

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SALEM TELEPHONE COMPANY'S)
PROPOSED EXTENDED LOCAL) CASE NO. 97-419
CALLING SERVICE)

O R D E R

On August 18, 1997, Salem Telephone Company ("Salem") filed revised pages in Section C of its General Subscriber Services tariff. Salem seeks approval for the provision of Extended Local Calling Service. Under the proposal, Salem's local calling area will consist of its existing local calling area plus one-way, local calling for all customers located in the Salem exchange to BellSouth Telecommunications, Inc.'s ("BellSouth") Paducah exchange. The proposal is a non-optional, measured rate plan for all classes of business and residential service.

Salem currently concurs in BellSouth's toll rates. The one-way rates proposed for the specific route to Paducah are as follows: Prime Time calling (8 am - 5 pm) \$.09, Leisure Time calling (5 pm - 11 pm) \$.06, and Quiet Time calling (11 pm - 8 am) \$.035. The Leisure-time calling rate will apply for holidays and weekends. The rates represent approximately 50-70 percent off the current rates. Under the proposal, rates for basic service will not be changed.

In the past, the Commission has approved expanded calling plans 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 produce revenue neutrality and not affect the rest of the general subscribership through revenue shortfalls or excessive profits of the utility.¹

Salem provided data demonstrating that communities of interest exist between the affected exchanges. Specifically, 66 percent of all customers placed calls to Paducah. Salem's proposed tariff contains rates that are projected to reduce its revenues by \$17,004. However, the Commission is concerned that customers' calling options are unduly restricted. Salem's EAS proposal differs from other EAS proposals filed with the Commission in that no other aspect of current local calling arrangements are affected. For example, the proposed plan neither offers to extend measured service to other local calling routes nor offers a flat rated option for the entire new expanded local calling area, nor are the other adjacent exchanges that Salem's customers can currently call included in the plan. As a practical matter, Salem's proposed plan simply appropriates what is currently an intraLATA toll route and charges lower measured rates. As this industry moves closer to competition, it is important that calling options not be eliminated.

Thus, the Commission approves Salem's August 18th proposal with the modification that the tariff be provided on an optional basis with an effective date of October 4, 1997. Moreover, the Commission will require Salem to file a report on its actual results for the first 12 months following the date of this Order. Following a review of the report, the proposed

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.

rates may be modified to achieve revenue neutrality. In addition, the Commission finds that Salem should adhere to the guidelines discussed in Case No. 91-250.²

The Commission, having considered Salem's proposed tariff and having been otherwise sufficiently advised, HEREBY ORDERS that:

1. Salem's proposed tariff is approved as modified herein.
2. Within 10 days of the date of this Order, Salem shall refile its modified extended local calling service tariff on an optional basis with an effective date of October 4, 1997.
3. Salem shall gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its Optional EAS. Salem shall file this information with the Commission by January 31, 1999. Salem shall submit any proposed changes to the Optional EAS rates to bring the revenue impact into compliance with the Commission objective of revenue neutrality.

Done at Frankfort, Kentucky, this 13th day of October, 1997.

By the Commission

ATTEST:



Executive Director

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

LOCAL EXCHANGE SERVICE**C.6 EXTENDED LOCAL CALLING SERVICE****C.6.1 GENERAL**

Extended Local Calling Service provides one-way, local calling for all customers located in the Salem exchange of the Salem Telephone Company to South Central Bell's Paducah exchange. This is an optional, measured-rate plan.

C.6.2 REGULATIONS

1. Extended Local Calling Service is provided to all classes of business and residence service.
2. Extended Local Calling Service applies only to direct dialed station-to-station calls. Operator assisted calls and calling card calls are not included in this plan.
3. Paystation Service offered in Section G.1 of this tariff is included in this plan. Payphone Service Providers will be charged the rates as specified in Section C.6.4 for calls, terminating to the Paducah exchange, that are made from payphones located in the Salem exchange.
4. For calls that are made to Call Forwarded lines, the customer pays the appropriate usage rate for the duration of the call from the originating number to the called number. The customer of the Call Forwarding service pays any applicable usage rate from the called number to the terminating location of the call.
5. Calls placed from an off-premises extension of an access line will be billed as if the local calls had been placed from the primary service location.
6. Extended Local Calling Service provides residence and business customers with measured-rate calling based on minutes-of-use. The rates specified in C.6.4. following, will be assessed on each minute or fraction thereof rounded to the next higher minute on all originating calls.
7. The chargeable time will be rate sensitive to each specific rate period. When the call spans two rate periods, both rates will apply.
8. Chargeable time is started when the called party answers or when the caller is connected to automatic answering services, (i.e., automatic answer/record equipment, voice mail, or an answering service).

ISSUED: August 18, 1997

EFFECTIVE: October 4, 1997

BY: Michael A. Pandow, President

(N)

(N)

LOCAL EXCHANGE SERVICE

(N)

C.6 **EXTENDED LOCAL CALLING SERVICE** (Continued)**C.6.2** **REGULATIONS** (Continued)

9. Chargeable time ends when the calling station "hangs up", thereby releasing the network connection. If the called station "hangs up" but the calling station does not, chargeable time ends when the network connection is released by automatic timing equipment in the telephone network.
10. Chargeable time does not include time lost because of faults or defects in the service.
11. All charges assessed under this plan are in addition to Local Exchange line rates.
12. Fractional cents will be rounded down.
13. All per minute rates will be billed in arrears.
14. Time of day discounts will apply as noted in C.6.4. following.
15. Customers will automatically receive message detailed billing.
16. Business customer designation includes Individual, Multiline, Key, PBX, and CENTREX customers.

C.6.3 **EXCHANGE LISTING**

Calls originating in the Salem exchange and terminating in the exchange of Paducah will be included as part of this expanded calling plan.

C.6.4 **RATES**

1. The following measured service rates are in addition to the applicable rates for Local Exchange Service as specified in Section C.1 and apply to calls completed to the exchanges listed in Paragraph C.6.3
2. Holidays include Christmas Day (December 25), New Year's Day (January 1), Independence Day (July 4), Labor Day and Thanksgiving Day.

(N)

GENERAL SUBSCRIBERS SERVICES TARIFF

SALEM TELEPHONE COMPANY

PSC 2
Section C
Original Sheet10

LOCAL EXCHANGE SERVICE

C.6 EXTENDED LOCAL CALLING SERVICE (Continued)

C.6.4 RATES (Continued)

1. Monday thru Friday

Per Minute Rate

DAY Calling -

(8:00 a.m. to, but not including 5:00 p.m.)

\$0.09

EVENING Calling -

(5:00 p.m. to, but not including 11:00 p.m.)

\$0.06

NIGHT Calling -

(11:00 p.m. to, but not including 8:00 a.m.)

\$0.035

2. Saturdays, Sundays and Holidays

Per Minute Rate

EVENING Calling -

(8:00 a.m. to, but not including 11:00 p.m.)

\$0.06

NIGHT Calling -

(11:00 p.m. to, but not including 8:00 a.m.)

\$0.035

(N)

(N)

ISSUED: August 18, 1997

EFFECTIVE: October 4, 1997

BY: Michael A. Pandow, President