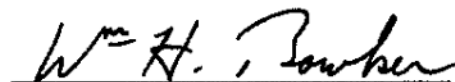
6. The Attorney General points out in his comments of October 13, 2003 that, “The Band Zone charge was for a distinctive purpose.” Does BellSouth agree that band zone charges were initially developed to help the company recover additional costs incurred to serve customers that were outside the base rate area?

7. Has BellSouth recovered all of those costs? Or does BellSouth continue to incur additional costs to serve customers outside of the base rate area that it does not incur to serve customers inside the base rate area? Are there any differences in overall revenue between these customers that help to offset any additional costs?

8. Provide the differential in cost to serve a customer located within the base rate area and cost to serve a customer located outside the base rate area. What are the overall revenue differentials between these customer types?

9. According to the price-out included with the filing, BellSouth does not propose to adjust the rates of customers that subscribe to plans such as BellSouth Complete Choice. Explain why these customers are shielded from the proposed rate increases.

10. Has BellSouth provided customer notice of proposed rate increases related to elimination of band zone charges? If not, when will BellSouth do so?



William H. Bowker
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Public Service Commission
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DATED April 28, 2004

cc: All Parties